

Testimony of
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“Keeping Democracy on Track:
Hot Spots in Latin America and the Caribbean”

Mr. Chairman and Members of the Committee:

It has been fashionable of late to cite recent polls that suggest that the people of the Western Hemisphere have lost faith in democracy as an ideal. I believe that while such concerns are real, they need to be tempered by historical context.

The struggle for democracy in Latin America and the Caribbean that characterized the 1980s is thankfully now a mutual effort to deliver the benefits of freedom to every individual in every country. The vast majority of Latin Americans and their Caribbean neighbors live under leaders of their own choosing. Today, free elections and peaceful transfers of power are the norm and former adversaries compete not on the battlefield, but in the democratic arena of electoral politics.

Political progress in the region has gone hand in hand with economic reform. Many of the old demons are gone: inflation is largely tamed; countries are increasingly open to foreign trade and investment; economic setbacks still occur, but no longer do they lead inevitably to crises affecting the entire Hemisphere.

Most of the region’s leaders recognize that democracy and the free market must be part of any sustainable plan for development. The paradigm that has been so successful in guiding the expansion of freedom and economic growth in Latin America over the past twenty years remains firmly in place. Indeed, most recently elected leaders, even those characterized by some as “populist,” are in fact governing their nations responsibly within that framework.

Underscoring this transformation, last June a key multilateral event took place in Fort Lauderdale, Florida, when the United States hosted the OAS General Assembly. That gathering advanced our agenda of delivering the benefits of democracy to ordinary citizens, urging governments to be more effective, transparent, and accountable. The “Declaration of Florida,” approved at the General Assembly, strengthens the Secretary General’s ability to raise with the OAS Permanent Council situations that might lead to action under the provisions of the Inter-American Democratic Charter. It also provides him with a mandate to develop timely and effective proposals for promoting and defending democracy. The Declaration also affirms that adherence to the Democratic Charter is the standard for member states’ full participation in the Inter-American process.

There is little doubt, however, that many individuals in the hemisphere are frustrated by the perceived inability of democracies to deliver benefits to all citizens in equal measure. Some, in their frustration, are turning in increasing numbers to politicians who promise populist solutions to the region’s persistent problems or else entertain thoughts of a return to authoritarianism.

That is to say, we continue to confront challenges in the workings of democracy in the region.

What the polls show is that Latin Americans by and large don’t trust their governments and their institutions. The survey numbers suggest that overwhelming majorities in virtually all countries of the region have “little” or “no” confidence in their executive, judiciary, legislature, political parties, armed forces or police.

I believe this can be attributed to the fact that, in many cases, political elites in the region often are perceived to exhibit an aloofness from the people they are supposed to represent and serve. That gulf is often reinforced by legal immunity granted legislators and the de facto impunity afforded many other governmental and political actors.

The resultant mutual mistrust between voters and the government encourages corruption, as citizens resort to one of the few ways available to persuade government officials to actually work on their behalf — pay them directly.

Many formal democratic institutions in Latin America are weak and overly politicized. In some countries there is not one single body — not a Supreme Court, not an Electoral Commission, not a Regulatory Board — that can be relied upon routinely to make impartial, apolitical decisions in accordance with the law.

Many political parties in the region are not doing their job well — they are often bereft of new ideas, too focused on patronage, and too dependent on the skills of one charismatic leader.

This spoils mentality is too often reinforced by electoral systems that favor legislative candidacy via party slate and over-represent rural areas — politicians owe too much allegiance to the party structure and not enough to constituents; entrenched anti-reform opponents are granted too large a voice in policymaking.

Poverty and the inequality of income and wealth which characterize much of the region make it difficult for democracy to thrive. Under-funded states lack the resources to apply the rules of the game fairly — even if leaders have the political will to try.

That unfairness is sharpened by some governments' tendency to overlook minority rights — the rights of indigenous peoples, ethnic minorities, women, children, and the disabled.

High crime levels, present in many nations of the hemisphere, dampen voters' enthusiasm for democratic rule.

These challenges to democracy are daunting — but I am convinced they can be overcome by strong leadership, a willingness to make tough decisions, the forging of a national consensus, and the active implementation of a reform agenda.

The Hemisphere's democratic agenda cannot be advanced solely by the poetry of verbal commitment to its principles, it must be advanced by the daily toil of governments.

Sustainable economic growth and political stability are only possible if governments consciously extend political power and economic opportunity to everyone, especially the poor.

Taken together — trust, transparency, effectiveness, inclusiveness, public safety, political consensus on the need to have decision-making framed by the national welfare, and cooperative civil-military relations — are what enable vibrant democracies to withstand political and economic shocks to the system.

They are the cornerstones of viable states.

The Hemisphere's most successful democratic leaders understand what is needed to make democracy work.

