

The Chicago Council on Foreign Relations

2002 Atlantic Conference

November 21-24 Rio de Janeiro, Brazil

Terrorism, Globalization and the post 9/11 period.

A Latin American Perspective by Diego Arria

## **INTRODUCTION**

Most Latin Americans would say that the world hasn't really changed since September 11 2001. Historically, financial crises, persistent poverty, and corrupt Governmental institutions have kept countries in the region (with a few notable, encouraging exceptions) largely inward-looking, preoccupied with their own survival. This helps to explain the generally accepted wisdom in the region that the terrorist attacks affected only the United States and not Latin American countries themselves. In fact, if you asked them why these abominable acts against civilians took place, most people in the region would be likely point to either of two fallacious reasons: That they resulted from the United States' support of Israel in the Palestinian conflict, or that the roots of terrorism are poverty and inequality and that these are largely the result of U.S. policies. In short, they would argue that the U.S. had it coming.

It is, therefore, unsurprising that many Latin American leaders responded to the crisis with a like-minded ambivalence—something that disappointed the U.S. government—ranging from not condemning the attacks fast enough, to the president who expressed his condolences outrageously to both the victims and the perpetrators.

This failure was not merely a failure of protocol, but a failure to grasp the significance of 9/11 for international relations in general and hemispheric relations in particular. Moreover, it perhaps belies a tendency to look first to the domestic agenda before the international stage. This tendency can be rapidly understood in the context of the bruising received by Latin America at the hands of the IMF and international capital markets. But it represents a fatal error of judgment.

Latin America cannot retreat from the world any more than the international community can abandon it to its own devices. The IMF demonstrated this recently with its largest bail out ever to Brazil. And instability in Colombia has implications far and wide, from the US to the EU.

From a Latin American perspective, the world may not have changed a great deal. But we cannot ignore the effect of the terrorist attacks in New York on the priorities and foreign policy of our principal trading partner and neighbor, the USA - the only "hyperpuissance."

The problems of poverty, corruption and financial instability facing Latin America may be the same, but we are operating in a new environment. Our ability to solve those problems depends, to some extent, on understanding that new environment. If we are to reinvigorate the political and economic institutions of the countries in the region we must come to terms with the new priorities of the USA; recognize the weaknesses in current multilateral arrangements and seize the opportunity for enhanced regional co-operation to solve common problems.

I will therefore set out my view of the new priorities of the US and how Latin America can work within them; the lessons to be learnt from the recent experiences of multilateralism; and how Latin America can strengthen regional co-operation through existing mechanisms to provide political and economic safety nets which are currently lacking due to multilateral paralysis or diverging US interests.

## **THE NEW STRATEGIC ENVIRONMENT**

In 2000, for once, there seemed to be US President who understood the priorities of the hemisphere from a Latin American perspective: trade, investment and immigration. 9/11 changed how the U.S. thinks of investment, trade, and immigration—all of which are key concerns for Latin America. However, with the inability of regional leaders to understand that 9/11 marked a crossroad in the U.S., a common approach to immigration, trade, and foreign direct investment flew out of the window.

One need not have studied de Tocqueville extensively to understand that once Americans are convinced that they face an enemy, it has a revolutionary effect on them. Historically the U.S has been a reluctant warrior, slow to anger. Nevertheless, the U.S won't shy away

from threats to its vital interests as well of those of its allies, as its conduct in the first two world wars and the Cold War demonstrate. Latin American markets therefore remain a concern for the US, but they are subordinated to the principle goals of US foreign policy, namely, the 'war on terror'.

The US no longer sees its security purely in terms of the maintenance of economic hegemony, that is now a tool to further its principle aim: the physical security of US citizens.

Thus, it now seems anachronistic to think that Bush on September 5, 2001 stated "the United States has no more important relationship in the world than our relationship with Mexico." So then, just one week later, why didn't Vicente Fox fly to Washington immediately, as Tony Blair did? The reason has to do with the traditional Mexican ambiguities toward the U.S., of course, and Fox was probably concerned about appearing too solicitous of Bush in the eyes of his suspicious constituents. Nevertheless, it was a missed opportunity, and, given the way Washington shrugs off his requests for attention and initiatives these days, one Fox most likely wishes he had taken.

Britain has now assumed the role of favored friend for its staunch military and intelligence co-operation in the war on terrorism. It was Blair, not Fox, that was present at the State of the Union address, receiving a standing ovation from the House.

Even now, instead of adjusting to the post-9-11 realities, Latin American governments simply continue to complain that Washington is not addressing their concerns and not paying attention to them. The major exception to this has been the government of Colombia, which has lately received increased support from the United States to combat terrorism.

Rather than complain that the US is not addressing our concerns, we need to try and see the perspectives of other regions, most importantly the US and the Permanent members of the Security Council.

