

KEEPING DEMOCRACY ON TRACK: HOTSPOTS IN LATIN AMERICA

Statement by

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Before the Subcommittee on the Western Hemisphere
House Committee on International Relations
United States Congress

Room 2172 Rayburn House Office Building
September 28, 2005

Mr. Chairman and Members of the Subcommittee:

Thank you for the privilege of appearing here today to discuss potential threats to the stability of Latin American democratic institutions and to assess U.S. policies to reinforce democratic reforms and institutional capacity in the region. I interpret the “hotspots” as countries that suffer from any of the four types of problems that pose significant challenges to U.S. efforts to promote stable democracy in Latin America: 1) weak *states*, 2) unstable democratic *regimes* and regimes that are already undemocratic, 3) unstable *governments*, or 4) governments that are *hostile* to the United States or likely to become so.

A strong state—one that can control its borders, execute its laws faithfully, adjudicate claims fairly, and maintain public order—is a prerequisite for minimal levels of both economic development and democracy. Aside from Chile, Costa Rica, and Uruguay, most Latin American states suffer from various chronic state weaknesses such as corruption, a politicized judiciary, lack of due process, and administrative inefficiency. However, there are more extreme forms of state weakness that permit the growth of more worrisome phenomena, such as violent insurgencies, organized crime (including narcotrafficking), and mass demonstrations that can disrupt oil production and other economic activity. One or more of these phenomena is now a serious problem in Colombia, Bolivia, Peru, Ecuador, and Mexico. These activities erode the quality of any democracy. If they intensify and persist, they can also threaten the survival of democracy.

We are justified in celebrating the fact that almost all of the countries of Latin America are now democracies, but this accomplishment should not distract attention from the fact that Cuba still has a totalitarian regime, that Venezuela no longer meets the minimum requirements for representative democracy, and that the survival of democracy cannot be taken for granted in Bolivia.

Attention has been focused recently on other “hotspots” that are undergoing a crisis of government rather than a crisis that endangers the democratic regime. These crises of government involve conflicts between the executive and legislative branches that are

ineffectively mediated by a politicized judiciary. Forty years ago, such crises probably would have provoked coups, but in this third wave of democracy in Latin America, such crises have almost always been resolved in ways that preserve the democratic regime such as resignation, early elections, and impeachment or other congressional action to replace the president. Government crises of this type are now taking place in Brazil, Peru, Ecuador, Bolivia, and Nicaragua.

For decades, the only Latin American government that was hostile to the United States was the Cuban government. Now it is safe to say that the Venezuelan government is also hostile, and openly aligned with Cuba, and the fact that Venezuela supplies 13 percent of the oil imported by the U.S. makes its official hostility a matter of prime concern. The other countries of the region no longer vote reliably with the United States in the U.N. or the O.A.S., but this is the result of growing independence in the region, which is healthy, in addition to the global unpopularity of certain U.S. foreign policies and actions in the past few years. However, it is possible that other governments will become less friendly to the United States in the next year or two. In this regard, developments in Ecuador, Bolivia, Nicaragua, and Mexico deserve a careful attention.

A wise observer of the region once remarked that any statement that begins, "Latin America is..." is necessarily false. With respect to stable democracy, these countries are all on independent trajectories, so it is most efficient to analyze them separately. Nevertheless, we can begin by noting that there are no hotspots, as I have defined them, in many Latin American countries, including Chile, Costa Rica, Uruguay, Argentina, and others. Argentina emerged from a period of extremely unstable government in 2001-2002 with democracy intact and the more stable government of Néstor Kirchner. Although the President of Uruguay, Tabaré Vázquez, is on the left and made friendly gestures toward Cuba at his inauguration, he is committed to maintaining normal relations with the U.S. So while there are hotspots in Latin America, it would be a mistake to perceive crises in the entire region.