They reach out to the opposition, civil society, and minority groups. Dialogue builds trust, and trust is the key element in encouraging real political participation and keeping the political pot from boiling over.

They understand that public relations matter. Citizens need to know when their government is effective — when new schools are inaugurated or inoculation programs are undertaken.

Good leaders recognize the importance of working with and cultivating responsible media.

Good governments in the region are vigorously prosecuting corruption cases and institutionalizing procedures that promote public transparency — including electronic procurement, freedom of information legislation, and the establishment of ombudsman offices to monitor allegations of corruption.

Successful leaders are promoting legal or constitutional reforms that link elected officials to their constituents better. Politicians will never behave if they cannot be held accountable easily by the voters from a defined district or are officially shielded from prosecution.

Successful democracies are closing the gap between politicians and voters by decentralizing political power and revenue collection — granting municipal governments both real responsibility and revenue can tamp down

corruption and give people a greater sense of direct participation in the political system.

Responsible leaders are spearheading legal or constitutional reforms that foster impartial, professional, and apolitical judiciaries. Some countries in the region have enjoyed great success in judicial reform by streamlining civil code procedures; introducing computerized case tracking systems; staggering the appointment of Supreme Court justices; and naming judicial councils that oversee hiring, firing, and disciplining judicial employees.

Successful leaders understand the link between democracy and individual economic opportunity. The path to prosperity is built upon affording individuals the chance to pull their own weight and create personal wealth — by reducing the red tape of business registration, encouraging the broader provision of bank credit, harnessing remittances for productive purposes, providing wider access to education, and accelerating property titling.

Good governments must have good police forces. Not only is public safety a crucial function of government, but police officers are often the most visible personification for most citizens of the power of any administration — so they must act with efficiency and respect.

Successful leaders in the region also value multilateral engagement as a tool to shore up the Hemisphere's democratic institutions. The work of the Bolivia Donor Support Group, OAS election observation in Venezuela, and regional contributions to MINUSTAH in Haiti are but three recent examples of how multilateral engagement can help speed the progress of democracy.

Our assistance programs are also lending a hand. We are providing democracy building support in the Hemisphere ranging from legal code reform and judicial training, to anti-corruption projects and conflict resolution.

But our assistance, in and of itself, cannot guarantee the deepening of the Hemisphere's democratic roots.

There is simply no substitute for strong local leadership willing to make tough decisions and embrace civil society as a key contributor to policy debates.

We support the Rodriguez administration in Bolivia and its efforts to advance that nation's interests at the same time that it prepares for presidential and legislative elections later this year, and a constituent assembly election for constitutional reform scheduled for next year. But on a day-to-day basis it is the Bolivian people and Bolivian democratic institutions who must reach a consensus on key domestic issues such as how to exploit the country's vast natural gas resources in a way that best supports the common good; on how to include the aspirations of indigenous people within the country's democratic framework; or on how to address regional calls for autonomy.

We support the presidency of Enrique Bolaños in Nicaragua and are pleased that his government has made the effort to combat corruption — to the point that Nicaragua and the Millennium Challenge Corporation concluded a compact on July 14, opening the way for that country to receive \$175 million in much needed assistance. Challenges remain, especially the dramatic politicization of that country's judiciary and the damage done to both the presidency and the National Assembly by the tug of war between two political *caudillos* (strongmen) — one of whom remains enamored with the obsolete politics of the 1940s and another with a bankrupt leftist ideology from the 1970s. The USG remains committed to strengthening democratic institutions in Nicaragua and to supporting free, fair, transparent and inclusive elections, scheduled for November 2006. At the same time, we want to ensure that undemocratic forces do not prevent President Bolaños from completing his legitimate term. The USG has supported OAS efforts to resolve the political crisis. These include resolutions supporting democratic order and sending a special envoy to facilitate a national dialogue to reach agreement among the political parties that will maintain the governability of the country.

In Cuba, the President's message to democratic reformers facing repression, prison, or exile is clear: "When you stand for your liberty, we will stand with you." We are implementing the recommendations of the President's Commission for Assistance to a Free Cuba designed to hasten a democratic transition, and the regime is being pressured as never before. We will continue to prepare to support a rapid, peaceful transition to democracy. And, we will assist Cuba's democratic opposition and civil society as it seeks to organize itself for the coming transition.

Supporting Haiti's slow ascent from a decade as a predatory state is an enormous challenge, but we are determined to stay the course as long as the Haitians themselves remain engaged in fashioning the truly democratic government they so deserve.

In Ecuador, we have been vocal in our support for constitutional democracy and its institutions. We have good relations with the Palacio administration on issues ranging from protecting the environment, to fighting global terror, to making progress towards an FTA. But it is the Ecuadorians who must work to strengthen and safeguard their fragile democracy against political self-interest that threatens to weaken and fracture it and paralyze any attempt at much needed reforms.

