



THE ASPEN INSTITUTE
CONGRESSIONAL PROGRAM

Latin America's Changing Economies, Societies and Politics:
Opportunities and Challenges for the United States

February 18-23, 2014





THE ASPEN INSTITUTE
CONGRESSIONAL PROGRAM

**Latin America's Changing Economies, Societies and Politics:
Opportunities and Challenges for the United States**

February 18-23, 2014

Vol. 29, No. 1

Dan Glickman
Vice President, The Aspen Institute
Executive Director, Congressional Program
Washington, DC

This project was made possible by grants from the Ford Foundation, the William and Flora Hewlett Foundation, the Henry Luce Foundation, the John D. and Catherine T. MacArthur Foundation, Rockefeller Brothers Fund, and the Rockefeller Foundation.

Copyright © 2014 by The Aspen Institute

The Aspen Institute

One Dupont Circle, NW

Washington, DC 20036-1133

Published in the United States of America

in 2014 by The Aspen Institute

All rights reserved

Printed in the United States of America

ISBN: 0-89843-602-8

Pub #14/015

1982/CP/BK

Table of Contents

Rapporteur's Summary	1
<i>Shannon O'Neil, Ph.D.</i>	
Immigration: How Changing Demographics May Reshape the U.S. Policy Debate	7
<i>Edward Alden</i>	
Latin America's Evolving Democracies: Gains, Stagnation and Backsliding.	11
<i>Cynthia J. Arnson, Ph.D.</i>	
Energy: Latin America's Growing Heft in Global Oil Markets	17
<i>Nancy E. Brune, Ph.D.</i>	
Latin America's Security Challenges: Drugs, Crime and Violence and Their Policy Implications	23
<i>Rafael Fernández de Castro, Ph.D.</i>	
Immigration: Changing Dynamics and a New Latin America	29
<i>Jason Marczak</i>	
Latin America's Politics in 2014: More of the Same?	33
<i>George Gray Molina, Ph.D.</i>	
Politics and the State: Understanding the Paradox and Challenges of Addressing Crime and Violence in Latin America and the Caribbean	37
<i>Frank O. Mora, Ph.D.</i>	
Conference Participants	43
Conference Agenda.	45

Rapporteur's Summary

Shannon O'Neil, Ph.D.

Senior Fellow for Latin America Studies,
Council on Foreign Relations

The Aspen Institute's Congressional Program convened a conference in Cartagena, Colombia, to consider *Latin America's Changing Economies, Societies and Politics: Opportunities and Challenges for the United States*. Meeting from Feb. 18-23, 2014, twenty members of Congress engaged with 12 U.S. and Latin American scholars on a number of issues affecting Latin America and U.S. security, economic, governance, energy and immigration interests. The President of Colombia, Juan Manuel Santos, addressed the group. Participants also visited the operations at the Port of Cartagena and engaged with a dozen U.S. Peace Corps volunteers stationed in northern Colombia.

Latin America's Growing Economies

The conference opened with a discussion of Latin America's economies and trade relations over the last three decades. Luis Alberto Moreno of the Inter-American Development Bank (IDB) identified the biggest challenge for Latin American nations as the middle income trap. While GDP levels have increased in recent years, and the number of macroeconomic crises has diminished, productivity in Latin America has stagnated, falling behind not just the United States, but also the nations of Asia. This is due to a low savings rate, limits on education, poor infrastructure, and low levels of knowledge creation, among other factors, which, when combined, have pushed economic growth below its potential and held back regional

competitiveness. It has also meant that while some 70 million Latin Americans moved out of poverty over the last decade, many members of this growing middle class remain vulnerable. To provide more stability and strength behind this emerging middle sector, Latin America needs to insert itself into regional and global supply chains, improve its education systems and improve its infrastructure. This last element presents a significant opportunity for U.S. businesses, given the trillions of dollars needed to upgrade the basic structures of the economies throughout the region.

Jorge Suárez-Vélez addressed the global economy, and the impact for Latin American countries related to the Chinese economic slowdown and the U.S. Federal Bank's and other central banks' changing monetary policies. In the global transition to come, he finds the United States to be advantageously positioned, due to its innovation prowess and the shale gas revolution (lowering energy costs). Yet to maintain and increase U.S. global competitiveness, Latin America, and in particular Mexico, can and will play a vital role. North America's shorter and more nimble supply chains have been and will continue to help U.S. companies compete, leveraging the energy and technology advantages already in place. While integration in manufacturing has moved ahead, services provide a significant opportunity. And the United States should start thinking the potential benefits that could come from recognizing a more regional labor force, in particular the large number of Mexican engineers graduating each year.

To make the most of this potential, the United States needs to speed up trade at its southern border through opening more bridges and lanes, by ensuring more Customs and Border Patrol officers and hours, and by expanding programs that move Customs inspections away from the border. Through streamlining its regional trade and strengthening continental supply chains, a more competitive North America would help facilitate U.S. and Mexican trade surpluses with Asia.

A nuanced discussion of trade ensued, with many participants agreeing on the macroeconomic benefits, but also concerned about the disproportionate costs to particular sectors and workers. One response was that free trade agreements accelerated trends and structural shifts already underway in the U.S. economy. Another was the better need to specify the counterfactual—e.g. the U.S. economy and workforce without the North American Free Trade Agreement. Here, a point was made that NAFTA arguably helped alleviate some of the negative consequences of globalization over the last 20 years (and in particular the rising role of China), due to the joint production between the United States, Mexico and Canada that the free trade agreement spurred. Of Mexico's exports today, on average, 40 percent of the value is created by U.S. workers (as opposed to just 4 percent of China's exports). For Canada, U.S. content represents 25 percent of each product. This suggests that without NAFTA, many industries and jobs would have gone to Asia, rather than remain based in North America.

For the United States (and other countries, such as Mexico), the challenge remains how to make sure the region's thriving industries benefit workers alongside capital, as well as how to help those who were employed in jobs that are now disappearing. While there are various programs in place, the United States has not fully thought through nor developed adequate policies to help people deal with these fundamental shifts or prepare them for market changes.

Another effect of regional trade agreements is that they lock in market-friendly and often democracy-friendly paradigms for U.S. trading partners, making it hard to imagine a return to more interventionist or obstructionist policies.

The discussion then turned to the role of other actors, in particular China, in the context of U.S.-Latin America economic relations.

Latin America's Evolving Democracies

The second day focused on politics, and the state of democracy in the region. Cynthia Arnson began her presentation by recognizing the inspiring advances in formal democracy throughout the region. In the last 20 years, electoral democracy has become the widespread norm; civil society and the press have expanded and consolidated; most ideological tensions have faded; and most nations now embrace free markets with a strong role for the state in providing social welfare.

The so-called ALBA (Bolivarian Alliance for the Peoples of Our America) countries—Venezuela, Ecuador, Bolivia, Cuba and Nicaragua, along with several Caribbean nations—are in the minority, and their appeal is increasingly limited. Public opinion in terms of satisfaction and trust in political institutions has been on the upswing.

Still, there are cracks in these more positive trends. Some 75 percent of Latin Americans find the distribution of their country's income to be unfair, reflecting the severe structural inequality in the region. While some 70 million Latin Americans have come out of poverty over the last 10 years—a true achievement—the largest class now, according to a World Bank study, are the vulnerable, who earn between 4 and 10 dollars a day. This vulnerability means that small increases in prices, such as the 9-cent hike in Brazil's bus fares in 2013, is felt particularly acutely and can unleash widespread protests, particularly when the quality of public services is poor.

Taxes have not compensated for these differences, and the widespread use of regressive VAT taxes means that there is little redistribution overall, limiting the impact of quite successful conditional cash transfer (CCT) programs in changing these dynamics between generations. Finally, access to the tools of the 21st century has not been universal; for instance, less than half of the region's population has ever used the Internet.

A discussion of populism ensued, talking about the economic problems facing countries such as Venezuela and Argentina today, with high inflation, declining commodity prices and soaring crime rates, among other problems. Populism in the Latin American context was described by many as having four main elements: Populist leaders bring their “revolutions” through elections, putting countries often into permanent campaign mode (e.g. under Venezuelan President Hugo Chávez, citizens voted 15 times in 14 years); changes are made in the name of substantive (as opposed to electoral) democracy, prioritizing socioeconomic justice over individual rights; Latin American presidents often change their countries’ constitutions, concentrating power in the executive branch; and state intervention in the economy (with the stated goal of lowering inequality) is often tied to hostility toward the private sector. Over the last decade these populist movements have been helped by a (now fading) commodity boom.

George Gray Molina focused on Latin America’s socioeconomic challenges going forward, what he dubbed reaching the “high hanging fruit.”

He identified three big changes that led to the middle class’ impressive growth over the last decade. The first was the rise in real wages in the service sectors, which enabled a boom in consumption. Another was the expansion of social policies such as the CCTs that provide families with stipends when they keep their children in school and maintain basic preventative healthcare. Finally, the demographic shifts throughout the region—in particular the so-called demographic bonus (when countries have more working-age people in proportion to young and old) combined with a significant influx of women entering the workforce for the first time—led to large income gains in many places.

Still, all of these drivers are either one-time benefits (e.g. the rising percentage of women in the workforce) or fading, meaning that future growth will be harder, and will require greater structural reforms. In George Gray Molina’s parlance, Latin American economies and governments must now look to “high hanging fruit” to continue reducing poverty and increasing economic growth. This means more policy and institution-intensive changes, and, in the end, fun-

damental shifts in power. Policy shifts could include changing tax structures, opening up economic sectors to greater competition, and increasing support for small and medium size enterprises. The issue is that if and when this restructuring occurs, policymakers learn from recent years and focus on maintaining and deepening social protections and strengthening the rule of law.

Several noted that although there has been a drift in recent years in U.S.-Latin America relations, there is an opportunity today to reengage both economically in trade and investment as well as diplomatically through vehicles such as the Organization of American States (OAS), which have foundered.

Cuba, too, garnered significant discussion. The Atlantic Council’s recent poll “U.S.-Cuba: A New Public Survey Supports Policy Change” provides significant evidence of changing attitudes throughout the United States and especially in Florida, with a majority of respondents nationally and statewide favoring a change in policy. Still, many groups continue to oppose any shift, making the politics difficult. In addition, the Castro regime has repeatedly halted forward diplomatic movement by cracking down on Cuban dissidents or with high-profile arrests, such as that of American citizen Alan Gross in 2009. The discussion’s participants recognized some of the changes that have occurred during the last six years of the Obama Administration, such as opening up travel and other interchanges. Still, until there is a fundamental shift in U.S. policy toward Cuba, the country will remain a symbolic problem in U.S.-Latin America relations and could threaten the OAS’s future role and influence.

Latin America’s Security Challenges

The third day focused on the region’s security situation. Latin America is one of the only regions in the world where security has worsened over the last two decades. Homicide rates have not only remained high, but in many places have increased, bringing the regional average up from 21 per 100,000 in 2000 to 29 per 100,000 in 2011. Perhaps worse for citizens and communities are the other crimes—robberies, kidnappings and extortion—which have escalated to

the point that 25 percent of Latin Americans polled report being a victim of a crime over the past year (2011 survey). These rising levels of general insecurity have forced many to change their day-to-day routines: For instance, a poll by the United Nations Development Program reported that between 45 and 65 percent of Latin Americans (varying by country) say they have stopped going out at night because of crime and violence.

Still, these levels vary dramatically between countries and even within countries. El Salvador and Honduras remain the most violent places, with homicide rates that are almost 15 and 20 times, respectively, the United States' rate. Chile and Argentina have rates nearer to those of some European nations at 2.0 and 5.8 homicides per 100,000 citizens, respectively. Domestically, there are also vast disparities between cities and regions—for instance, in Colombia, the city of Cali has a homicide rate of 68 people per 100,000, while Bogota's rate is 18 per 100,000.

Rafael Fernández de Castro discussed this data, offering several factors that influence violence and crime levels: a lack of state capacities—weak police, judges and prosecutors, and overwhelmed prison systems; economic structures that boost growth but limit inclusiveness, leading to high levels of inequality; the prevalence and easy access of drugs, weapons and alcohol; and finally weak social institutions that reflect the breakdown of families and communities. With these multidimensional factors, Fernández de Castro concluded that the solutions, too, have to be multidimensional and sustainable over the long term. A further challenge is the populations' pervasive distrust of public institutions—particularly the police and courts—due to their perceived lack of interest or ability to stop the endemic violence.

Frank Mora opened by asking why we have seen so much progress on the economic and political fronts over the last two decades, but these same governments have seemed inept when it comes to security. This paradox suggests that the sources of crime run deeper than just weak governance; that, instead, they are rooted in long histories, structures and incentives that have made violence an integral part of the status quo, with many elites actually benefiting from the violence and fluid rule of law.

Three factors matter for security. The first is social inclusion. While economic growth rates do not seem to correlate with violence (the last decade has been one of reasonable GDP growth and also escalating violence), advances in formal employment, education and inclusion do seem to matter in curtailing crime. State capacity also matters, and here Latin American countries have long been weak. Finally, there is a social and political dynamic at play in many places, where violence and corruption have become institutionalized, comprising the currency and means of political interaction.

Given the deep entrenchment of the security problem and its close relationship with politics as usual and socioeconomic relations, neither the United States nor the countries involved should expect fast changes, nor change without significant follow-through. Leadership will be decisive—meaning elites and others will have to step forward and invest their own money, and political and social capital to combat the current dynamic of violence and impunity. The overall sentiment was that while there are some places where progress has been made—Colombia over the last decade and the city of Monterrey, Mexico, in more recent years—to truly address the underlying structures and ways of interacting will require economic and political elites to want change as much as the United States or other potentially interested outside actors.

A discussion ensued to identify U.S. interests in a more stable and secure Latin America. Reasons include the overall safety benefit of diminishing organized criminal groups' power (especially as it extends into the United States), the economic benefits of more prosperous Latin American nations that consume U.S. products and are partners in regional commercial supply chains (making U.S. companies more competitive and supporting U.S. jobs in the process), and the potentially positive effects that a more secure Latin America would have on immigration (particularly from Mexico and Central America).

A repeated concern for many participants was the social fragmentation that feeds into rising violence and insecurity, and the recognition that some of the solutions to these challenges will only happen over the long term. Efforts to stitch back together social fabrics

rendered by poverty, inequality and violence will take a generation.

Both speakers stressed that evidence shows that “mano dura” (the English translation is “iron fist,” or heavy-handed) policies don’t work and, instead, often create more insecurity by pushing gangs toward organized crime. What does seem to make a difference are more comprehensive interventions that bring in elements from civil society and the business community, and that commit to long-term change. Some of the most hopeful progress has occurred at the state and local levels, as the closer cooperation and trust building that can occur between communities and police forces can, at times, change the vicious cycle.

In terms of policies, U.S. assistance has increasingly moved toward longer-term social programs—training police and court officials, working with at-risk youth and rebuilding communities. But whatever the focus, most participants agreed that the real challenge is making sure that the policies and initiatives designed to address these issues are long-lasting.

Immigration

The final day addressed two themes, immigration and energy. Jason Marczak started off by talking about the shifts in immigration flows over the last two decades and what they have meant and could mean for the United States. The number of immigrants in the United States doubled during this time period to over 40 million people, a high—but not record—percentage of the overall population. Half of these immigrants come from Latin America, and roughly 30 percent come from Mexico. Yet, these trends have already changed. Since 2010, more Asians are entering the United States than Latin Americans, and while most states have seen big increases in the number of Latinos living within their borders, most of these are now U.S. born.

With these shifts, the issue of integration is important, and, there are many indicators of the benefits that these migrants and their families (second and further generations) provide. In 2011, immigrants started 28 percent of all new U.S. businesses and employed one in 10 American workers. These immigrants also play a role in creating and preserving

manufacturing jobs—with an estimated 1.8 million manufacturing jobs in the United States depending on the U.S. immigrant population.

The United States has an opportunity to leverage the Latino population in trade and engagement with Latin American countries. Immigrants are much more likely than other groups both to start businesses and for these businesses to export (7 percent of immigrant-owned companies export versus 4 percent of those with nonimmigrant owners). So a question is how to build this base, providing more jobs in the United States as companies appeal to Latin American consumers.

Edward Alden addressed the many reasons why the long wave of immigration from Mexico is nearing its end, and is unlikely to happen again. Demographics have now decisively changed. While the average family through the 1970s had six to seven children each, today they have between two to three on average. In the 1990s and early 2000s this labor bulge coupled with slow economic growth and multiple crises in Mexico led more individuals to seek their fortune in the north. Macroeconomic stability has now replaced booms and busts, providing more opportunities at home for (the fewer) Mexicans coming of age each year. And rising levels of education in Mexico—both in the number of years the average child spends in school and in the increasing access to higher education (Mexico now boasts 500,000 students in engineering schools)—should also discourage future flows. The average 15-year old is now focused on his or her studies, rather than on plans to migrate for work.