Colombia's multiple problems--the insurgencies of the FARC and ELN, the violent acts committed by the paramilitary AUC, and its central role in the international trafficking in cocaine, heroin, and marijuana--are mostly indirect results of its weak state. These activities took root in zones where the government had little presence, and the narco-trafficking now underwrites the violence of the left and the right and the corruption that pervades the state. President Alvaro Uribe has been correct to prioritize the strengthening of the state, especially the armed forces, and U.S. military assistance has been absolutely critical to the progress that has been made. Although Colombia continues to have the highest levels of violence and human rights abuse in the region, there were significant declines in 2004 in the numbers of political killings, terrorist massacres, kidnappings, and forced displacements. President Uribe faces two additional governance challenges: criticism of his amnesties for selected guerrillas and paramilitaries and legal challenges to a law permitting him to run for reelection in May 2006. Although Uribe is a valuable ally, the United States must resist the temptation to take sides in these disputes. With the highest approval rating in the Americas, President Uribe cannot be helped by a U.S. endorsement, and could be hurt. In the event that he loses, his successor would not be likely to

diverge radically from the policies of such a popular president.

Venezuela no longer deserves to be called a democracy for four reasons. First, the National Electoral Council has been stacked with supporters of President Hugo Chávez Frías, and its conduct during the August 2004 recall referendum raised serious questions about whether future national elections would be fair. Second, the government has intimidated independent and opposition groups such as Súmate and Primero Justicia by charging their leaders with treason, and there have been well documented incidents in which government supporters in the Bolivarian Circles have with impunity physically harrassed, and perhaps murdered, some opposition supporters. Third, the Law of Social Responsibility in Radio and Television signed in December 2004, which gives the government authority to penalize or close down media that act contrary to vaguely defined national security or incite the population to disrupt public order, has induced most newspapers and broadcasters to practice mild self-censorship. Finally, reports that thousands of signers of the recall petition were fired or persecuted in other ways have made many citizens more cautious about expressing their political opinions freely. Still, we must not exaggerate how undemocratic the Chávez regime has become. It is far closer to democracy than totalitarian Cuba is. In the above respects, it is actually quite similar to the dominant-party regime that ruled Mexico for decades before about 1997.

The Bush administration, like the Venezuelan opposition, has publicly pursued the short-term goal of removing Hugo Chávez from power, whether by initially recognizing the junta that temporarily seized power unconstitutionally in April 2002, taking sides in the recall effort, or lobbying the O.A.S. to invoke the Democratic Charter. It is time to recognize that this policy failed: there is no question that Chávez will remain in the presidency through the August 2006 election, and it is likely that he will have another term in office. At this point, continued efforts to end the Chávez presidency in the short term are counterproductive, as they lend credence to Chávez's claims that the United States is seeking to overthrow him, assassinate him, or even invade the country. The more credible these claims become, the more effective they are in rallying nationalistic support for Chávez in the military and in the civilian population. Chávez has been very skillful in baiting the U.S., and the U.S. has too often taken the bait. We must hope that the incoming Assistant Secretary, Thomas Shannon, Jr., will be able to break this vicious cycle. Both the U.S. government and its friends in the Venezuelan opposition must now set their sights on the long-term goals of building a viable opposition that has coherent and appealing policy alternatives for the economic and social problems of Venezuela and strong but flexible organizations with deep roots in society. The United States has been pursuing this goal through the National Endowment for Democracy, the party institutes, and other programs. These efforts should continue and in fact become the centerpiece of our efforts to promote democracy in Venezuela.

Bolivia is the country most likely to worsen politically in the near future. Its chronically weak state is beset by crippling road blockades and demonstrations by coca producers, students, teachers, and unions, in loose cooperation with radical indigenous groups and leftist intellectuals. Each group has its own demands--an end to coca eradication, the preservation of subsidies and

benefits, the nationalization of utilities and hydrocarbon producers--but when one group initiates action, the others perceive an opportunity and join the fray. The principal instigator of these often-violent protests has been Evo Morales of the Movimiento al Socialismo. He is a populist champion of coca producers who is allied with, and probably materially aided by, Hugo Chávez. These mass demonstrations--there have been hundreds in the last five years--forced the resignation of President Gonzalo Sánchez de Lozada in 2003 and his replacement, Carlos Mesa, in June 2005. Their demands also made it necessary to pass over the next two constitutional successors in favor of Interim President Eduardo Rodríguez, whose main mission is to hold early national elections on December 4. This election is shaping up to be a close race that is sharply polarized between Evo Morales, who came in a close second in the 2002 election, and former Interim President Jorge Quiroga. Quiroga is the candidate most obviously friendly to the United States and to business interests. However, even if he wins the election, he will find it as hard to govern, and to stay in office, as his two predecessors did. If Morales wins, we can expect a government that will attempt to move sharply to the left, possibly nationalizing foreign gas companies and almost certainly ending coca eradication. However, it is possible that conservative business leaders in the eastern lowlands would attempt to secede, provoking a bloody internal war. There is little the U.S. can do at this point to prevent such a scenario, but the most constructive action would be to work with the Rio Group and the O.A.S. after the election in any attempt to mediate between the parties in conflict.