Peru looks ahead to a future that is brighter than it has been in recent memory. After the turmoil of the 1980s and 90s, Peru's market economy reforms have turned things around. Under President Toledo's watch, the country has developed at unprecedented levels, finally beginning to reduce poverty and improve the life of ordinary Peruvians.

Venezuela, frankly, does not present a promising picture. We have no quarrel with the Venezuelan people, but despite the United States' efforts to establish a normal working relationship with his government, Hugo Chavez continues to define himself in opposition to us.

The United States works with leaders from across the political spectrum in a respectful and mutually beneficial way to strengthen our democratic institutions, build stronger economies, and promote more equitable and just societies. Our neighbors know that we are good partners in fighting poverty and defending democracy. We do more than respect each others sovereignty: we work together to defend it by promoting democratic ideals and by fighting terrorism, drugs and corruption.

But President Chavez has chosen a different course, and he has a six-year track record that tells us a thing or two about him. His efforts to concentrate power at home, his suspect relationship with destabilizing forces in the region, and his plans for arms purchases are causes of major concern.

Our policy is very clear: We want to strengthen our ties to the Venezuelan people. We will support democratic elements in Venezuela so they can fill the political space to which they are entitled. We want to

maintain economic relations on a positive footing. And we want Venezuela to pull its weight to protect regional security against drug and terrorist groups.

We also want Venezuela's neighbors and others in the region to understand the stakes involved and the implications of President Chavez's professed desire to spread his "Bolivarian" revolution.

Many of them are fragile states without the oil wealth of Venezuela to paper over their problems. They are striving hard to strengthen their democratic institutions and promote economic prosperity for all.

Should the United States and Venezuela's neighbors ignore President Chavez's questionable affinity for democratic principles we could soon wind up with a poorer, less free, and hopeless Venezuela that seeks to export its failed model to other countries in the region.

Mr. Chairman, before concluding, I want to address one other point that has somehow become part of the conventional wisdom: that the United States is "ignoring" the Western Hemisphere.

I think that what people have to understand is that the world has changed dramatically in the past two decades, and U.S. policy has changed with it.

During the Cold War, strategic considerations dominated our policy and U.S.-Soviet tensions turned the region into a giant chessboard whereby forestalling the creep of totalitarianism necessarily trumped all other considerations. That approach was not always appreciated. In those days, we were not accused of ignoring the hemisphere, but were accused of being too heavy-handed, further enforcing the historic perception of a "paternalistic" United States approach to the region.

Today, that has changed.

History has proven to be a most reliable guide as to how nations can best expand prosperity and better lives for their citizens. Open economies and political systems, outward looking trade regimes, and respect for human rights are the indisputable requirements for a 21st century nation-state.

So those who would inveigh against U.S. “paternalism” in the Western Hemisphere have lost their essential talking point, because we seek to impose this model on no one. For those countries seeking to follow the same path, we are committed to helping, but for those countries that will not open their economies and political systems there is little we can do to help them, and no amount of assistance or moral support can stop them from failing.

This is the basis of President Bush’s Millennium Challenge Account, his historic new assistance program that rewards countries making the tough decisions to help themselves.

To be eligible for MCA funds — amounting to \$1.5 billion for fiscal year 2005 — nations must govern justly, uphold the rule of law, fight corruption, open their markets, remove barriers to entrepreneurship, and invest in their people.

Three countries from our own hemisphere were among the first 16 to be declared eligible for MCA assistance: Bolivia, Honduras, and Nicaragua—and Honduras and Nicaragua have already signed compacts with the Millennium Challenge Corporation. Two additional countries were recently selected as “MCA threshold countries” for FY05 — Guyana and Paraguay. These countries will receive assistance aimed at helping them achieve full eligibility.

By placing a premium on good governance and effective social investment, the MCA approach should help countries attract investment, compete for trade opportunities, and maximize the benefits of economic assistance funds.

But let us recognize, again, that no amount of external aid will substitute for governments making the tough decisions for themselves to open up their economies, to make their governments more effective and accountable, to make themselves more competitive in a global economy, and to extend the most basic services and opportunities equitably.

To their immense credit, most of the leaders of this region recognize these obligations and are working hard to fulfill them. And as they do so, they have found in the Bush Administration a creative partner, reinforcing the forces of reform.

The good news is that this Hemisphere has many leaders with ambitious social agendas who are adopting sound economic policies and seeking mutually beneficial relations with their neighbors, including the United States. There is a solid consensus in favor of representative democracy and respect for human rights in this Hemisphere.

To conclude, this administration believes strongly that hemispheric progress requires continued American engagement in trade, in security, in support for democracy, and across the board we are deeply involved in expanding peace, prosperity, and freedom in this hemisphere. Democracy is indeed an essential element of our foreign policy agenda.

Thank you very much and I look forward to answering any questions you may have.