At the same time, there has been the dramatic decline in unauthorized migration, down to just one-fourth of its height in the early 2000s. The best estimates attribute this change to one-third demographic shifts (fewer Mexicans coming of age each year and looking for employment), one-third to the U.S. economic downturn and one-third to U.S. border enforcement. The massive buildup in staff and technology at the border has made it much more difficult and expensive to cross into the United States, and has increased the odds of getting caught.

This is not to say that Latin American migration has ended. Violence and poverty—two of the impor-

tant factors behind the continued flows from Central American nations—are ongoing. But overall, a fundamental shift has occurred, changing the face of U.S. bound migration for years to come.

Since the United States is now facing a smaller immigrant stream, and fewer are coming illegally, it is now time to think about the best management choices and to search for the most cost-effective ways to manage immigration. Placing more officers at the ports of entry (as opposed to the spaces in between) provides an added benefit—both stopping the flows of unauthorized immigrants and illegal goods, while also facilitating legal trade. In fact, one California study suggests that every new Customs and Border Protection (CBP) official at the border brings \$2 million a year in benefits to the United States through reduced border wait times.

In thinking about the future of immigration policy, the challenge is to find a balance between enforcing the rule of law and the United States' history as a nation of immigrants. Many participants voiced the need to increase workplace enforcement, which has lagged the significant border buildup. They also talked about expanding the legal options for entry, as it has been virtually impossible for many Mexicans and Central Americans to come here legally, even though if they make it they can often easily find work. Past experience in the 20th century suggests that if there are legal options to come, workers will likely take them.

Going forward, the United States will need to compete harder for the world's best and brightest citizens. It has many advantages—the world's best universities, a thriving and vibrant society, and a diverse and well-developed economy—but streamlining procedures to make it less cumbersome for those hoping to make a life and invest themselves here will be important at all skill levels. As the United States goes forward and faces its own demographic and economic changes, this will become even more critical.

Energy

The final session focused on energy, and the participants discussed the vast increases in potential reserves throughout the Western Hemisphere, from

shale oil and gas to deep-water finds, among others. These resources could provide huge benefits for the United States in terms of energy security—providing new sources of energy from a more diverse set of nations, and the possibility of sourcing more of the United States' energy needs from neighbors in the region. Latin America has also proven to be a growing market for refined U.S. products, as growing demand from consumers in these countries has outpaced their own production.

Nancy Brune presented three big challenges to this more optimistic future. The first is the creep of destructive resource nationalism—where the state politicizes production and increasingly takes the proceeds, leading to declining output (Venezuela being the most prominent example). A second, just as important, challenge is the uncertain regulatory environment, as many countries are changing the underlying rules of their energy industries, often discouraging or delaying investment, reducing exploration and production as a result. A final challenge is the chronic mismanagement of state-owned companies and resources, which has also led to falling production and has undercut the companies' productivity and effectiveness.

Despite these challenges, there are significant opportunities for the United States and benefits that can come from the sustainable production of Latin America and the Western Hemisphere's growing resource potential. In this regard, there is a role for U.S. companies and for financing entities, such as the Export-Import Bank, to participate. One suggestion put forward was the desirability to have an interlinked electrical grid throughout the Hemisphere to facilitate the distribution of electrical energy.

In the discussion, one of the recurring themes was the challenge of balancing energy sources, and in particular Latin America's renewable and clean-energy potential. Many of these countries are already making strong use of hydropower for electricity and, increasingly, wind in some places, to supplement traditional fossil fuels. Here, too, there are opportunities for partnerships with the United States, both in spreading the technologies and encouraging a diverse regional energy mix.

Immigration: How Changing Demographics May Reshape the U.S. Policy Debate

Edward Alden

Bernard L. Schwartz Senior Fellow, Council on Foreign Relations

Overview

Immigration over the past half-century has tied the United States more closely to Latin America. Much as large-scale immigration from Europe at the turn of the 19th century left a lasting impact on U.S. society in the 20th century, immigration from Latin America is likely to have similar impacts in the 21st century. Since the passage of the 1965 Immigration and Nationality Act, which again opened the United States to high levels of immigration, Latin America has provided about half of the more than 30 million new immigrants to the United States; in contrast, all of Asia—including populous countries like China and India—sent roughly one-quarter of new immigrants over that same period. These immigration flows are both a challenge and an opportunity for the United States. The primary challenge has been to control migration; the large number of unauthorized immigrants from Mexico in particular generated a significant and growing U.S. enforcement effort. That effort has begun to pay off, and along with economic and demographic changes in the region, has led to a significant fall in unauthorized immigration, even as legal immigration has continued to grow. These trends could offer the political space for new initiatives that, while recognizing the continued importance of immigration control, focus primarily on possibilities for mutual economic gain between the United States and Latin America. The Latin American immigrant population in the United States could be an important resource for expanding trade and economic ties with this region.

Why Did the Immigrant Population from Latin America Surge and Why Has it Slowed?

Mexico is by far the largest source of immigrants to the United States; nearly one in 10 Mexicans currently lives in the United States. Between 1970 and 2007, the Mexican-born population of the United States grew from less than 1 million to 12.6 million, before falling back to 12 million by 2011; just over half of these were unauthorized immigrants. The number of unauthorized Mexicans living in the United States, however, fell from 2007 to 2010 during the U.S. recession and has been flat since. The number of legal immigrants from Mexico has grown slightly since 2007 from 5.6 million to 5.8 million. Mexicans make up about 30 percent of the total U.S. immigrant population. The story is similar for Central Americans, whose numbers increased from just 1 percent of the U.S. immigrant population in 1970 to nearly 8 percent today, or more than 3 million people. From 2000 to 2010, immigration from Central America, primarily from El Salvador, Guatemala and Honduras, grew faster than from any other part of Latin America. Central Americans are a growing proportion of unauthorized migrants as well; apprehensions of citizens from countries other than Mexico at the United States-Mexico border by the Border Patrol doubled in 2012 to nearly 95,000. South American immigration has also been growing rapidly. In 2011, there were 2.7 million South American immigrants in the United States, primarily from Colombia, Ecuador, Peru and Brazil.

While there are many factors influencing immigration flows from Latin America to the United States, three stand out: demographics, economics and, because a significant percentage of immigration from the region over this period was illegal, U.S. enforcement.

Demographics: High birthrates in the key sending countries was perhaps the biggest cause of the postwar acceleration in migration from Latin America. From the 1950s through the 1970s, the total fertility rate (the average number of children born to each woman) was between six and eight in Mexico, El Salvador, Guatemala and Honduras. Over that same period, the U.S. birthrate fell from just over three to less than two. Due to weak economic performance, those countries were not successful in absorbing the large numbers reaching working age. The male population aged 18 to 24 in Mexico and Central America tripled from less than 4 million in 1950 to more than 12 million by 2000. Birthrates in these countries began to drop very sharply beginning around 1980. In Mexico today, the birthrate is 2.4; it remains higher, between three and four, in Honduras and El Salvador. If these trends continue, the population of young, working-aged men will peak around 2020 at just over 14 million and then begin a slow and steady decline. Demographic trends make it highly unlikely that immigration from Latin America to the United States will again approach the record levels of the 1990s and early 2000s.

Economics: The large “wage gap” between the United States and most Latin American countries creates a big incentive for migration, both legal and illegal. As my colleagues and I wrote in the recent Council on Foreign Relations study *Managing Illegal Immigration*: “Differences in average wages for similar workers between developed and developing countries constitute the single largest price distortion remaining in global markets. Given these wage differences, what is surprising is not how much migration takes place in the world, but how little.”ⁱⁱ The best estimate is that a worker in Mexico would earn at least three or four times as much in real terms for similar work in the United States. The gaps are significantly larger, between seven and 10, for El Salvador and Guatemala. While standards of living have improved significantly in these countries, wage gaps relative to the United States have narrowed only slightly.

Migration has also been influenced by shorter-term economic events. The Mexican debt crisis of the early 1980s and the peso crisis of 1994 to 1995 led to significant increases in illegal migration to the United States as measured by border apprehensions. More recently, the deep U.S. recession following the 2008 financial crisis, and in particular the collapse of the construction market that began in 2007, dramatically slowed the flow of unauthorized migrants. Somewhat stronger growth in Mexico’s economy over the past several years has likely lured some migrants back home and encouraged other would-be migrants to remain. Apprehensions at the Southwest border fell from nearly 1.2 million in fiscal year 2005 to just 327,000 in fiscal year 2011. Combined with a growing number of Mexicans returning home, there was no net increase in the Mexican immigrant population in the United States between 2005 and 2010.ⁱⁱⁱ Since 2011, there has been a rise in border apprehensions, to just over 400,000 in fiscal year 2013, indicating more illegal entry attempts consistent with a recovering U.S. economy.

While most unauthorized immigrants have less than a high school education, skilled migration from Latin America has also been growing rapidly. The number of Mexican immigrants to the United States with a professional education or equivalent experience rose from 400,000 to 1 million between 2000 and 2010. Nearly 30 percent of South American migrants to the United States have a college or advanced degree, similar to native-born Americans, compared with just 5.5 percent for Mexicans and 8.6 percent for Central Americans. And total immigration from South America actually grew at a more rapid rate than immigration from Mexico in the 2000 to 2010 period.

Immigration Enforcement: The history of U.S. immigration enforcement efforts is long and complex. But there is general consensus on two points. First, the buildup of border enforcement in the 1990s—beginning with Operation Gatekeeper in California and Operation Hold the Line in Texas—was initially ineffective in reducing unauthorized migration. It, instead, served primarily to divert migrants into Arizona and other more dangerous corridors, and reduced the historic “circularity” that had seen many Mexicans go back and forth across the border fol-

lowing seasonal work. As a result, the unauthorized population became more settled; many young men brought their families; and they increasingly moved away from border states like California and Texas. From 2000 to 2011, the fastest rate of growth in the immigrant population was in states like Tennessee, South Carolina, Alabama and Kentucky.

Secondly, there is growing agreement that enforcement has become more effective over time, perhaps because of the continued border buildup in the second half of the 2000s, as well as increased interior enforcement. Using a variety of different measures, the CFR study showed that the number of successful unauthorized entries at the United States-Mexico border has fallen by at least two-thirds since 2000, and the probability of arrest at the border has risen from roughly 30 percent to well over 50 percent, and perhaps higher. The Border Patrol has also expanded its “consequences” program so that the vast majority of border-crossers are not simply returned to Mexico, as was historically the case, but face other penalties, including jail time. Smuggling costs have risen significantly over the past decade, an indicator of the growing difficulty of crossing the land border illegally. And while less developed than border enforcement efforts, the U.S. government has also greatly improved its system for identifying those who come to the United States on legal visas and then overstay. From 2000 to 2009, new overstays dropped by nearly 80 percent.

Border apprehensions are up slightly over the past two years as the economy has recovered, primarily due to a growing number of Central Americans attempting to enter illegally through Texas. But the roughly 400,000 apprehensions in 2013 was still less than one-quarter the number recorded in 2000.

Policy Implications

As the U.S. economy recovers, immigration from Mexico and the rest of Latin America is likely to increase, but still at much lower levels than prior to 2007, due to the changing demographics and more effective U.S. immigration enforcement. A recent economic analysis for the Wilson Center and the Migration Policy Institute predicted that, barring unexpected economic shocks, net inflows of all migrants, both legal and unauthorized, from Mexico

to the United States will average about 260,000 per year from 2011 to 2017.ⁱⁱⁱ This is just over half the net inflow level of 466,000 annually from 1990 to 2000.

The slower growth should relieve some of the economic and social pressures, particularly in the border states, that have made it difficult to focus on issues other than immigration control. Congressional passage of immigration reform legislation could help as well—by resolving the status of the roughly 11.5 million unauthorized immigrants already in the United States; by furthering expanding enforcement efforts, especially with respect to discouraging employers from hiring unauthorized migrants; and by offering new legal alternatives for lower-skilled migrants through an expanded temporary worker program.

A more orderly immigration environment could free up room on the agenda of United States-Latin America relations for other initiatives where U.S. immigration policies can be leveraged to increase economic gains to the United States. Two top the list: border facilitation to speed up commerce with Mexico, and leveraging the Latino immigrant community in the United States to expand trade with the region.

The United States-Mexico border remains a choke point for continental commerce. From the conclusion of NAFTA in 1993 through 2001, trade among the United States, Mexico and Canada tripled, and foreign direct investment grew fivefold. Since 2001, however, trade has slowed markedly; after growing 17 percent annually from 1993 to 2000, United States-Mexico trade grew just 4.5 percent annually from 2000 to 2008, before slowing still further during the recession. The growing cost of doing business in Asia, however, offers new advantages for North America. Cross-border production involving both the United States and Mexican operations is increasingly becoming cheaper than importing goods from China, but capitalizing on those gains will require progress on border management.^{iv} Even as the size of the U.S. Border Patrol more than doubled in the 1990s, and again in the 2000s due to concerns over illegal migration, investment in the legal ports of entry has lagged. A recent study from the University of Southern California concluded that for each additional Customs agent added at the ports of entry, the U.S. economy would gain nearly \$2 million

from reduced waiting times.^v The United States and Mexico could also deepen cooperation modeled after the current Beyond the Border initiative with Canada, in which the two governments are jointly pursuing a variety of measures to increase security against terrorist and criminal threats while speeding up the cross-border movement of goods and people.

The large Latin American immigrant population in the United States could also be a valuable resource for expanding U.S. exports to Latin America. No other country enjoys the same web of personal and business ties with Latin America as does the United States. Businesses owned by Latin America immigrants—from Bolivian-born Marcelo Claure’s Brightstar to Peruvian-born Andres Ruzo’s ITS Infocom—are among the most successful U.S. high-technology firms exporting to Latin America.^{vi} Spanish-language ability and cultural knowledge gives these immigrants significant advantages in doing business with the region. The United States already exports three times as much to Latin America as it does to China, and there is great potential for further gains. Commerce Secretary Penny Pritzker recently announced a new Look South initiative aimed at expanding U.S. exports to free-trade partners in Latin America, including Mexico, Colombia, Peru, Chile and Central America. The U.S. immigrant population enables it to open doors to the region that might otherwise remain closed. U.S. government policy could help by considering changes to visa rules that make it easier for Latin American immigrant entrepreneurs and investors to establish and remain in the United States, and by expanding assistance to help immigrant entrepreneurs take advantage of export opportunities.

Conclusion

The slowing of immigration from Latin America and growing U.S. control over the border region

offers an opportunity to shift the focus of U.S. policy from immigration control to more proactive measures that would bring greater economic benefits to the United States. These include deeper cooperation with Mexico on border and immigration management, which would encourage increased business investment in North America, and government engagement with the large Hispanic business community in the United States to open new trade opportunities in Latin America.

Endnotes

- i Bryan Roberts, Edward Alden and John Whitley, “Managing Illegal Immigration to the United States: How Effective Is Enforcement?” Council on Foreign Relations Working Paper, May 2013.
- ii Jeffrey Passel et. al., “Net Migration from Mexico Falls to Zero—and Perhaps Less,” Pew Hispanic Center, April 23, 2012.
- iii Daniel Chiquiar and Alejandrina Salcedo, “Mexican Migration to the United States: Underlying Economic Factors and Possible Scenarios for Future Flows,” Wilson Center and Migration Policy Institute, July 2013.
- iv See Robert A. Pastor, “Shortcut to U.S. Economic Competitiveness: A Seamless North American Market,” Council on Foreign Relations Policy Innovation Memorandum No. 29, March 2013.
- v Bryan Roberts et. al, “The Impact on the U.S. Economy of Changes in Wait Times at Ports of Entry,” National Center for Risk and Economic Analysis of Terrorism Events, University of Southern California, April 4, 2013.
- vi See Alexandra Starr, “Latino Immigrant Entrepreneurs: How to Capitalize on Their Economic Potential,” Renewing America Working Paper, Council on Foreign Relations, July 2012.

Latin America's Evolving Democracies: Gains, Stagnation and Backsliding

Cynthia J. Arnson, Ph.D.

Director, Latin American Program, Woodrow Wilson International Center for Scholars

Any discussion of democratic governance in Latin America has to begin by taking note of the important strides throughout the region in the past three decades. While any generalization is subject to major exceptions, for the most part, countries of the region have advanced in making electoral systems more competitive and inclusive and in broadening social welfare. As a result of strong economic growth and targeted social policies in the first decade of the 21st century, tens of millions of people have moved out of poverty, a historic and unprecedented achievement. Economic and political inclusion do not necessarily go hand-in-hand. But it is surely the case that few who lived through Latin America's "lost decade" of the 1980s—a period marked by the debt crisis, hyper-inflation and internal armed conflicts deeply penetrated by the Cold War—would recognize the region today.