Ecuador has a record of recent *governmental* instability that rivals Bolivia's, but there is less reason to be concerned about either the breakdown of democracy or the rise of a hostile government. The Congress chose Alfredo Palacio to replace Lucio Gutiérrez as President during mass disturbances in April 2005 after declaring the presidency vacant--a questionable move, but one that will stick because it was endorsed by the military and Ecuador's neighbors. President Palacio has laid out an ambitious agenda that includes as-yet unspecified constitutional reforms, the renegotiation of all oil contracts, and a reorientation of spending toward social programs. While these are dramatic moves, the president seems to be committed to pursuing them in ways that are consistent with the constitution and international laws and treaties. It is also reassuring that in August he replaced two ministers who had made overtures to the Chávez government in Venezuela. Nevertheless, Ecuador remains a difficult country to govern. Governing coalitions shift constantly, and indigenous groups frequently mount road blockades. A well-coordinated mass protest against Occidental Petroleum in August shut down oil production and exports for a short time, but the Palacio government intervened and the matter was resolved in the protesters' favor. National elections are scheduled for October 2006, but campaigns are not likely to take shape until after the constitutional referendum on December 11, 2005.

Nicaragua is in the midst of a crisis of government that is being treated as a crisis of democracy itself. A bizarre pact between the Liberal Party and the FSLN has been working systematically to undermine President Enrique Bolaños through its control of the National Assembly. The two parties have already divided up control of the Supreme Court, the Comptroller General, and the electoral authority and passed constitutional reforms to weaken the executive branch. They also charged Bolaños with accepting illegal campaign contributions and were threatening to lift his

immunity, which could have been equivalent to an impeachment. Nicaraguan authorities have not been able to resolve this dispute themselves, as the pact-controlled Supreme Court rules against Bolaños and he, citing a ruling of the Central American Court of Justice, refuses to obey. Regional actors--the United States and the O.A.S. ministers--have now backed Bolaños in this conflict, so the Liberals and Sandinistas have shifted their attack to the cabinet. It appears that President Bolaños will survive until the next election, in November 2006, but will hardly be able to govern. U.S. ambassadors have attempted to drive a wedge between the more moderate Sandinistas and Liberals, on the one hand, and their leaders, Daniel Ortega and Arnoldo Alemán Lacayo, respectively. This is a short-term solution. In the medium term, it is likely that the pact will fall apart naturally as the presidential election approaches. The remaining fear then (for the Bush administration) would be an Ortega victory next November; it seems more likely than not that the FSLN will win, as it emerged as the largest (but not majority) party in the November 2004 municipal elections. However, the pact has become so unpopular that Ortega cannot count on his party's nomination. And realistically, it is inconceivable that an FSLN government could recreate the dominant-party regime that it led from 1979 to 1990 or that it would be able to steer a hard course to the left. The strange bedfellows in Nicaraguan politics in recent years suggest that competition today is less concerned with ideology and policy than it is with dividing up the spoils of office among personal factions.

Overall, the United States is today in an unusually weak bargaining position in Latin America. Many Latin American citizens are looking for alternatives to the free-market policies of the Washington consensus; they question the need for the invasion of Iraq; they see only limited value in the kind of free trade agreements the U.S. will agree to, when agreements are even possible; in many countries, although most citizens continue to value democracy in the abstract, large numbers are disillusioned with the actual parties, courts, legislatures, and presidents they have. U.S. support for democracy often rings hollow in the wake of our 2000 presidential election and the Bush administration's initial endorsement of the April 2002 coup attempt in Venezuela. There are plenty of Latin American leaders and activists who continue to share U.S. ideals and welcome U.S. assistance, but in this environment, open association with the United States is a political liability for some of them. It would be wise to respect their sensibilities by taking a lower profile, working behind the scenes, multilaterally, using more aid and fewer threats and sanctions, offering more carrots and fewer sticks.