Consider the following: Brazil is an aspiring global power with the eighth largest economy in the world. Mexico's growth rate this year will be close to double that of the United States; more migrants are returning to Mexico than are entering the United States; and the government recently passed an energy law that, among other reforms, is predicted to attract tens of billions of dollars in foreign and private investment in the oil sector for the first time since the 1920s. Colombia, viewed as a state on the verge of collapse in the late 1990s, has decimated the leadership of guerrillas of the Revolutionary Armed Forces of Colombia (FARC). Huge advances in security have

paved the way for peace talks between the government and the FARC. In 2012, the U.S.-based Latin American Public Opinion Project (LAPOP) reported that life satisfaction is increasing in the Americas and that trust in democratic institutions, support for the rule of law and support for the political system had also improved. These findings were echoed in the 2013 survey of *Latinobarómetro*, in which those polled regionwide reported the highest level of satisfaction with their lives since the survey began in 1995.

At the same time that one acknowledges these positive developments, it would be Pollyannaish to downplay the challenges to governance, prosperity and peace. These include the extreme violence of drug trafficking cartels in Mexico, Central America and Colombia; the penetration of state institutions by organized crime more generally; persistent inequalities in income, educational opportunity and food security; ongoing disparities due to gender, race and ethnicity; and institutional weaknesses on a host of fronts that make it difficult for governments to respond to citizens' demands or carry out government programs. Following the democratic transitions of the 1980s and '90s, politicians, civil society and private sector actors, and analysts in general underestimated how hard it would be to combine the procedural minimum of democracy—free and fair elections under conditions of universal suffrage—with more substantive dimensions such as the rule of law, the functioning of robust institutions and the practice of citizenship. Indeed, the heightened expectations generated by the

economic growth of the last decade have only made a broad range of “democratic deficits” more glaring.

The deeper one probes, the more it becomes evident that diversity within the region makes generalizations about “Latin America” misleading. Contrast, for example, Chile, one of two Latin American countries to be a member of the Organization for Economic Cooperation and Development (OECD), with decades of peaceful political alternation, and Honduras, where a president was removed by the military in 2009, poverty levels are second only to Haiti for the hemisphere’s worst, and the homicide rate is the highest in the world outside of a shooting war such as Syria. In a similar vein, the free market, open economies of the Pacific Alliance (Chile, Colombia, Mexico and Peru) bear almost no resemblance to economies of Venezuela or Argentina, where state intervention reigns, and inflation and currency volatility are high. Countries with raw materials or energy resources have benefited from the boom in commodity prices (and related Chinese demand); those without such resources have suffered. Politically in Venezuela, Ecuador and Bolivia, profound deficits of representation and the consequent collapse of party systems have given rise to new forms of populism that explicitly reject liberal, representative democracy in favor of direct, unmediated linkages between the leader and “el pueblo.” While these countries of the so-called Bolivarian Alliance for the Peoples of our Americas (ALBA) are typically mentioned in the same breath (along with Nicaragua and Cuba), closer inspection reveals important differences in terms of support base, legitimacy, respect for constitutional procedures and human rights, and degrees of authoritarianism.

What follows is a discussion of three areas of core governance challenges for countries throughout the region.

The Political Salience of Poverty and Inequality

As noted by the World Bank in 2013, in the first decade of the 2000s poverty in the region fell from 44 percent of the population to 30 percent, with close to 50 million people moving into the middle class.¹ For the first time in the region’s history, the numbers of poor and middle class people are ostensibly equal. However, the same World Bank study found that the largest “class” in the region consisted of “the vulner-

able”—those above the poverty line of \$4 a day, but below the middle class level of \$10 per day. This group faced a high risk of falling back into poverty. Just as important, citizens’ own perception of their status varies significantly from World Bank numbers. According to *Latinobarómetro*, almost half of Latin Americans report not having enough income to cover basic necessities, or having great difficulty in doing so.

Inequality in Latin America has also improved, yet the region remains the most unequal in the world. Between 2002 and 2011, due in large measure to conditional cash transfers as well as changes in the labor market, income distribution improved in nine of 17 Latin American countries examined by the UN Economic Commission for Latin America and the Caribbean (CEPAL). Yet the same study reported that inequality remains especially high in Brazil, Chile, Colombia, the Dominican Republic, Guatemala, Honduras and Paraguay. Upward mobility across generations remains limited, and regressive tax structures that rely excessively on value-added as opposed to income taxes help to perpetuate longstanding social inequities.

What does this imply for governance? The evidence thus far is highly suggestive albeit not conclusive. About three-fourths of Latin Americans view the income distribution in their country as unfair. But that is an improvement over previous years, and inequality does not rank high on the list of principal citizens’ concerns (which are dominated by issues of unemployment and crime). Yet even in countries where poverty has declined the most—Brazil and Chile—equity issues have reverberated through the political system. In 2013, both countries were swept by waves of popular protest detonated by specific grievances: in the case of Brazil, a 9-cent increase in bus fares; in Chile, the high cost of university education together with crushing levels of student debt. In both cases, explanations for the protests focused on an expanding middle class demanding better quality public services, from transportation to education to health. (In Brazil, the protests occurred against a broader backdrop of frustration with persistent corruption and crime and anger over billions of dollars in government expenditures to prepare for the 2014 World Cup and 2016 Olympics. LAPOP surveys in Chile revealed the link between the student protests

and dissatisfaction with the country's high level of inequality as well as the low levels of legitimacy of representative political institutions. The LAPOP researchers also noted a demographic shift in which young people are expressing themselves politically by taking to the streets rather than through voting or involvement in party politics.

The impact of inequality on governance is further suggested by a 2012 CEPAL study, which found a high correlation between the objective rates of inequality in a country and people's perceptions of inequality, as well as between objective inequality and lower levels of trust for institutions such as the legislature, the judiciary and political parties.

Economist Albert Hirschman famously compared the effect of inequality to being in a traffic jam, in which one lane remains utterly immobile while the lane next to it moves ahead steadily. Latin America today is home to world-class corporations, universities and technocratic elites. Yet 55 percent of citizens have never used email or the Internet, and close to 60 percent of young people have the same educational level as their parents. This lack of educational mobility is reflected in a 2012 Inter-American Development Bank study that found that almost half of the Latin American 15-year-olds could not read at the minimum level on a standardized test, and about 65 percent did not reach the minimum level in math.

At a time of slowing growth and greater volatility in emerging markets, it is not difficult to imagine how socio-economic cleavages and high levels of vulnerability can prolong and intensify the current cycle of protest. Indeed, as *Latinobarómetro* stated, "There are two Latin Americas, one which enjoys the benefits of growth and one that witnesses how others are enjoying it. We will see more and more protests as the manifestation of a citizenry-conscious of deficiencies in the economic, political and social system."

Crime and Violence

According to the United Nations Office on Drugs and Crime, Latin America as a whole has a homicide rate that is more than double the global average in many countries. But regional averages are themselves misleading; countries such as Costa Rica, Nicaragua, Chile and Uruguay have low murder rates, in contrast

to a country such as Venezuela (with South America's highest rate of homicide) or the Northern Triangle of Central America (El Salvador, Guatemala and Honduras, although due to a gang truce, El Salvador's rates have fallen). Within countries, particular regions (drug trafficking corridors) or neighborhoods within urban areas may have murder rates far higher than the national average. In other locales, property crimes outnumber homicides, contributing more to perceptions of insecurity than, say, gang violence. Why citizen security has worsened over the last decade as incomes have grown and inequality declined is the subject of much reflection and debate; most explanations focus on multidimensional causes—precarious employment, low social mobility, broken homes, school dropout rates, and the failure or weakness of state institutions charged with upholding the rule of law. (The United Nations Development Program's 2013-14 *Regional Human Development Report* offers a detailed summary.)

What is clear from public opinion surveys such as LAPOP is that crime victimization, along with the perception of insecurity, undermines support for democratic systems and for combating crime through adherence to the rule of law. Indeed, *mano dura* ("iron fist") approaches adopted by many governments have perpetuated patterns of official abuse—the disproportionate targeting of marginalized youth, for example, and the swelling of prison populations, where the majority of those incarcerated in many countries have never formally been convicted of a crime. The expansion of organized crime, including but not limited to drug trafficking, has spawned violence as well as the penetration and corruption of state institutions and political and economic structures of power. While organized crime per se may be less responsible than is street crime for the violence that impacts peoples' daily lives, it poses an existential threat to local, regional and, at times, national governments that deserve to be at the center of policy discussions about the hemisphere. In addition, Mexico and Central American nations have long demanded that the United States help by restricting the sale and southward flow of high-caliber weapons and ammunition to transnational criminal groups as an essential part of security cooperation with the region.

Liberal Versus “Popular” Democracy

No discussion of challenges to democratic governance in Latin America would be complete without reference to the undermining of liberal democracy by populist regimes that explicitly reject representative democracy in favor of direct and vertical linkages between the leader and “the people” and the gutting of checks and balances on executive power. Liberal democracy is founded on the separation of powers, accountability that is horizontal (within and across government institutions) as well as vertical (between governments and voters), and respect for basic civil and human rights and liberties. Countries throughout the hemisphere fall short in a number of these areas. But in places such as Venezuela, Ecuador and Bolivia, the profound deficits of representation and consequent collapse of party systems (coupled in Venezuela with the 1980s economic crisis) have given rise to new forms of populism.ⁱⁱ

“Popular” democracy has signified the erosion of media freedoms and of political space for autonomous civil society, the aggressive concentration of power in the hands of the presidency, the destruction of checks and balances through the packing of institutions such as the judiciary or electoral councils, the assault on the notion of political pluralism and alternation in power, and the fostering of polarization at all levels of society. Even when leaders win elections and enjoy significant popular support (largely as a result of greater state spending on social programs financed by the boom in commodity prices), the institutions and legal frameworks that constrain the unfettered exercise of power have been systematically eroded. The situation is less extreme than in Cuba, the hemisphere’s only single-party authoritarian state. In general—and not withstanding important exceptions—the foreign policies of left-wing populist regimes have had an explicitly anti-U.S. bias; independent media are under attack; and relations with the domestic and foreign private sector are strained or outright hostile. These processes are most evident and advanced in Venezuela.

Implications for U.S. Policy

On the eve of President Barack Obama’s March 2011 trip to the region, a study of the image of the United States in Latin America found that President

Obama and then-Brazilian President Luiz Inácio Lula da Silva tied for first place. Former Cuban president Fidel Castro ranked the lowest and then-President of Venezuela Hugo Chávez was second from last. In an earlier study, majorities in all but two countries of the region—Argentina and Paraguay—believed that the U.S. role in the region was positive.

Acknowledging the reserve of good will while recognizing the region’s confidence and aspirations is a core challenge. Economically and politically, countries of Latin America have multiple options for global insertion and share a desire for overcoming historic U.S. patterns of interventionism, unilateralism and condescension. While a handful of ALBA countries openly seek to defy U.S. power and values, their models of economic and political organization have limited and ever-shrinking appeal. The success of U.S. engagement will depend on the ability to embrace the positive economic and political changes in the region, address the socio-economic deficits and inequalities that persist, respond constructively on issues defined by the region as important (re-thinking counter-drug policy, for example), and abandon the notion that we can “get our way” through imposition rather than the same kind of creative (if sometimes frustrated) diplomacy the United States exercises toward Asia, the Middle East, Europe and elsewhere. For example, rolling back an effort by several ALBA countries to gut the Inter-American Commission on Human Rights succeeded in 2013 precisely because the United States worked effectively behind the scenes with a number of regional allies, including Mexico, Colombia, Chile and Peru.

Fostering democratic reform is an especially delicate process. Experience has shown repeatedly that openly taking sides in countries’ internal political struggles is self-defeating and counterproductive. Supporting broad principles such as institution-building, internal dialogue to overcome polarization or respect for the rule of law is not the same as promoting a particular political outcome, which allows incumbents to rally domestic support against foreign “intervention”. Indeed, sometimes regional allies are better positioned to exert influence.

With respect to Cuba, the January 2014 meeting in Havana of the Community of Latin American and Caribbean States (CELAC) demonstrated force-

fully that decades of U.S. policies aimed at isolating Cuba have failed and have served, rather, to isolate the United States from the rest of the hemisphere. It is difficult to imagine how the next Summit of the Americas scheduled for 2015 in Panama will take place given the stated opposition of some of the continent's major democracies that they would not attend unless Cuba were included. At the same time, the Organization of American States (OAS), which hosts the Summits, is bound to uphold the Inter-American Democratic Charter adopted by member states in 2001. Failing to overcome this impasse will weaken the OAS, the principal regional body in which the United States and Canada participate.

Finally, and even at a time of fiscal pressures, one should not be lulled into thinking that policy successes can be achieved on the cheap. Confronting the threat posed by criminal violence and transnational organized crime in Mexico and Central America requires resources along with strategic thinking, greater coordination among multiple U.S. agencies and a focus on improving local security conditions, not just capturing kingpins or seizing shipments of drugs. Existing efforts to foster learning between the police departments of large U.S. cities and regional police forces with respect to gang prevention, for example, should continue and expand. And, while

Colombia has gradually absorbed the bulk of security expenditures, in the event of a successful peace process, the United States should assist the Colombian government by providing generous assistance for demobilization and reintegration of combatants and addressing the country's longstanding social deficits.

Endnotes

- i How to define the middle class in Latin America remains an issue of intense debate. In contrast to the United States, for example, only about 9 percent of those with middle class incomes in Mexico pay a mortgage.
- ii Space does not permit a discussion of the significant differences between populist regimes, but one should take care to distinguish among them. Bolivia's Evo Morales, for example, is the country's first indigenous president and has significantly broadened the political and economic participation of the country's indigenous majority, even while restricting spaces for political opposition. In Nicaragua, President Daniel Ortega had the support of the political opposition when he concluded a pact that lowered the threshold for election to a mere 35 percent of the vote. Argentina and Venezuela are both experiencing—albeit to different degrees—deep economic crises marked by high inflation, state intervention in the economy, currency devaluation and energy shortages. By contrast, the economies of Bolivia, Ecuador and Nicaragua are growing, and the latter has maintained good relations with the International Monetary Fund (IMF).

Energy: Latin America's Growing Heft in Global Oil Markets

Nancy E. Brune, Ph.D.

Executive Director, Kenny Guinn Center for Policy Priorities, Las Vegas

Overview

Much of the world's—particularly Asia's—growing demand for oil is likely to be provided by Latin America and North America. According to the International Energy Agency (IEA), “The application of unconventional technologies in North America, new deep-water projects [in Brazil], and improved recovery rates should raise non-OPEC supplies by 1.3 percent per year (or a total of 4.7 million barrels per day (bpd) from 52.8 million bpd in 2011 to 57.5 million bpd by 2017.”ⁱ Technological advances may continue to unlock new types of oil resources and improve recovery rates in existing fields, pushing up estimates of the amount of oil that remains to be produced. However, the ability of resource wealthy countries in Latin America to take advantage of their energy potential depends, in large part, on the domestic policy environment.

While the U.S. energy boom in unconventional energy sources (shale gas and shale oil) allows the United States to mitigate its own risk, energy markets in the Western Hemisphere remain highly integrated and interdependent. Specifically, although crude oil exports from Latin American countries to the U.S. have fallen 18.6 percent since 2008, a dozen Latin American countries purchased 1.36 million barrels per day of U.S. fuels in 2013, twice as much as 657,000 bpd in 2008, according to the U.S. Energy Information Administration (EIA).ⁱ

Mexico

Mexico is one of the 10 largest oil producers in the world, the third largest in the Western Hemisphere, and has a significant bilateral energy relationship with the United States. The North American Free Trade Agreement (NAFTA) has facilitated a significant degree of integration among the energy markets of the United States, Mexico and Canada.ⁱⁱ Mexico is currently the third largest supplier of crude oil exports to the United States, exporting over 80 percent of its total crude exports to its northern neighbor. In 2011, Mexico's oil sector generated 16 percent of the country's export earnings and around 34 percent of its federal budget revenues, indicating a much more diversified economy than many other oil-exporting countries.^{iii,iv} In recent years, U.S. refineries have invested billions of dollars to upgrade facilities to process heavy, sour crude that comes from Mexico.

The U.S.-Mexico bilateral energy trade extends beyond crude oil. While the United States consumes Mexican crude, it exports petroleum products to Mexico, some 600,000 bpd in 2012. Mexican demand for petroleum-based products has jumped 20 percent in the last decade, while its production capacity has remained essentially flat. Since 2004, U.S. exports of petroleum products to Mexico have nearly tripled. Mexico is a growing market for U.S. natural gas, importing a record 2.1 billion cubic feet per day (bcfd) in 2012, up 21 percent from 2011. Across-the-border flows from U.S. pipelines accounted for 80 percent of Mexico's total gas imports in 2012.^v South

Texas and the Eagle Ford (a gas and oil production site) also benefit from infrastructure on the Mexican side. Petroleos Mexicanos (Pemex) pipelines are some of the only ones in northern Mexico that currently have excess transport capacity. Other pipelines across the border from Arizona and California are more than 90 percent full.^{vi}

In the last decade, Mexico's Pemex crude-oil production has fallen annually to about 2.5 million bpd a day in 2012, down 25 percent from 3.4 million bpd in 2004.^{vii} The decline in Mexico's domestic production, in addition to its rising domestic fuel demand, has resulted, in turn, in lower crude oil exports to the United States, which are now down to 0.97 million bpd in 2012, the lowest in 23 years (the first time since 1994 to fall below 1 million bpd), and markedly lower than the peak of 1.48 million bpd in 2004.^{viii,ix,x} Mexico's share of total U.S. crude oil imports fell to 11 percent in 2012, down from 16 percent in 2003. Pemex has stated that it needs to increase annual investment by \$30 billion—the majority of which would be directed to Pemex's exploration and production—to develop its shale gas deposits and deep water reserves in the Gulf of Mexico.^{xi}

Until recently, heavy state control of the oil sector discouraged foreign investment. But in December 2013, President Enrique Peña Nieto successfully signed a controversial oil reform law opening the country's oil sector to foreign investment. While the Mexican government will retain ownership of its resources, the reforms will allow foreign companies to sign production-sharing agreements that will give them a real stake in the development of resources. Russia's Lukoil was the first international oil company to take advantage of the reforms, penning a deal with Pemex in late January.^{xii} If the reforms are successfully implemented, Mexican oil production is expected to increase from its current 2.5 million bpd to 3.5 million bpd by 2025. The reforms should also help Mexico tap its abundant shale gas resources, doubling gas production to 10.4 bcf by 2025.^{xiii} (Mexico has the sixth largest shale gas and seventh largest shale oil reserves in the world.)

Given the strategic and cultural importance of our southern neighbor, U.S. policymakers should continue to support energy-sector development in Mexico. The recent passage in December 2013 of the U.S.-

Mexico Transboundary Hydrocarbon Agreement provides an important framework for facilitating deeper integration and cooperation between the two countries.

Brazil

Brazil's resources are abundant and diverse. Its development over the coming decades will continue to move the country into the top ranks of global energy producers. More supergiant fields have been discovered in Brazil over the last 10 years than in any other country. These offshore discoveries have confirmed Brazil's status as one of the world's foremost oil and gas provinces.

Not surprisingly, Brazil's energy sector will continue to play a central role in meeting the world's growing energy demand. According to EIA estimates, Brazil could account for up to one-third of the net growth in global supply. Brazil, which has an estimated 14 billion barrels of proven reserves, produced around 2 million bpd in 2012.^{xiv} Brazilian crude oil exports were 550,000 million bpd in 2012, with slightly more than one-third being shipped to the United States, 22 percent going to China, and 17 percent going to India.^{xv,xvi} It is anticipated that future supplies to India and China will increase substantially.^{xvii,xviii} (Figure 1 illustrates the expected Crude Exports in 2017 and Growth in 2011-2017 for Key Trade Routes.) Brazil's oil production is expected to increase from 2.2 million bpd in 2012 to 4.1 million bpd in 2020 and to 6.0 million bpd in 2035, making it the world's sixth largest oil producer in 2035.

The expected growth is dependent on the capital-intensive deep-water developments, where Brazil is set to consolidate its position as the global leader. According to the IEA, global deep-water oil production is expected to increase from 6 percent in 2011 to around 8 percent by 2017 (from 5.5 million bpd to 8.2 million bpd). Over the next five years, growth in Brazilian deep-water output is expected to account for 28 percent of that growth in deep-water supplies, and for almost 60 percent of total global deep-water production in 2035.

A critical factor in shaping Brazil's energy outlook will be the country's success in maintaining high levels of investment for capital intensive deep-water

developments. However, like other countries in the region, the domestic policy environment has discouraged foreign investment and distorted domestic markets. Brazil's local content and worker requirements and laws "requiring private oil producers to allocate 30 percent of the ownership stake in their projects to Petrobras [state oil company] and give the national oil company a role as operator in every field"^{xxix} have "hobbled" the country's energy sector, "robbing it of funds for expansion."^{xxx}

In addition, fuel price controls and insufficient investments have resulted in insufficient refining capacity to meet growing local demand. As a result, Brazil is now importing an increasing number of petroleum products, particularly from the United States, to offset local shortages. U.S. petroleum-product exports to Brazil grew by 59 percent in the first 11 months of 2012 to 255,000 barrels a day.^{xxxi} Brazil imported 530,000 bpd of refined fuels through Nov. 30, 2013, nearly double the levels of 2007.^{xxxii}

Venezuela

Venezuela has the second largest proven reserves—estimated at 211 billion barrels—in the world.^{xxxiii} Roughly 45 percent of Venezuela's federal budget revenues come from its oil industry, which also accounts for 95 percent of the country's exports.^{xxxiv} Despite the U.S. energy boom and the icy and tense diplomatic relations between the United States and Venezuela over the years, Venezuela remains the fourth largest supplier of oil to the United States. The U.S. is Venezuela's primary customer, importing 40 percent of its crude oil exports.^{xxxv} The energy fates of the United States and Venezuela are inextricably linked: Venezuela depends on the United States to buy 40 percent of its exports; and depends on U.S. Gulf Coast refineries which have been refurbished to process Venezuela's (and Mexico's) heavy, sour crude.

However, since 2001 and the rise of the late President Hugo Chávez, Venezuela's annual oil production has declined by roughly a quarter, due to lack of domestic and foreign investment. As a point of comparison, at the end of 2011, Venezuela held 17.9 percent of the world's known oil reserves, compared with 16.1 percent in Saudi Arabia and 11 percent in Canada, but it only represented 3.5 percent of global

production compared with 13.2 percent in Saudi Arabia.^{xxxvi} Consequently, oil exports to the U.S. have dropped by nearly a half (from a peak 1.7 million bpd in 1997 to under just under 1 million bpd in 2012) reaching 1990 levels.^{xxxvii,xxxviii} U.S. imports of Venezuelan crude have been steadily falling since 2004; these declines were exacerbated by the financial crisis of 2008 and the global economic slowdown which reduced demand for Venezuela's crude oil and finished petroleum products (hence resulting in the closure of the Virgin Island located Hovensa refinery, which has a refining capacity of 0.5 million bpd.)^{xxxix}

But despite the decline in exports to the United States, Venezuela remains dependent on American refineries for refined petroleum products (including gasoline). In 2012, the United States sent almost 200,000 bpd of petroleum products to Venezuela, supplying roughly 20 percent of Venezuelan domestic consumption, because of several Venezuelan refinery accidents that resulted in local shortages.^{xxx,xxxii}

In the face of declining exports to the United States, Venezuela has started to diversify its base of customers and is reaching out to investors in China, Europe and Russia.^{xxxiii} Since 2011, Venezuela has nearly doubled its oil exports to China—the world's second largest oil consumer—and to India—the fourth largest—to a combined total of almost 1 million bpd, making the South American country the third largest oil supplier to China and India (up from seventh position in 2011).^{xxxiiii} About 0.4 to 0.5 million bpd of the oil going to China is repayment for \$40 billion worth of oil-for-loan contracts signed between PDVSA and China's development bank back in 2008. New and renovated refineries in Asia have facilitated the trade of the heavy, sour crude to Asian markets.^{xxxv}

Colombia

The bilateral energy relationship between the United States and Colombia is of tremendous importance, as the United States remains the top destination of Colombian oil, followed by the Asia Pacific region. Colombia has approximately 2.4 billion barrels of proven reserves, and produced around 1 million bpd in 2012.^{xxxvi} Over the last six years, Colombia's U.S.-bound shipments have tripled to 401,000 bpd; by March 2013, Colombia was shipping closer to

480,000 bpd.^{xxxvi} Despite the 2008 financial crisis and the U.S. energy boom, Colombia is one of the few oil producing countries that has increased its exports to the United States.

In recent years, Colombia, similar to Venezuela, has been preparing for the impact of the U.S. energy boom by diversifying its export partners and aggressively pursuing bilateral energy deals. As early as 2011, Colombia suggested that the majority of its exports could head to China, and possibly India. The following year, Chinese and Colombian officials signed a preliminary agreement to provide financing for an ambitious project to pipe 600,000 bpd of Venezuelan and Colombian oil to Colombia's Pacific coast, from where it would be exported to China and other Asian markets.^{xxxvii,xxxviii}

Ecuador

A few years ago, Ecuador's energy trade relationship with the U.S. was of critical importance to Ecuador, which exported about 75 percent of its crude oil, its primary export, to the United States.^{xxxix} Ecuador, the smallest OPEC country, produces 500,000 bpd of oil; its oil sector accounts for around half of the country's export earnings and about one-third of all tax revenues.^{xl} Production has stagnated in recent years due to President Correa's attempts to nationalize a number of firms in the extractive sector. While the United States was an important customer for Ecuador, Ecuadorian oil has only ever comprised between 1.5 to 1.8 percent of total U.S. imports of crude oil.

Over the last decade or so, diplomatic relations between the United States and Ecuador have been a bit frosty, marked by Ecuador's alignment with the late Anti-American Venezuelan President Chávez; the country's offer of asylum to Julian Assange, founder of Wikileaks; and expelled diplomats. Even before technology breakthroughs allowed the United States to tap its nontraditional oil and gas reserves, Ecuador has been looking for other destinations to which it could send its black oil. Today, Ecuador exports around 60 percent of its oil to the United States and the rest pri-

marily to Chile, Peru, China and Japan.^{xli} Since 2009, China has provided Ecuador with almost \$8 billion in loans and up-front payments for its crude oil and for infrastructure investment. In exchange, China has now secured access to Ecuador's potentially significant oil supplies, which it needs to fuel its rapid economic growth.

Concluding Remarks

At the same time that the United States is increasing its domestic oil production, several resource wealthy countries in Latin America are experiencing stagnant or decreasing crude oil production levels. These production challenges abroad, in addition to the slow recovery following the financial crisis and U.S. energy boom, are driving reduced crude oil exports to the United States. Despite lower crude oil exports to the United States, many of our neighbors in South America are relying increasingly on U.S. exports of petroleum products as well as the capacity of U.S. refineries to process the region's heavy, sour crude. This continued interdependence suggests that energy will remain an aspect of our bilateral relationships with the nations of South America, but it may not be the central focus point. This decreasing prominence of energy in our bilateral relationships may allow U.S. policymakers to join with their foreign counterparts to address a number of other issues of importance to the region, including security, trade, immigration, water and the power sector. That said, U.S. decision makers must continue to explore ways to help our neighbors develop their hydrocarbon reserves, including but not limited to technology transfers, capital market participation and technical assistance in the areas of governance and regulatory reforms that could incentivize foreign investment.

In addition, U.S. policymakers should pursue policies that facilitate deeper integration of global energy markets, which would benefit energy markets in the Western Hemisphere. There is growing support to remove restrictions of the export of oil and gas.^{xlii} Lowered U.S. export restrictions would help unleash the potential of energy markets in Latin America.

Endnotes

- i Marianna Parraga. Analysis: Latin America grows increasingly hooked on U.S. fuel imports. Reuters website. November 17, 2013. <http://uk.reuters.com/article/2013/11/17/us-oil-latam-imports-idUKBRE-9AG07120131117>
- ii World Policy Blog. North American Solutions. June 17, 2013. <http://www.worldpolicy.org/blog/2013/06/17/north-american-solutions>
- iii Latin American Herald Tribune. Mexican Oil Revenues Fall 10 Percent Despite Hedging. <http://www.laht.com/article.asp?CategoryId=14091&ArticleId=338361>
- iv U.S. Energy Information Administration (EIA). October 2012. Mexico Country Report. <http://www.eia.gov/countries/cab.cfm?fips=MX>
- v Oil and Gas Journal. US, Mexico energy trade in flux. May 28, 2013. <http://www.ogj.com/articles/2013/05/us--mexico-energy-trade-in-flux.html>
- vi Oil and Gas Investments Bulletin. The U.S. – Mexico Natural Gas Export Boom. July 6, 2013. <http://oiland-gas-investments.com/2013/investing/natural-gas-export-mexico/>
- vii Dow Jones Newswires. Pemex's Proven Oil Reserves Edge Up to 13.87 Billion Barrels. March 17, 2013. http://www.rigzone.com/news/oil_gas/a/125109/Pemexs_Proven_Oil_Reserves_Edge_Up_to_1387_Billion_Barrels
- viii U.S. Energy Information Administration (EIA). October 2012. Mexico Country Report. <http://www.eia.gov/countries/cab.cfm?fips=MX>
- ix U.S. EIA. Mexico Week: Lower Mexican oil production contributes to lower crude oil exports to U.S. May 14, 2013. <http://www.eia.gov/todayinenergy/detail.cfm?id=11251>
- x Petroleum Economist. Mexico relies on US as oil supply falls and gas demand rises. July 18, 2013. <http://www.petroleum-economist.com/Article/3232708/Mexico-relies-on-US-as-oil-supply-falls-and-gas-demand-rises.html>
- xi <http://www.offshore-mag.com/articles/print/volume-73/issue-7/latin-america-report/mexicos-rig-renaissance-gets-under-way.html>
- xii RT.com website. Lukoil ventures into Mexican oil. January 27, 2014. <http://rt.com/business/lukoil-first-explore-mexico-231/>
- xiii Keith Johnson. Mexico's Global Gusher. Foreign Policy. December 13, 2013. http://www.foreignpolicy.com/articles/2013/12/13/mexico_s_global_gusher_oil_reform
- xiv U.S. EIA. October 2013. Brazil Country Report. <http://www.eia.gov/countries/cab.cfm?fips=BR>
- xv Alex Brokaw. Top 5 Exports: Brazil. Minyanville website. September 28, 2012. <http://www.minyanville.com/trading-and-investing/commodities/articles/iron-ore-Brazil-exports-Brazilian-iron/9/28/2012/id/44416?page=full>
- xvi U.S. EIA. October 2013. Brazil Country Report. <http://www.eia.gov/countries/cab.cfm?fips=BR>
- xvii Aditya Malhotra. 2012. Brazil's Oil Future: The New (Big) Kid on the Block. *Journal of Energy Security*. April issue. http://www.ensec.org/index.php?option=com_content&view=article&id=346:brazils-bright-oil-future&catid=123:content&Itemid=389
- xviii Kelly Hearn. China gets jump on U.S. for Brazil's oil. *Washington Times*. January 19, 2012. <http://www.washingtontimes.com/news/2012/jan/19/china-gets-jump-on-us-for-brazils-oil/?page=all>
- xix Jason Bordoff and Michael Levi. 2013 Power Shift. *Americas Quarterly*. Summer 2013. <http://www.americasquarterly.org/power-shift-energy-western-hemisphere>
- xx Jeb Blount. Petrobras fuel woes make Brazil dependent on U.S., India. Reuters. January 23, 2014. <http://in.reuters.com/article/2014/01/23/brazil-refining-idINL2N0KW22E20140123>
- xxi <http://www.globalenergyprofs.com/2013/02/record-petroleum-exports-u-s-shrink-trade-deficit/>
- xxii Jeb Blount. Petrobras fuel woes make Brazil dependent on U.S., India. Reuters. January 23, 2014. <http://in.reuters.com/article/2014/01/23/brazil-refining-idINL2N0KW22E20140123>
- xxiii U.S. EIA. October 2012. Venezuela Country Report <http://www.eia.gov/countries/cab.cfm?fips=VE>
- xxiv Jared Metzker. Analysts Say Oil Could Help Mend U.S.-Venezuela Relations. Inter press News Service. June 17, 2013. <http://www.ipsnews.net/2013/06/analysts-say-oil-could-help-mend-u-s-venezuela-relations/>
- xxv Metzker. Ibid.
- xxvi Garry White and Emma Rowley. Death of Hugo Chávez propels Venezuelan oil production into the spotlight. *The Telegraph*. March 11, 2013. <http://www.telegraph.co.uk/finance/commodities/9920725/Death-of-Hugo-Chavez-propels-Venezuelan-oil-production-into-the-spotlight.html>

- xxvii Clifford Krauss. Dwindling Production Has Led to Lesser Role for Venezuela as Major Oil Power. *New York Times*. March 18, 2013. <http://www.nytimes.com/2013/03/09/world/americas/venezuelas-role-as-oil-power-diminished.html>
- xxviii U.S. EIA. October 2012. Venezuela Country Report <http://www.eia.gov/countries/cab.cfm?fips=VE>
- xxix Hess, PdVSA to shut Hovensa refinery venture in Virgin Islands. Hydrocarbon Processing website. January 25, 2012. <http://www.hydrocarbonprocessing.com/Article/2967625/Hess-PdVSA-to-shut-Hovensa-refinery-venture-in-Virgin-Islands.html>
- xxx Krauss. Ibid.
- xxxi Venezuela Oil Exports to United States Fall to Record Low. *Latin American Herald Tribune*. <http://www.laht.com/article.asp?ArticleId=338267&CategoryId=10717>
- xxxii Consortium News website. US Energy Renaissance Shifts Power. July 9, 2013. <http://consortiumnews.com/2013/07/09/us-energy-renaissance-shifts-geopolitics/>
- xxxiii Financial Times. Venezuela fills void left by Iranian oil export sanctions. June 13, 2013. <http://www.ft.com/intl/cms/s/0/47e7fad8-cdc3-11e2-8313-00144feab7de.html#axzz2b8TzHME4>
- xxxiv Financial Times. Venezuela fills void left by Iranian oil export sanctions. June 13, 2013. <http://www.ft.com/intl/cms/s/0/47e7fad8-cdc3-11e2-8313-00144feab7de.html#axzz2b8TzHME4>
- xxxv Dan Molinski. Colombia's May Oil Output Up 8.3% on Year at 1.01 Million Barrels a Day. *Wall Street Journal* website. June 5, 2013. <http://online.wsj.com/article/BT-CO-20130605-709950.html>
- xxxvi Yadullah Hussain. Colombia crude puts heat on oil sand. *Financial Post*. June 21, 2013. http://business.financialpost.com/2013/06/21/colombia-crude-puts-heat-on-oil-sands/?__lsa=5b64-3bf0
- xxxvii Simon Hall. Colombia, China Strike Oil Deals. *Wall Street Journal*. May 9, 2012. <http://online.wsj.com/article/SB10001424052702304203604577394022580435862.html>
- xxxviii Heather Walsh. China Lures Crude From U.S. as Colombia's Ecopetrol Targets Asia Oil Sales. *Bloomberg News*. May 26, 2011. <http://www.bloomberg.com/news/2011-05-25/china-luring-crude-from-u-s-as-ecopetrol-targets-asia-for-surge-in-output.html>
- xxxix Latin American Herald Tribune website. Ecuador: Over 50% of Oil Exports Went to China in September. <http://laht.com/article.asp?ArticleId=434747&CategoryId=14089>
- xl U.S. EIA. January 2014. Ecuador Country Report <http://www.eia.gov/countries/cab.cfm?fips=VE>, <http://www.eia.gov/countries/cab.cfm?fips=EC>
- xli Rigsworld. Ecuador third largest Oil Reserves in South America. <http://www.rigsworld.com/ecuador-oil.php>
- xlii Forbes. Free America's Energy Future: Drop Washington's Counterproductive Oil And Natural Gas Export Ban. January 27, 2014. <http://www.forbes.com/sites/dougbandow/2014/01/27/free-americas-energy-future-drop-washingtons-counterproductive-oil-and-natural-gas-export-ban/>; Brad Plumer. U.S. oil exports have been banned for 40 years. Is it time for that to change? *Washington Post* blog. January 8, 2014.

Latin America's Security Challenges: Drugs, Crime and Violence and Their Policy Implications

Rafael Fernández de Castro, Ph.D.

Chair, Department of International Studies,
Instituto Tecnológico Autónomo de México, Mexico City

Citizen insecurity has become an urgent challenge for human development in Latin America. Despite a stable and promising economic performance, insecurity levels have not improved for Latin American democracies. As a matter of fact, they have worsened.

According to the United Nations Development Program (UNDP) 2013-2014 Human Development Report, 11ⁱ out of the 18 countries of continental Latin America (plus the Dominican Republic) present homicide rates above 10 per 100,000 inhabitants, which are considered to be at an epidemic level by the World Health Organization (WHO). Latin America has suffered over 1 million homicides in the past decade. Moreover, while homicide rates in most regions of the world have fallen by as much as 50 percent, in Latin America they increased by 12 percent between 2000 and 2010.

Citizen insecurity does not only entail homicides. Extortions, robberies and kidnappings have become major threats for Latin American citizens. The UNDP's Report shows a region immersed in high perceptions of fear and insecurity due to home-grown street crime, rather than to transnational criminal organizations. In this map of citizen insecurity, Chilean citizens fear as much as Hondurans, and Argentines feel as insecure as Mexicans and Guatemalans in their neighborhoods.

There are countries with low levels of homicide that have had a sudden and considerable increase in crimes against property. Robberies, most of them violent (6 out of 10), have tripled in the past 25 years,

becoming the most common crime in Latin America: One in five people report having suffered some type of robbery last year (LAPOP-UNDP 2012). What is more, in most countries of the region, common crime is considered to be the main threat to citizen security over other threats such as organized crime and criminal gangs. This is the case even in countries like Guatemala and Colombia, with a clear presence of organized crime.ⁱⁱ

Violence Is a Common but Differentiated Threat

Insecurity is a problem shared by all Latin American countries, but there are significant variations within and between them. The geographical dispersion of crime and violence between countries and even within the countries is not homogeneous. A country with high lethal violence at the national level may present much lower levels of lethal violence in certain municipalities and cities—or even in some neighborhoods or sectors of cities. By the same token, a country with a low homicide rate at the national level may present high rates within certain cities or subregions. For example, in Mexico, the state of Chihuahua has a rate of 194 homicides, while Yucatan has a rate of 1.74 homicides per 100,000 inhabitants. In Chile, the Antofagasta region has 2.8 homicides per 100,000 inhabitants, while Los Ríos has a homicide rate of 0.5, meaning that the rate is 5.6 times lower. At the city level, a study carried out in Belo Horizonte, Brazil, demonstrated that violence is concentrated in 6 out of the 81 districts comprised of favelas, or slums.

The lesson that emerges from this differentiated map of insecurity in the region is that crime and violence have a significant local dimension—and that this local dimension must serve as basis for the formulation of public policies.

Not All Violence in the Region is Related to Drug Trafficking

Organized crime, particularly drug trafficking, has had a deep impact in the lives of Latin American citizens and on the well-functioning of its democratic institutions. However, there are other threats to citizen security, including gender-based violence, street crime, corruption, illegal violence by public officials and violence by and against youth. These multiple threats and their local nature demonstrate that not every crime in Latin America can be explained by the incidence of transnational organized crime.

Lethal violence particularly and disproportionately affects young males in Latin America. The homicide rate among youth is more than double the rate of the general population, approximately 70 per 100,000 young people (Inter-American Commission on Human Rights, 2009). In addition, femicides—the killing of women by men because they are women—has increased in several countries in the region, in great part due to the inefficacy of state institutions to prevent and prosecute this form of violence. Latin American countries need to acknowledge that many of the challenges to citizen security are not caused by transnational dynamics, but by homegrown problems.

Citizen Insecurity Negatively Impacts Human Development

Insecurity and fear of crime have an impact upon people's behavior—limiting their use of public space, their freedom of movement and eroding interpersonal trust and the social fabric. In other words, insecurity restricts freedom and diminishes people's quality of life and that of their communities. In all 18 countries, the perception of insecurity is larger than the actual victimization rate. In Chile, El Salvador, Nicaragua, Panama and Dominican Republic, just to mention some examples, citizen perception of insecurity more

than doubles actual victimization rates. Nonetheless, fear of crime has real consequences in people's lives.

Five out of 10 Latin Americans perceive that security in their country has deteriorated. As a result, the percentage of people who report having limited their places of recreation out of fear ranges from 20.6 percent to 59.1 percent; up to 65 percent stopped going out at night due to insecurity; and 13 percent reported having felt the need to move to another place for fear of becoming victims of a crime (LAPOP-UNDP 2012). Considering the total population of Latin America, this 13 percent corresponds to approximately 74.8 million people, equivalent to the combined population of Argentina, Peru and Uruguay.

Alongside these negative impacts on citizen's freedom and quality of life, crime and violence have economic costs that undermine these countries' potential growth and development. A joint study conducted by the Inter-American Development Bank (IADB) and the UNDP in five Latin American countries showed that citizen insecurity has important costs for their Gross Domestic Product (GDP): They range from 3 percent in Chile and Uruguay, up to over 10 percent in Honduras. The study demonstrated that there is a lack of efficacy in the use of resources to prevent and combat citizen insecurity: The most insecure countries spend more money on security issues, with very little results.

Insecurity also affects the region's economic potential: With fewer violent deaths, the GDP of the region would have been 0.5% higher. This percentage corresponds to a total of over \$24 billion dollars. Moreover, in light of the loss in life expectancy and population caused by violent deaths in the region, Latin America lost 331 million years of life in 2009 (UNDP Report).

Challenges to Citizen Insecurity

Citizen insecurity generates great challenges for the material, physical and social well-being of Latin American citizens. The State is the only actor that has the legal mandate and responsibility to protect citizens on the basis of universal and democratic principles. Nonetheless, in order to enhance citizen security, policymakers and state institutions require the

active and engaged participation of citizens that are willing to abide by the law and exercise a responsible citizenship. Some of the biggest challenges to tackle citizen insecurity in Latin America are:

- 1. Institutional:** The weaknesses affecting the capacities of security and justice institutions in Latin America (impunity, corruption, lack of proportionality in punishment, politicized courts, penitentiary system in continuous crisis).
- 2. Economic-structural:** Poverty, economic disparity, inequality, low-quality jobs and low salaries are considered the main structural variables predicting higher levels of criminality and violence. The combination of these factors produces what criminologists identified as “aspirational crime” (citizens’ expectations—particularly young men—unfulfilled).
- 3. Triggers of crime:** The excessive availability of weapons, alcohol and drugs increases the probability of the use of violence. The effect of alcohol on crime has been overlooked in the region: Between 50 and 70 percent of inmates acknowledged having consumed alcohol 6 hours before committing a crime.
- 4. Social:** Structural changes in families, high dropout rates and accelerated urban growth have eroded the social fabric. Surveys carried out in prisons illustrate the dramatic impact that disintegrated families can have: Between 13 and 28 percent of inmates reported never having met their father or mother; and between 27 and 56 percent abandoned their homes before the age of 15.

Despite Their Understandable Appeal, Zero Tolerance Responses Do Not Work.

Many Latin Americans have demanded their governments to adopt *mano dura* (“iron fist”) policies to tackle crime. But flaws in the police, courts and prisons mean that this often backfires. There is enough evidence to demonstrate that the iron fist policies, far from abating, in fact exacerbate violence. A recent example can be found in the Northern Triangle of Central America, where iron fist policies against youth

gangs, called “maras,” generated greater levels of violence and led to the intensification of their criminal ties and structures. Moreover, these measures have also had a deep negative impact on democratic values and the observance of human rights.

Empirical evidence demonstrates that successful interventions are based on localized crime detection and prevention initiatives as well as on the strategic use of geo-referential information on violence and crime. These interventions depend on coordinated efforts between the police and other government agencies (both local and national) and count with the trust and support of local communities. Crime can be tackled through a multiplicity of interventions that go from comprehensive police reforms to simpler initiatives such as lighting streets, enhancing youth’s participation and closing bars early. In Belo Horizonte, Brazil, the use of geo-referential information led to the identification of hot spots, which helped optimize preventive and anti-crime programs. Colombia’s Plan Cuadrante and Dominican Republic’s Barrio Seguro promoted a community-based policing vision that serves to increase citizen’s trust and collaboration with the police.

Latin America Can Become a Safer Region

There is no single solution for strengthening citizen security in the region. Policymakers need to advance comprehensive solutions based on knowledge of local needs and closer ties with the communities. Citizen security responses must improve the capacities of the criminal justice system, but also enhance preventive measures, promoting the participation of civil society and the international community.

The UNDP’s Report offers 10 policy recommendations for Latin American decision-makers and civil society in general:

- 1. Align national efforts to reduce crime and violence, based on existing experiences and lessons learned.**

Each country should establish a National Agreement for Citizen Security as a policy initiative based on a national consensus between the government, political parties and civil society. Budgets for such agreements should be consistent

with the magnitude of the levels of insecurity. Countries should professionalize citizen security management and work to create professional capacity, especially for those who assume managerial and policy implementation roles in the central and local governments. Adequate inter-governmental mechanisms should be put in place to enable the coordination of actions between the central, regional or state, and local levels of government.

2. Prevent crime and violence, promoting inclusive, fair and equitable treatment.

Concentrate and optimize prevention programs to focus on the main risk factors and most urgent needs identified jointly with the communities. Carry out urban and environmental interventions that enable the use of public spaces, and boost interaction and peaceful coexistence as a means to deter crime.

3. Reduce impunity by strengthening security and justice institutions while respecting human rights.

Substantially improve police selection and recruitment processes and strengthen the professionalization of the police, encouraging close relationships with communities and respect for human rights. The continuous education of judges and prosecutors should be encouraged on a permanent basis, and the quality of criminal investigations should be optimized. New penitentiary policies should be designed with a focus on social reinsertion, reduced criminal sentences and the creation of dignified prison conditions in line with international standards. Internal control and citizen auditing mechanisms should be established to identify, prosecute and effectively punish cases of corruption, abuse of authority and human rights violations.

4. Generate public policies oriented to protect the people most affected by violence and crime.

Strengthen police presence in the most critical areas based on prior knowledge of the geographic concentration of violence and crime. This police presence should be backed up with social and

work programs closely connected to the vulnerable communities and groups.

5. Promote the active participation of society, especially in local communities, to build citizen security.

Guarantee the participation of communities in identifying and assessing needs at the local level, in addition to designing and applying citizen security-related public policies. Generate research and teaching programs in the field of citizen security and public policy to encourage the exchange of experiences and lessons learned between countries in the region.

6. Increase real opportunities of human development for young people.

Public and private efforts should be increased to improve quality education, job creation and training to enable job creation for young people, especially in poor urban areas. Prioritize the social reinsertion of children and young people that come in contact with the penal system, while avoiding lowering the age of penal responsibility for minors.

7. Comprehensively address and prevent gender violence within the home and in public environments.

Guarantee the effective application of current laws to prevent and punish violence against women in the region, including laws related to domestic violence, sexual violence and femicide. Formulate and implement comprehensive state policies, with a specific budget, multisector and institutional coordination to tackle the multiple causes of violence against women.

8. Actively safeguard the rights of victims.

Formulate national policies and a legal framework, with the active participation of victims, to guarantee care, protection and timely reparation of loss, and put in place effective mechanisms for the application thereof. Define mechanisms for the reparation of loss and the services and support that the state will provide to victims of violent crime by means of an intersector effort.

9. Regulate and reduce “triggers” of crime, such as alcohol, drugs and firearms, from a comprehensive, public health perspective.

Regulate gun ownership by civilians by means of strengthening gun owner registries and the definition of the legal requirements to acquire and carry guns. Improve cooperation between countries to stop the illegal flow of weapons across borders and prevent criminal organizations from acquiring high-powered weapons. Tackle drug use as a public health problem through prevention, treatment, harm reduction and rehabilitation programs. Limit the hours in which alcohol may be purchased at bars and stores, and strengthen control of the sale of alcohol to minors.

10. Strengthen mechanisms of coordination, and assessment of international cooperation.

Encourage South-South cooperation between security and justice institutions. Foster a Latin America-wide vision of citizen security through the organization of a Citizen Security Forum of Latin America and the Caribbean to exchange public and private experiences, coordinate initiatives and prevent consequences, such as the balloon effect, that the security policies of a particular country or city can generate in others in the region. Strengthen the exchange of information and intelligence between countries and encourage the effective coordination of police operations in the region, with particular emphasis on dismantling transnational criminal organizations. Improve the comparability of security data on a regional level, and strengthen data transmission mechanisms between local governments.

Endnotes

- i Brazil, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, the Dominican Republic, and Venezuela. The countries with a lower homicide rate are: Argentina, Bolivia, Chile, Costa Rica, Nicaragua, Peru and Uruguay.
- ii The only countries where common crime is not considered as the main threat are Mexico, Brazil, Honduras and El Salvador. In the first two the main threat perceived by citizens is organized crime; in the latter is criminal gangs.

Immigration: Changing Dynamics and a New Latin America

Jason Marczak

Deputy Director, Adrienne Arsht Latin America Center
Atlantic Council

The last two decades have seen unprecedented growth in the U.S. immigration population, with the number of immigrants residing in the United States more than doubling (to over 41 million by 2012) in this short period of time. Half of these immigrants are from Latin America, with nearly 30 percent from Mexico alone. The growing size of the Hispanic immigrant population, as well as of the overall Latino population—more than tripling in the last 30 years to now reach 53 million strong—presents an enormous opportunity for policymakers to jump-start our ties with Latin America.

The implications of the United States' growing immigrant population stretch far beyond traditional gateway cities such as Los Angeles, Chicago or New York City. Today, not only are more immigrants arriving, but they are settling in cities and towns unaccustomed to new populations. The anti-immigrant backlash observed in certain areas of the country is partly a reaction to this fear of the unknown.

But the dynamics of the U.S. immigrant population continue to change. The flow of Mexican immigrants is now assumed to be at **net zero**, with Asians surpassing Hispanics as the largest group of new immigrants, beginning in 2010. Since 1995, the unauthorized immigrant population has doubled, hitting a peak of 12.2 million in 2007, but that too is changing with a slight decline to 11.7 million in 2012.

The relative slowdown of the new Hispanic immigrant population is a result of changing push and

pull factors. Economic growth seen in much of Latin America offers new reasons for would-be immigrants to stay home at the same time that the United States has become a less desirable destination (due to job scarcity, legal visa availability or enforcement policies aimed at the unauthorized) for new Hispanic immigrants.

Still, with Latinos representing 17 percent of the U.S. population (and a projected 31 percent by 2060), the economic and strategic weight of U.S. Latinos offers a gateway for renewing political ties and further maximizing the trade potential with emerging economies south of the U.S. border. As seen in the last presidential election, the collective force of the Latino vote is also bound to further reshape the U.S. political landscape.

The Slowdown in Latin American Migration

Political instability, conflict and financial crises were the traits most often associated with Latin America for much of recent history. Instead of a beacon of opportunity, the region was known for financial uncertainty, including the “lost decade” that began with Mexico’s default in 1982, the Tequila Crisis in 1994 and the Argentine debt default in 2001. From 1970 to 1998, Latin America had a financial crisis roughly every two years—one of many factors that helped to spur the wave of Latin American migration beginning in 1990.

In Mexico, the largest source of Latin American migrants, the 1990s were marked by crime and vio-

lence that exceed even today's levels. However, in 1994, the North American Free Trade Agreement helped to stabilize the Mexican economy and open the door for the success story that is increasingly being written in Mexico today.

The new Mexico is that of a **Mexico on the rise**, with the improved economy providing less of an incentive for Mexicans to pack up and move north to the United States. Today, U.S.-Mexico trade surpasses \$1 billion every day, and in 2012, U.S. exports to Mexico totaled \$216 billion—more than U.S. exports to Japan and China combined. Manufacturing jobs are also moving from China to Mexico due to labor-force availability and proximity to the U.S. market, thus creating more jobs for otherwise would-be migrants. Narcotrafficking-related violence remains a top concern, but certain historical trouble spots are seeing security improvements. At the same time, some 17 percent of Mexicans moved into the middle class in the last decade.

After a year of reforms in areas that have long-plagued Mexican growth (financial, education and energy), Mexico is poised to rebound in 2014 to a 3.5 percent growth rate as estimated by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC). Passage of landmark energy reform in December 2013 is predicted to boost Mexican GDP by 2 percent and to add an estimated 2.5 million jobs by 2025.

Economic improvements and new opportunities in Mexico mean that the **push factors** driving Mexicans to emigrate to the United States have diminished significantly. Meanwhile, since most Mexican immigrants come to the United States in search of job opportunities and a better economic future, the onset of the financial crisis in 2007 led to a jump in the number of returning Mexicans. Passage of the Migration law in Mexico in 2011 further spurred the return flow to Mexico as one of its key provisions revolved around the facilitation of migrants' return and re-entry into society.

From 2005 to 2010, 1.4 million people moved south rather than north, meaning from the United States to Mexico. The new challenge in Mexico is finding ways to reintegrate its returning migrant population. Families are moving back as well. As of 2010, a Pew Hispanic Center report using Mexican

Census data finds that around 500,000 U.S.-born children resided in Mexico.

The upswing in Mexico is a story seen in many parts of a **more prosperous Latin America**. From 2003 to 2011, Latin America's middle class grew by more than 50 percent, with more people now in the middle class than in poverty. Overall, ECLAC estimates that the region's economies will expand by 3.2 percent in 2014—a half percentage increase from 2013—and continue to outpace U.S. economic growth. Stronger regional economies eventually translate into more jobs and economic opportunities.

But the transformations in Latin America are not limited to new economic opportunities. Barring a few countries, Latin America is increasingly marked by respect for the rule of law, strong democracies, a more educated workforce and financial stability.

One notable **exception is Central America**, the largest source of Latin American migration beyond Mexico. Although the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) has opened the door for new economic opportunities, the ultimate effects on migration hinge on the degree to which the trade agreement will help bring economic growth in marginal urban zones and rural areas, as well as social development. If CAFTA-DR does not help to reduce poverty, its effect on migration will be minimal.

But beyond the economy, the major impetus for emigration from Central America is insecurity and violence. This has driven tens of thousands of immigrants north through Mexico. While the number of Mexicans crossing into the United States continues on a downward trend, the number of Border Patrol apprehensions of citizens from the Northern Triangle countries (El Salvador, Guatemala and Honduras) rose 55 percent from 2012 to 2013. For the overall trend of slowing Latin American migration to include Central America, economic opportunities must be improved, especially for youth and young adults, and a more concerted, coordinated effort must be placed on making communities safer.

Still, the dynamics of Latin American migration to the United States are far different from just a few years ago. As the U.S. economy continues to recover, many traditional sending countries are increasingly

stable with greater opportunities. The new paradigm forces each potential immigrant to question why to leave his/her home and family for a new opportunity that may not be as lucrative as in the past.

Latinos' Role as a Gateway to Sending Countries

The Latino and Hispanic immigrant presence in the United States represents a **human gateway** to one of the world's most vibrant regions. Despite this potential, Latinos have yet to tap into their collective strength to influence U.S. policy and U.S.-Latin American relations. However, this is only a natural next step as Latinos increasingly display their political power through the ballot box and as eventual domestic achievements open the opportunity to then turn to international matters.

The challenge is how to rally Latinos to build stronger bonds with the region. Like the general public, Latinos care most about the economy and jobs, education, and health care. (Though unlike the average U.S. voter, immigration is also a top-four issue.) At the same time, key organizations that work with the Latino community are focused on U.S. domestic priorities, rather than marshalling the collective power of their constituencies to influence relations.

One of the most important ways that the United States can be a partner for Latin America is in helping to **facilitate economic prosperity**. A strong and prosperous region not only brings greater stability to the overall Western Hemisphere, but it also creates new commerce opportunities for U.S. businesses and thereby helps to create U.S. jobs.

The U.S. immigrant population can play a critical role in deepening these **trade ties**. It is the Chinese dragon within the U.S. economy—both for its purchasing power, as well as for the role in job creation. Economically, immigrant entrepreneurs started 28 percent of all new businesses in 2011, employing one in 10 U.S. workers. But immigrants also play an outsize role in spurring global trade. The Small Business Administration reports that over 7 percent of immigrant firms export, compared to 4 percent of nonimmigrant owned firms. The know-how of investment in their home countries—through personal ties, knowledge of supply chains, language familiarity, etc.—allows immigrant entrepreneurs to

tap more easily into the economic success largely seen throughout Latin America.

The Mexican **hometown association** model offers another way in which immigrants can deepen U.S. engagement with the region. Hometown associations bring together groups of Mexican immigrants who live in the same area of the United States and are also from the same community in Mexico. The associations serve as a social outlet, but also pool potential remittances into a collective fund that is then used to support community projects in Mexico. Projects are decided upon in conjunction with local authorities, and money is then generally matched by local, state and federal authorities.

Hometown associations foster binational community ties, but the power of this type of model to more broadly deepen U.S. ties has yet to be discovered. The creation of hometown associations for other countries, though in this case with potential U.S. support, would allow immigrants to further exchange expertise and know-how with counterparts in Latin America. Similar to a sister cities model, hometown associations foster community ties, but they do so in a way that provides real, tangible benefits. For the U.S. to deepen its relationships with the hemisphere, it must build on organic linkages that have already been created by immigrants and provide the tools for their sustainability and expansion.

The Strength of the Latino Electorate

The 2012 presidential election showed the much anticipated power of the **Latino voting bloc** to influence an election. Though fundraising power is still somewhat limited, the strength at the ballot box, especially in key electoral states, can no longer be ignored.

Overall, Latinos voted for President Barack Obama over Mitt Romney by 71 percent to 27 percent. Not only did the president win the Latino vote, but his vote share was the highest of a Democratic candidate since 1996. More importantly, President Obama won the pivotal states of Florida, Nevada and Colorado due to the Latino vote. Each of these states will be closely watched in the 2016 presidential contest, as slightly higher shares of the Latino vote could have swung any of these states to Mitt Romney.

Since 1980, the Latino vote has consistently favored the Democratic candidate by a wide margin; the smallest Democratic advantage was in 2004 when John Kerry won the Latino vote over then-President George W. Bush by 18 percentage points. The challenge for the Republican Party is how to win over young Latino voters as well. In 2012, Latino youth supported President Obama by an even wider margin than youth overall—74 percent for Latino youth versus 60 percent for the average young voter.

Will the Latino vote continue to overwhelmingly swing in the direction of one presidential candidate? **Voting behavior adjusts** over time, and neither party should assume that the Latino voting preferences of today will be those of tomorrow. Priorities change and issues change. Even more, Latino voters represent diverse backgrounds with family ties to countries whose bonds and cultural linkages often seem much greater than the reality.

But immigration rhetoric and attitudes toward Latinos do matter. Domestically, while Latinos are not all in agreement on various immigration reform proposals, anti-immigrant rhetoric, though aimed at the unauthorized, creates an unwelcoming environment for the community at large.

This matters not just for politicians competing for national office, but also for the local representative who risks alienating Latino voters from the party overall. Instead, as with other domestic constituencies, greater attention should be paid to incorporating Latinos into the party structure to ensure that their voices are heard and represented. Putting forward Hispanic candidates is far from a panacea for capturing the vote if other components of the party platform may serve to alienate these voters.

Policy Implications

Latinos are far from a monolithic group; Mexican-origin Latinos come from a different set of experiences than those from Colombia or El Salvador. This is a diverse group of people that continues to find its economic and political strength. The onset of English-language Latino-focused media and the infusion of Latino culture show how Latinos are increasingly helping to shape the continued evolution of U.S. society.

One in six Americans are Latinos, and this number will only continue to grow in future generations. This opens new doors for their ability to shape domestic policy as well as engagement with Latin America through:

- Fostering mechanisms for increased participation in the **leadership of local and national political party structures**.
- Increasing Latinos' influence in shaping the direction of **city-level policies** to ensure that decisions are being made that integrate current and future generations of immigrants.
- Serving as a bridge to more fully **tap into the growing economies** of Latin America, especially for small- and medium-size businesses.
- Raising the U.S. general public's **awareness of the many positive transformations** of Latin America, and the geostrategic and economic importance of the region.
- Promoting a deepening of already existing models that are working directly with communities in Latin America to **improve social welfare**.
- Serving as **people-to-people ambassadors** with countries in Latin America to strengthen cultural ties.

The U.S. immigrant population is shifting, and the composition of immigrants in the next decade will be different from the last 20 years. This means that immigration policies must address future scenarios while finding ways to leverage one of the country's greatest assets. With 78 million baby boomers passing into retirement, it is immigrants who are keeping the population balanced and stymieing the aging crisis that has hit countries like Japan, South Korea and much of Europe, where over a third of their population will soon be over age 55.

Latin American Politics in 2014: More of the Same?

George Gray Molinaⁱ, Ph.D.

Chief Economist and Regional Bureau Chief, Latin America and the Caribbean
United Nations Development Programme

“The era of the Monroe Doctrine is over. ... The relationship that we seek and that we have worked hard to foster is not about a United States declaration about how and when it will intervene in the affairs of other American states. It’s about all of our countries viewing one another as equals, sharing responsibilities, cooperating on security issues and adhering... to the decisions that we make as partners to advance the values and the interests that we share.”

U.S. Secretary of State John Kerry, Nov. 21, 2013

Latin America is going through a wave of electoral change—with five presidential elections held in 2013, and seven expected this year. The turnover is not only electoral. It affects the content of U.S.-Latin American relations, the projection of regional organizations like the Organization of American States (OAS) and the Community of Latin American and Caribbean States (CELAC), and the way that political elites address the concerns of rising middle classes.

Many of the big issues of 2013 will linger on this year. The Mexican fiscal and energy reform agendas are moving into their implementation phase; the Colombian peace process with the FARC will be on standby until elections later this year; Maduro’s Venezuela and Kirchner’s Argentina will see more political effects from troubled economies, and Brazil will assess the electoral effects of last year’s social protests.

However, three issues will affect democratic development in the region this year: (i) the impact of electoral turnover in 12 countries, (ii) the shifting demands of rising middle classes, and (iii) the impact

of the U.S.-Latin American “drift.” The key theme in 2014 is the ongoing drift. No regional initiatives are likely to change this in the foreseeable future. The cooling has become a chronic feature of regional diplomacy—so it is also important to assess.

A Changing Electoral Map

In 2013, Ecuador, Venezuela, Paraguay, Honduras and Chile held presidential elections.ⁱⁱ Earlier this year, Costa Rica and El Salvador celebrated first-round presidential elections, and will be moving towards second-round elections over the next few weeks. How have the recent elections affected the political balance in Latin America so far? The short answer is not much, but more is at stake in the following months. Brazil, Colombia, Uruguay, Bolivia and Panama will hold elections very soon.

In 2010, 13 of 18 countries (including Cuba) were either left-wing or left-leaning governments. The elections in Honduras last year, and the recent elections in Costa Rica and El Salvador, would put the current left/left-leaning count at 12 (Venezuela, Ecuador,

Nicaragua, Bolivia, Peru, El Salvador, Brazil, Chile, Argentina, Uruguay, Dominican Republic and Cuba). With Brazil, Uruguay and Bolivia likely to re-elect left-leaning governments, Colombia and Panama are the clear outliers in this year's electoral contest.

Although there is a large degree of political and ideological diversity within the left-leaning group, the electoral "pink tide" in Latin America has had at least one tangible effect over democratic development: resistance to democracy promotion programs, independent human rights assessments and to freedom of the press oversight from northern think tanks or government initiatives.ⁱⁱⁱ Democratic promotion is increasingly met with pushback in the South and has become a lightning rod for government/opposition clashes. Most new initiatives are now emerging from social observatories within Latin America itself, and these will figure prominently in future work from CELAC.

A deeper question is whether nonliberal democracies can defend human rights. Can they protect the civil and political rights of the opposition and sustain freedom of the press? The presumption that a single type of political regime is required for democratic development is increasingly challenged in the region.

Most Latin Americans continue to believe equity concerns trump freedoms—and the balance has not always been good for institutional stability.^{iv} Rising middle classes and more income have not led to more consolidated democratic institutions. Power shifts are making politics messier in this respect. Governments have experimented with different institutional designs, but the key issue seems to be the quality of institutions, civil society participation, and the breadth of civic and political freedoms, rather than institutional design itself.

Latin America's High-Hanging Fruit Agenda

Latin America has changed socially and economically over the past decade. Drops in poverty rates are significant, and so are declines in inequality rates—for the first time since household surveys have measured income distribution data. Much of the change has been driven by long-run cumulative forces: urbanization, drops in fertility rates, improved access to basic education, more women participating in formal labor

markets and a demographic dividend of young workers entering the labor market for the first time.

Some of the changes were helped by enlightened policy on social transfers and social protection for those who left poverty—according to ECLAC, about 170 million people since 2003. However, most gains were one-time structural shifts, unlikely to repeat themselves any time soon.

Despite these gains, social and political conflict continues to brew underneath the commodity boom. The rate of poverty reduction is declining in the region—from about 8 million a year 10 years ago, to about 1 million a year since 2010—and so are the easy gains from urbanization and social service expansion. The low-hanging fruit of poverty reduction, in other words, has been exhausted in the 2000s.^v This has a couple of important effects for the near future.

First, more economic growth is not likely to solve pending problems because many of the remaining poor are not currently participating in dynamic labor markets or existing safety nets. In order to make dents on future poverty and inequality, Latin American governments will require smarter policies and stronger institutions—to enable power shifts to continue without turmoil or social unrest.

Second, rising middle classes have demonstrated—at least in Brazil and Chile last year—that development is not just about material well-being. New concerns are on the agenda: perceptions of unfairness and corruption, higher political standards for local and national politicians, and higher social aspirations for youth. All of these demands are welcome, but they also mean that social conflict and unrest are not over in Latin America. Conflict does not necessarily signal that "something is wrong" in the region, but rather, that accommodation is being demanded and changes are needed.

More-of-the-same policies will not do. Future social and economic gains will be more costly in fiscal and economic terms, but will also be more rule-of-law, citizen security, strong institutions and political transparency. These changes are mostly in-grown, and will be addressed from within as well. They do not align neatly in the ALBA- non-ALBA blocks and cut across all middle-income economies equally. They are the region's high-hanging fruit agenda.

The U.S.-Latin American Drift

The U.S.-Latin American diplomatic “drift” has figured prominently in discussions in the region, at least since the petering out of regional talks on a Free Trade Area for the Americas (FTAA) in the mid-2000s.^{vi} The rise of left and left-of-center governments in Venezuela, Bolivia and Ecuador and others; weakening support for the OAS and the Summit of the Americas; and the rise of alternative regional organization, have all accentuated the divide.

From a broader perspective, the lack of a structured hemispheric agenda has not diminished U.S. economic presence in the region (the United States is still a key trade, investment and remittances partner). Moreover, the regional relationship has been replaced by a busy bilateral agenda between the United States and selected countries on multiple issues: free trade agreements with CAFTA, Peru and Chile; security discussions with Mexico and Central America; and natural gas and oil discussions with Mexico and Venezuela, to name a few—and Brazil on a number of strategic issues, given its regional and global stature.

How does the drift affect hemispheric affairs? In two ways. One is the current momentum for CELAC and against the OAS; the other is the opportunity to redefine relations on issues where there is common ground during the Americas Summit in Panama later this year.

First on CELAC. Earlier this year, 33 leaders met in Havana and signed a declaration recognizing the region as a Peace Zone. Although highly publicized in Latin America, CELAC still lacks an institutional presence; it doesn’t have a secretariat or permanent funding sources. The rotation has now moved from Cuba to Costa Rica this year, to be followed by Ecuador in 2015. It has provided a vehicle for hemispheric consultations, but does not challenge more established organizations like the OAS on institutional capacity.

Where CELAC does glow is on political messaging in the hemisphere. U.S. soft power is absent from this regional forum, and Cuba has used its presidency to draw in strong support from Mexico, Brazil as well as other non-ALBA countries. The OAS general secretary was invited to the forum and will welcome Cuba to Panama in the upcoming Summit of the Americas in Panama in 2015.

Second are missed opportunities. The U.S.-Latin American drift has allowed business as usual concerns to occupy bilateral agendas. New and emerging themes on energy, climate change or infrastructure have started to move toward China and the emerging Pacific Alliance. No new hemispheric initiatives have emerged on trade, investment, poverty reduction, security issues or the environment.

The lack of a regional narrative has defaulted into two narratives: one of contention with the ALBA countries, and one of timid support for key regional players like Mexico and Brazil. On the multilateral front, Latin American countries have looked more toward the G-77 meetings on international relations at the UN; finance and economics issues at the G20; and business and emerging markets issues with the BRICS. Despite the slow pace of multilateral negotiations, they are perceived as a safer haven for hemispheric issues.

Concluding Thoughts

Although it is tempting to see Latin American through the prism of ALBA- and non-ALBA country labels, this would be a mistake. Thirty-two of 33 countries in Latin America and the Caribbean are middle-income countries (with per capita income between \$1,000 and \$12,000), and mostly face middle-income country challenges: better quality jobs, better social services, higher political accountability and a demand for expanded freedoms.

The political prospects of the region mirror this reality. Many of the key concerns are what we would have considered pedestrian 20 years ago: electoral turnover in presidential elections, the demands of rising middle classes and a growing independence in foreign affairs. They are slow-moving concerns, of equal or greater importance than the more sensational issues aired in the 24-hour media cycle.

Endnotes

- i This essay was prepared for the Aspen Institute conference on *Latin America’s Changing Economies, Societies and Politics: Opportunities and Challenges for the United States*, Cartagena-Colombia, Feb. 18-23, 2014.

- ii See Daniel Zovatto: <http://www.brookings.edu/research/opinions/2014/01/03-latin-america-2013-political-electoral-balance-zovatto#>
- iii Marc F. Plattner and Larry Diamond. "Lessons from Latin America." *Journal of Democracy* 24.2 (2013): 92-92. Project MUSE. Web. 15 Apr. 2013.
- iv See the 2013 report by Latinobarometro: <http://www.latinobarometro.org/latNewsShow.jsp>
- v See George Gray Molina and Susana Martinez: <http://www.revistahumanum.org/revista/wp-content/uploads/2013/01/BRIEF-12013-ENG-VF.pdf>
- vi See Peter Hakim: <http://thedialogue.org/page.cfm?pageID=32&pubID=3475>

Politics and the State: Understanding the Paradox and Challenges of Addressing Crime and Violence in Latin America and the Caribbean

Frank O. Mora, Ph.D.

Latin American and Caribbean Center
Florida International University

If there was ever a more fitting illustration of George Bernard Shaw's famous proverb, "The more things change, the more they stay the same," it is Latin America and the Caribbean (LAC). In the last two decades, LAC has seen great political, economic and social progress. The region is far more democratic and respectful of political and civil rights today than at any time in its history, and improvements in key economic and social indicators, such as economic growth, inflation, unemployment and poverty, have improved the quality of life for many in the region. Despite unprecedented levels of political freedoms and economic stability, however, the region is facing increased levels of insecurity and instability. In other words, Latin Americans live in a paradox where prosperity and poverty reduction have yet to translate into a safer more stable region; in fact, the data shows quite the opposite. How is it that the same state and institutions can enable political and economic gains, yet be so inept at addressing crime and violence?

How does one explain this paradox? This presents an interesting—and some have argued nearly impossible—challenge for LAC states and U.S. policy to address effectively. The mix and depth of the policy/structural reforms needed to combat the persistent and increasing levels of crime and violence requires a degree of national and regional political will, leadership and coordination not seen up till now. Without a real tangible commitment to reforming state and

social structures/institutions—main causes of violence and unrest in the region since the 19th century—U.S. policy options will be limited, and the likelihood of any significant impact from policy solutions marginal.

Violence and conflict is a constant feature of LAC politics and society since before independence. Despite its multiple forms, degrees and differences among countries in the region, violence and instability and its causes/drivers have been pervasive throughout. Since independence, the region struggled in an uneven fashion "to consolidate representative regimes, accept legitimacy of the opposition, and expand citizenship, and affirm the rule of law."¹ Democratization in the 1980s led to a significant reduction in political violence—civil wars and insurgencies—but other forms of violence and instability appeared, in part because many of these fragile and unconsolidated democracies failed to reform many of the structural and institutional causes of violence in the hemisphere.

In order to understand the elevated rates of violence in the region, it is necessary to bring the state back into the analysis of criminal violence. Police and the judiciary remained corrupt and unable to enforce laws, creating conditions for rampant impunity, while the performance of state entities responsible for delivering public services, such as education, security and health care, continue to be deficient. In part, this corruption has to do with the lack of effective accountability of incumbents, or the gap

between the population and political institutions of representation—despite regular elections. However, the sources of today’s dramatic levels of violence and crime are deeper than just weak governance and lack of state capacity, or even continuous high levels of socioeconomic inequality. The prevalence of violence is rooted, first, in the structures and incentives that perpetuate the status quo and, second, in the complexities surrounding the role of the state as a contributor, or as an agent when accommodating (or tolerating) subnational, nonstate actors to violence, in “which it builds and asserts political authority in a context characterized by the fragmentation of power and privatization of public security.”ⁱⁱ

The Paradox

Though democracy remains a work in progress across the region (i.e. some countries have experience an authoritarian shift), Latin Americans express high levels of satisfaction with democratic rule. According to Americas Barometer/LAPOP, not only is support for democracy high at over 65 percent, but the level of satisfaction with the quality of democratic rule has remained steady over the last 10 years at around 42 to 44 percent—not a glowing figure, but one that continues to sustain democratic rule in the region. Additionally, the number of civil society organizations and the level of participation measured by demands for accountability have risen exponentially since the early 1980s. Finally, few would dispute the dramatic decrease in state violence in terms of gross human rights violations and attacks of press freedom and citizens’ political rights.

In the economic realm, the region’s aggregate GDP growth rate in the last 10 years has averaged 4.2 percent, while unemployment declined significantly during the same period, reaching a historic low level of 6.2 percent. Similarly, poverty (and extreme poverty) reduction has been dramatic, from a high of 44 percent in 2002 to 28 percent in 2013. Uneven income distribution—one of the heavy burdens on democracy and development—has improved with reductions of the Gini coefficient—a measurement of income inequality in a society—of 1 percent a year during the last 10 years.ⁱⁱⁱ It is important to note, however, the vast variations in these indicators from

one country to the next (and even within a country). This is illustrated, for example, in the level of trust and satisfaction with democratic rule and institutions; and in poverty and inequality figures between Honduras, Mexico, Guatemala and Paraguay on the one hand; and Uruguay, Chile and Panama on the other. This, in part, explains why violence is more prevalent in some countries, like in Central America, compared to those in the Southern Cone. Nonetheless, as polls indicate, crime and violence are at the top of citizen concerns across LAC.

Now we turn to the other side of the paradox. The levels of crime and violence in LAC are as staggering as they are well known. By most indicators, LAC is the most violent region in the world. It has the highest homicide rates with 24 murders for every 100,000 people; followed by Africa at 17 per 100,000 (the world average is 6.9).^{iv} In the first decade of this century, the murder rate increased by 12 percent, while the rate stabilized or decreased in most other parts of the world. According to the United Nations Office on Drugs and Crime (2012), of the 25 countries reviewed, only seven have rates of less than 10, with some countries like Honduras (91), Venezuela (67), El Salvador (65) and Jamaica (42) with alarming levels of homicide. Additionally, victims of crime are disproportionately young males, where the rate is nearly 70 per 100,000.^v

The data for robbery, extortion and kidnapping is equally troubling, indicating a significant breakdown of citizen security. To take one example, the number of robberies (most common crime in the region, where 60 percent involve violence) tripled in the last 25 years, with significant increases between 2005 and 2011 in every South and Central American country, except for Costa Rica, Nicaragua and El Salvador. The crime situation is likely much worse, as the victimization rates are actually significantly higher, since more than 6 million crimes went unreported.

The cost of violence and the overall sense of insecurity are difficult to measure, but there is no question as to its negative impact on human development. A sense of overall Insecurity in a country impacts the population’s level of satisfaction regarding the quality of its democracy. The costs of crime and violence as a percentage of GDP suggests that insecurity is trap-

ping LAC in a vicious cycle of violence, weak democratic governance/legitimacy, stagnant growth (in Central America and the Caribbean) and high levels of socioeconomic inequality/exclusion. According to LAPOP, 40 percent of Latin Americans would justify a military coup when there are high levels of crime—in contrast, only 15 percent would justify a coup because of high unemployment. On the economic side, the loss in productivity is significant in some countries, with Honduras reporting 10.5 percent of GDP; Paraguay 8.7 percent; and Chile, on the low end, with a not so insignificant 3.3 percent. The World Bank estimates that in Central America, a 10 percent reduction in homicides could increase GDP per capita by 1 percent. The feedback loop caused by violence and insecurity further weakens democratic governance and the capacity of states to address the region's pending social issues, only perpetuating the conditions for more crime and violence.

Most people like to attribute the rising levels of violence in LAC to drug trafficking and other criminal organizations. There is no denying the role of these organizations in the spike and intensity of violence, but they are not the only—nor the most important—source of citizen insecurity. It is important to remember that violence in the region long predates the drug trade. In fact, violence has been an integral part of state-society relations and societal interactions since the early years of the Republic. This issue will be discussed later, but it is important, at this point, to take note of the immense diversity of forms of violence emanating from the state and nonstate actors in society, such as militias, paramilitaries, vigilantism and private security firms.^{vi} Yes, criminal organizations are a constant fuel that worsens the conflicts, but it is not the sole trigger. The unlikely elimination of all of these organizations, the dismantling of a transnational drug syndicate/network or even the legalization of drugs in the United States^{vii} would not eliminate the conflict. In 1980, in the midst of the Cold War, as civil conflicts began to intensify in Central America, U.S. Ambassador Ambler Moss asserted, “What we see in Central America today would not be much different if Fidel Castro and the Soviet Union did not exist.” The suggestion is that the causes of violence and instability ran much deeper than the strategic context of the Cold War and external actors seeking

to take advantage of instability in the region. One could say, “What we see today in Central America would not be much different if the *Sinaloa Cartel* and *drug trafficking* did not exist.”

Causes of Violence: Social Inclusion, the State and Politics

As the recent report by the United Nations Development Programme (UNDP) indicates, the explanation for the growth of violence and crime is multidimensional, and therefore, responses have to be multifaceted. For the purpose of this paper, the causes are grouped into three broad, but significantly powerful, explanatory variables: social inclusion, state weakness/incapacity and sociopolitical dynamics. In terms of social inclusion, there does not seem to be a positive correlation between sustained economic growth, poverty reduction and improvements in employment with a decline in crime and violence. As indicated above, insecurity has worsened in the context of sustained economic growth and poverty reduction. The *Americas Quarterly's* Social Inclusion Index and the UNDP's Human Development Index provide a set of political, social, institutional and attitudinal indicators that correlate strongly with citizen insecurity in LAC. In general, these indices find that insecurity is better explained by social exclusion and discrimination (in terms of gender, social class, race education and race); insufficient social mobility; and limited access to adequate housing, quality education (high dropout rates) and formal employment. The research finds that these socioeconomic structural rigidities contribute to disaffection and the erosion of social fabric, key ingredients in the expansion of crime and violence in the region. The precariousness of nearly 65 percent of LAC's population that suffers from the lack of access to these specific political, social and economic goods makes them vulnerable to being agents or victims of violence in the region.

The second structural cause of violence and insecurity in the region is the weakness or failure of democratic governance and state capacity. The institutional deficiency of state institutions—such as the police, courts and other bureaucratic entities responsible for the provision and administration of public goods—create conditions for the corruption, impunity, dele-

gitimation/distrust of democratic institutions and processes, and socioeconomic inequities that fuel LAC's violence and social unrest.

As with violence, Latin American state weakness predates the current period.^{viii} The institutional strength of Latin American states never really developed, as their power and capacity was always shallow and consistently contested by domestic nonstate actors. The state never maintained a monopoly on the use of violence, nor did it have the capacity to control or provide security in rural areas, allowing subnational groups to establish their own authority within the country without much pressure from the state. As Centeno notes, the Latin American state was not characterized by the concentration of power, but by its dilution. Finally, beyond the issues of capacity and legitimacy, is the lack of state autonomy. In other words, the degree to which states remain independent of society runs the risk of the state being captured by particularistic elite groups whose interests are not necessarily aligned with those of the public. Not only does this add to the problem of legitimacy, it also explains, for example, the states inability to effectively tax the population, particularly more privileged sectors of society. The outcome of these structural rigidities is not only pervasive insecurity, but the loss of confidence in the police and justice system (approximately 10 percent of reported crimes end up in prosecution), for example, leading to the rise of private security guards and vigilantism. Over half of the countries surveyed expressed little to no confidence in the police and court system, resulting in nearly one in four citizens supporting vigilantism and the number of private security guards hired surpassing police officers by almost 45 percent. In the end, the crisis in governance and confidence severely impacts human development and security, helping to reproduce and expand levels of violence and insecurity.

Finally, beyond the challenge presented by state failure, a much more nuanced and complex explanation for the breakdown of the rule of law and growth of insecurity in the region is the view that, in fact, the state tolerates violence in part because, despite three decades of political liberalization wrought by democratic transition, the practices and structures by which past authoritarian regimes provided security and order (i.e. repression), were not reformed. As a result,

the currency used by the state to engage society on a range of issues continues to be coercion, corruption and repression. This institutionalizes violence as the mechanism for political mediation and contestation between state and society, and within society.

One important outcome of the pervasiveness of violence and corruption as vehicles for political interaction is the strengthening of ties between state and criminal organizations or, as some scholars have argued, the capture or penetration of the state by transnational or subnational armed groups committed to maintaining a controlled level of disorder in order to undertake their illegal activities. Consequently, this twofold problem of institutionalized violence and state-criminal relations is preventing the much-needed political and socioeconomic reforms from receiving serious consideration or support.^{ix} What might seem like an irrational lack of political will to address the structural causes of out-of-control crime and violence is, in fact, a very rational decision by powerful groups within and outside the state, often in alliance, to obstruct making changes to the system that threaten their interests in the existing system or arrangement. Therefore, rather than instituting deep reforms, the answer to insecurity is often more violence, e.g. *mano dura* anti-crime policies that only expand violence. This political dynamic of state violence and capture/penetration by transnational criminal groups or subnational armed groups is most prevalent in Central America, but can also be seen throughout the region, as in Jamaica with garrison politics and gang conflict, the militarized police in the favelas and rural areas in Brazil; paramilitaries and rural violence in Colombia; and the growing vigilantism in Mexico, particularly in the state of Michoacan.

Challenges to U.S. Policy

In this context of state weakness and penetration with violence serving as an important currency of political mediation and participation, the options for U.S. policy are limited. The deep structural challenges facing Latin American states and the vested interests within and outside of the state impede most efforts at substantive reform needed to pull the region from the cycle of violence, crime and instability. Capacity building efforts, such as technical training in areas such as professionalism of police and the

court system, have not produced much progress. Abuse and corruption remain rampant. Nevertheless, the United States continues to be the main reference point in the hemisphere, and therefore must continue to send unequivocal signals about the importance of transparency and accountability.

Many reports recommend the need for “greater coordination between different levels of government” and across agencies or departments of the government. Others allude to experiences in a few countries that have helped “prevent and mitigate the impact of violence and crime, by means of strengthening the capacities of the state.” The lack of political will, coupled with high levels of corruption and distrust within and between levels of government and the interagency, work against any effort to devise and implement programs devoted to enhancing the state capacity and interagency coordination. Why would the state, for example, seek to “strengthen auditing structures and internal discipline, as well as public accountability mechanisms” if doing so will limit access to resources and other tools needed to protect or enhance their political and economic interests. As described above, state agents and its partners in society simply do not want reform to take root. It’s not in their interests.

There is, however, some evidence indicating that targeted programs at the local level do bear fruit in reducing the levels of crime and violence. The limited scale and scope of local efforts and the incentives on the part of *some* local officials to deliver basic public goods because of stronger accountability links between local officials and their citizens allow for such programs as well-designed community policing and improvements in public spaces (i.e. street lighting) to have an impact. Additionally, educational and vocational training also help in dealing with the issue of access to opportunities, but resource limitations prevent it from reaching a large number of at-risk youths. In the end, however, addressing substantively the challenges of growing insecurity in the region require a level of national commitment, resources and

capacity not currently observed by states, and to some extent, societies. The United States must moderate its expectations of what it can truly contribute to improving citizen security in the region, particularly if one considers its own resource and bureaucratic constraints and limitations.

Endnotes

- i Jonathan Hartlyn and Arturo Valenzuela, “Democracy in Latin America since 1930,” in *The Cambridge History of Latin America*, Vol. 6, edited by Leslie Bethell (Cambridge: Cambridge University Press, 1999).
- ii Jose Miguel Cruz, “State and Criminal Violence in Latin America: A Comparative Perspective,” unpublished paper 2013.
- iii This and subsequent social and economic data is taken from UNELCAC, *Social Panorama of Latin America* (New York: United Nations, 2013); UNDP, *Citizen Security with a Human Face: Evidence and Proposals for Latin America* (New York: United Nations, 2013). Extreme poverty declined from 20 percent to 11 percent in the same period.
- iv It is important to note here that the United Nations considers a rate of 10 or more per 100,000 homicides as an epidemic.
- v Another growing form of violence is gender-based. Femicides, the killing of women by men—mostly domestic violence—has increased dramatically in several countries.
- vi The availability of weapons is another important driver of violence.
- vii Much of this and subsequent discussion regarding the multiplicity in the sources of violence is taken from, Enrique Desmond Arias and Daniel Goldstein, eds. *Violent Democracies in Latin America* (Raleigh: Duke University Press, 2010).
- viii Research in this area is vast. Much of this discussion, however, is taken from Miguel Centeno, *Blood and Debt: War and the Nation-State in Latin America* (University Park: Penn State University, 2002).
- ix Enrique Desmond Arias, “The Impacts of Differential Armed Dominance of Politics in Rio de Janeiro, Brazil,” *Studies in Comparative International Development*, 48 (2014), 264.

Latin America's Changing Economies, Societies and Politics: Opportunities and Challenges for the United States

PARTICIPANTS

February 18-23, 2014

Members of Congress

Senator Tom Carper
and Martha Carper
Representative Steve Cohen
Representative Lloyd Doggett
and Libby Doggett
Representative Sam Farr
Senator Jeff Flake
and Cheryl Flake
Senator Jeff Fortenberry
and Celeste Fortenberry
Representative John Garamendi
and Patti Garamendi
Representative Joe Garcia
Representative Bob Goodlatte
and Maryellen Goodlatte
Representative Gene Green
and Helen Green
Representative Raúl Grijalva
and Mona Grijalva
Senator Tom Harkin
and Ruth Harkin
Senator Tim Johnson
and Barbara Johnson
Representative Sandy Levin
and Pamela Cole
Representative Zoe Lofgren
and Sheila Collins
Representative Greg Meeks
Representative George Miller
and Cynthia Miller
Representative Jackie Speier
Representative Henry Waxman
and Janet Waxman
Representative Peter Welch
and Margaret Cheney

Scholars/Experts

Edward Alden
Senior Fellow
Council on Foreign Relations

Cynthia Arnson
Director
Latin American Program
Woodrow Wilson International Center for Scholars

Carolina Barco
Former Ambassador of Colombia to the U.S.

Nancy Brune
Executive Director
Kenny Guinn Center for Policy Priorities

Rafael Fernández de Castro
Founder and Chairman
Department of International Studies
Instituto Tecnológico Autónomo de México

Jason Marczak
Deputy Director
Adrienne Arsht Latin America Center
Atlantic Council

George Gray Molina
Chief Economist and Regional Bureau Chief
Latin America and the Caribbean
United Nations Development Programme

Frank Mora
Director
Latin American and Caribbean Center
Florida International University

Luis Alberto Moreno
President
Inter-American Development Bank

Shannon O'Neil
Senior Fellow
Latin America Studies
Council on Foreign Relations

Ivan Rebolledo
Managing Partner
TerraNova Strategic Partners LLC

Jorge Suárez-Vélez
Founding Partner
SP Family Office in New York City
SP Capitol International in Panama

Aspen Institute Staff

Dan Glickman
Vice President
Executive Director, Congressional Program

Adele Simmons
Member, Congressional Program Advisory
Committee

Bill Nell
Deputy Director, Congressional Program

Carrie Rowell
Conference Director, Congressional Program

Douglas Farrar
Congressional Associate, Congressional Program

Peace Corps Volunteers

Michael Band, Takoma Park, MD
Kaitlin Decker, Greenlawn, NY
Blanca De Haro, Oakland, CA
Michael Deloge, Hartford, CT
Regina Ernst, Las Vegas, NV
Isaura Garcia, Soledad, CA
Sarah Gengler, Le Mars, Iowa
Christina Kuntz, Denver, CO
Angela Lopez, Waukegan, IL
Paul Mangold, Amherst, NY
Francis Ramos, Bellflower, CA
Melissa Rossi, Los Angeles, CA
Sarah Shaw, Gorham, MA
Allison Spring, Coronado, CA

Latin America's Changing Economies, Societies and Politics: Opportunities and Challenges for the United States

AGENDA

February 18-23, 2014
Cartagena, Colombia

TUESDAY, FEB. 18

All participants arrive in Cartagena

7:00-9:30 p.m. Working dinner

Scholars and Members of Congress will explore topics covered in the conference. Seating is arranged to expose participants to a diverse range of views and to provide opportunity for a meaningful exchange of ideas. Scholars and lawmakers are rotated daily.

WEDNESDAY, FEB. 19

8:00-9:00 a.m. Breakfast

9:00 a.m. **Welcome and Framework of the Conference**
Dan Glickman, Executive Director, Aspen Institute Congressional Program

9:15 a.m. **Latin America's Growing Economies:
Effects for the United States from Main Street to Wall Street**

With some 500 million people, 8 percent of the world's GDP and a rapidly expanding consumer class, Latin America's economies are increasingly important in their own right. U.S. trade with the region now tops over \$800 billion (compared to \$500 billion with China), over half of it with Mexico alone. This back and forth has grown at a faster clip than many other regions around the world—including Asia. Yet other countries are making substantial economic inroads— including China, Europe and many nations' regional neighbors. As the United States looks to boost exports—creating jobs and benefiting U.S. companies—Latin America will be a crucial part of the equation.

- How have U.S.-Latin America trade relations changed over the past three decades?
- Now 20 years on, how should we assess NAFTA?
- How would the Trans-Atlantic Free Trade Agreement and Trans-Pacific Partnership affect economic ties with Latin America?

- How can the U.S. economy benefit from Latin America's growing middle class?
- What are China's interests in Latin America, and how might they affect the United States?

Jorge Suárez-Vélez, Founding Partner, SP Family Office, New York

Luis Moreno, President, Inter-American Development Bank

10:45 a.m.	Break
11:00 a.m.	Session resumes
1:00-2:30 p.m.	Working lunch Discussion continues between Members of Congress and scholars on the challenges and opportunities for U.S. policy in Latin America.
2:30 pm	Depart hotel for site visit to the Cartagena Port & Inspection of the USS Coronado, the Navy's newest ship, docked at the Cartagena Port
5:00 pm	Depart port to return to hotel
7:00-9:30 p.m.	Working dinner Scholars and Members of Congress will explore topics covered in the conference. Seating is arranged to expose participants to a diverse range of views and provide opportunity for a meaningful exchange of ideas. Scholars and lawmakers are rotated daily.

THURSDAY, FEB. 20

8:00-9:00 a.m. Breakfast

9:00 a.m. **Latin America's Evolving Democracies: Gains, Stagnation and Backsliding**

Many Latin American countries have made successful strides in consolidating democratic institutions, broadening economic opportunities and better serving their citizens—admirably promoting both political and social inclusiveness in recent years. Yet in other places, there have been challenges to freedom of expression, freedom of the press, and even questions about the free and fair nature of elections.

The test for the United States will be finding a way to work with all of these nations— their governments, civil societies and private sectors—to further national interests while also helping to expand and strengthen political opportunities and institutions.

- How can the United States best support democratic reformers throughout the region?
- How should the United States engage countries with which it currently has tense relations (e.g. Venezuela, Bolivia, Argentina, Ecuador, Cuba)?
- How should the United States work with regional bodies, such as the OAS, to support democratic institutions and human rights across the region?

- What are the best ways for the United States government to engage with Latin American civil societies and private sectors?
- How can the United States best support freedom of the press across the region?

*Cynthia Arnson, Director, Latin American Program,
Woodrow Wilson International Center for Scholars, Washington, DC*

*George Gray Molina, Chief Economist and Regional Bureau Chief for Latin America and the Caribbean,
United Nations Development Programme, New York*

12:00 a.m. Depart Hotel for the Presidential Grounds

1:00-3:30 p.m. Working lunch
Discussion of policy issues with the Colombian president

Juan Manuel Santos Calderón, President of Colombia

5:30-6:30 pm Meet with Colombia-based Peace Corps volunteers

*Michael Band, Takoma Park, MD
Kaitlin Decker, Greenlawn, NY
Blanca De Haro, Oakland, CA
Michael Deloge, Hartford, CT
Regina Ernst, Las Vegas, NV
Isaura Garcia, Soledad, CA
Sarah Gengler, Le Mars, Iowa
Christina Kuntz, Denver, CO
Angela Lopez, Waukegan, IL
Paul Mangold, Amherst, NY
Francis Ramos, Bellflower, CA
Melissa Rossi, Los Angeles, CA
Sarah Shaw, Gorham, MA
Allison Spring, Coronado, CA*

7:00-9:30 p.m. Working dinner
Scholars and Members of Congress will explore topics covered in the conference. Seating is arranged to expose participants to a diverse range of views and provide opportunity for a meaningful exchange of ideas. Scholars and lawmakers are rotated daily.

FRIDAY, FEB. 21

8:00-9:00 a.m. Breakfast

9:00 a.m. **Latin America's Security Challenges: Drugs,
Crime and Violence and their Relevance for U.S. Policy**

Though the vast majority of Latin American countries are not involved in military conflicts, the region has one of the highest rates of violence in the world, and the current trends are worrisome. Eight of the 10 countries with the world's highest homicide rates are in Latin America or the Caribbean, and the region's homicide rates have doubled since the 1980s. Nonlethal crimes, such as assault, extortion and theft, are also high. In part, this reflects drug trafficking, but it is also indicative of weak police forces, justice systems and rule of law more generally. Given the economic, political and personal ties between the United States and Latin America, and the U.S. role as the world's largest illegal drug consumer, the improvement of the security situation is of vital importance.

- How has violence in Latin America evolved over the past three decades?
- How does insecurity affect Latin America's economic, democratic and human rights sectors more broadly?
- What type of responsibility should the United States assume for the violence? How has its approach to addressing violence in Latin America changed?
- How can the United States better work with our partners across the region to improve the security situation?
- What are the lessons to be drawn from Plan Colombia and the Merida Initiative (with Mexico)?

***Rafael Fernández de Castro**, Founder, Chair and Full-Time Professor, Department of International Studies, Instituto Tecnológico Autónomo de México (ITAM), Mexico City*

***Frank Mora**, Director, Latin America and Caribbean Center, Miami; Professor of Politics and International Relations, Florida International University, Miami*

10:45 a.m.	Break
11:00 a.m.	Session resumes
1:00-2:30 p.m.	Working lunch Discussion continues between Members of Congress and scholars on the challenges and opportunities for U.S. policy in Latin America.
3:00-4:00 p.m.	Individual discussions Meetings will be scheduled between Members of Congress and individual scholars to discuss U.S. foreign policy. Scholars to meet with Members of Congress include Rafael Fernández de Castro and Frank Mora for in-depth discussion of ideas raised in the morning and luncheon sessions.
7:00-9:30 p.m.	Working dinner Scholars and Members of Congress will explore topics covered in the conference. Seating is arranged to expose participants to a diverse range of views and provide opportunity for a meaningful exchange of ideas. Scholars and lawmakers are rotated daily.

SATURDAY, FEB. 22

8:00-9:00 a.m. Breakfast

9:00 a.m. **Immigration: How Changing Demographics May Reshape the U.S. Policy Debate**

There are some 18 million Latin American migrants that call the United States home, and 33 million more second-, third-, fourth- or fifth- generation Hispanics. Migration from Latin America accelerated through the end of the 20th and start of the 21st centuries, driven largely by economics, demographics and established migrant networks, which helped to integrate new immigrants into the labor force and their new communities. The flows of the past, though, are slowing, and at least in the case of Mexico—the largest sender—inflows have dropped off so dramatically that they are now at a net-zero flow (the inflows are canceled out by those leaving). But with Latinos currently accounting for 16 percent of the U.S. population and half of the United States recent population growth, Hispanics will play an increasingly significant role in U.S. politics.

- What are the factors behind slowing Latin American immigration to the United States?
- How might the growing Latino electorate affect U.S. politics in the future? Are they too diverse to form a cohesive voting bloc?
- How can the United States leverage these community ties to deepen its relationship with the region?

Edward Alden, Senior Fellow, Council on Foreign Relations, Washington, DC

*Jason Marczak, Deputy Director, Adrienne Arsht Latin America Center
Atlantic Council, Washington, DC*

10:45 a.m. Break

11:00 a.m. **Energy: Latin America's Growing Heft in Global Markets**

Latin America already supplies more oil to the United States than the Middle East, and the discovery of new unconventional energy sources in several Latin American countries could shift the global geostrategic energy balance. The development of shale oil and gas as well as deep water oil reserves signals a vast change in the access, money and influence of many Latin American nations (and the Western Hemisphere more broadly) on world energy markets. Latin America is also endowed with substantial renewable energy resources, from hydropower to wind, solar, geothermal energies and biofuels; and, in many places, provides an example for cleaner energy mixes. This diverse and growing energy base can help support economic growth while also decreasing emissions and fostering greater energy security for the entire hemisphere.

- What are the prospects that Latin America can responsibly develop its resources and avoid Dutch Disease (the economic relationship between the increase in exploitation of natural resources and a decline in the manufacturing sector)?
- How are Western Hemisphere energy markets evolving?

- How can and will these new energy sources affect Latin America's development and relationship with the United States?
- How will the inflow of energy related money affect the economies of Latin America (can they avoid Dutch Disease)? How will it affect politics (will we see more or less energy-related nationalism)?
- How can the United States work with Latin America to confront climate change?

Nancy Brune, Executive Director, Kenny Guinn Center for Policy Priorities, Las Vegas

1:00-2:30 p.m.

Working Lunch

Discussion continues between Members of Congress and scholars on the challenges and opportunities for U.S. policy in Latin America.

3:00-4:00 p.m.

Individual Discussions

Meetings will be scheduled between Members of Congress and individual scholars to discuss U.S. foreign policy. Scholars to meet with Members of Congress include Edward Alden, Jason Marczak and Nancy Brune for in-depth discussion of ideas raised in the morning and luncheon sessions.

7:00-9:30 p.m.

Working Dinner

Scholars and Members of Congress will explore topics covered in the conference. Seating is arranged to expose participants to a diverse range of views and provide opportunity for a meaningful exchange of ideas. Scholars and lawmakers are rotated daily.

SUNDAY, FEB. 23

American participants return to the United States.

Additional Resource Participants:

Carolina Barco, former Colombian Ambassador to the United States; Senior Advisor, Inter-American Development Bank, Cartagena

Shannon K. O'Neil, Senior Fellow for Latin America Studies, Council on Foreign Relations, New York

Ivan Rebolledo, Managing Partner TerraNova Strategic Partners, New York