Last year Al Qaeda made its debut on the world stage and terrorism became a global concern. We now understand that terrorist groups are no longer limited to one region or country, as had been the case in previous decades. This is true of Al Qaeda, obviously, with its loose cells; and it is increasingly so with more established terrorist operations like the ETA in Spain; the Jemmah Islamiyah in Philippines, Malaysia and Indonesia; the I.R.A. in Ireland, and the FARC in Colombia. And it isn't just about sympathetic regional groups—the IRA and FARC were recently found to be working together as they shared common goals and enemies.

Currently, while the U.S. remains focused on Iraq, and on the threat of terrorism to its Homeland, as well as in North Korea and other strategic regions of the world, the international community is largely focused on trying to counterbalance the influence and power of the U.S. in dealing with conflict-resolution: Iraq now, and others to follow. The Europeans' message to our region and to the world is that the U.S., in the role of super-powerful sheriff, is riding roughshod over the multilateral system and trampling both international law and the United Nations—the crown jewel of multilateralism—while the Europeans are fighting to preserve it. French President Jacques Chirac recently went so far as to warn about the "temptation of adventurism," an obvious reference to President Bush and Iraq.

This perception deserves to be looked at closely, because it is important for Latin America to understand what is going on behind the diplomatic and political confrontation taken place across the Atlantic.

Why is this happening? In my view, it is evident that today we are witnessing the consequences of years of passivity, inaction and willful ignorance by some of the principal players in the U.N. This in effect encourages the U.S. to act alone or with the support of a few allies. The traditional, knee-jerk "we know better" attitude taken by some European countries who regularly and condescendingly reject U.S. views and proposals unwittingly stimulates further unilateralism by forcing the U.S. into simply

refusing to accept any limitations in what they perceive as the protection of its vital interests.

The U.S then practices a sort of offensive realism, reacting against anything that could restrict its policies—which may help explain its otherwise baffling attitudes toward the International Criminal Court and the Kyoto Protocol. It seems that for the U.S its Constitution and its Bill of Rights replace, at its convenience the international legal system to implement its own policies. Such behavior would not have surprised Tocqueville who already in 1840 wrote:” "For fifty years the inhabitants of the United States have been repeatedly and constantly told that they are the only religious, enlightened, and free people. They . . . have an immensely high opinion of themselves and are not far from believing that they form a species apart from the rest of the human race."

This dynamic has its roots in the fall of the Berlin Wall, but is only now, when multilateral response are need to the terrorist threat, that the cracks in the UN system are coming into view. During the conflict in the former Yugoslavia, some countries in the U.N. Security Council were more interested in masking their real condition as former major powers than in international peace and security, and, as a consequence, allowed genocide and ethnic cleansing right in the middle of Europe, less than fifty years after the Holocaust. Had the U.S. not decided, after too long a delay, to intervene in Bosnia and, later, in Kosovo and Macedonia their people - mostly Muslims - would have been decimated. There is no doubt that the treatment of Bosnians, more as Moslems than as Europeans generated great resentment in the Muslim world at the time when Iraq and Libya were targets of international sanctions.

The same is true of the Gulf War. Recall that even though a U.N. member country was savagely invaded, it took a long time for the U.S. to obtain international support to liberate Kuwait; if it hadn't, Kuwait would probably still be under Saddam Hussein's rule. And, most probably, he would not have stopped there.

Conversely, some principal players such as France and Russia run the risk of compromising multilateralism and giving the impression that they are losing sight of their principle role as enforcers of UN resolutions by prematurely “normalizing” their relations with countries under sanctions before they comply with the UN. As in the cases of Iraq and Libya, the perception that could result, is that ‘business as usual’ is a way to side step international obligations for rogue states. The question arises: who are the real defenders of multilateralism? Multilateralism without enforcement is meaningless.

I believe it is clear that just being “anti-Américain” is not sufficient evidence to qualify one as being a legitimate defender of multilateralism. That it does, of course, is the attitude of some European countries. "The U.S.," President Bush told the U.N. in his September address on the issue of Iraq and terrorism "is committed to lasting institutions like the U.N.—but in all cases international obligations are to be taken seriously. They are not to be undertaken symbolically to rally them only if needed."

In reminding members of the Security Council of their basic obligations under the Charter to preserve international peace and security, he was underscoring the fact that Security Council membership reflects an anachronistic power structure that no longer accurately represents the international community at large. In short, both the U.S. and the other permanent Security Council members are responsible for the weakening of multilateralism. One is too powerful and arrogant, while the others are incapable of discharging their responsibilities under the Charter, instead choosing to only defend their national interests. Under these circumstances, the business of security becomes just plain business. This of course contradicts the best interest of the international community as a whole and continues to weaken the U.N., as it needs to be a credible and respected actor in the world.

## **LATIN AMERICA NEEDS MULTILATERALISM**

Recognizing the flaws in the current multilateral system is not to discount its role. Declining trust in multilateral institutions has been a feature of Latin American politics of

the last 5 to 10 years. However, the principle of co-operation and engagement should not be undermined by recent experience of bad advice from the IMF. More than ever, in the face of the challenges to international politics mentioned above, Latin America needs to find viable ways of coming together to solve common problems.

Latin American nations have a vested interest in maintaining the U.N. relevance, as their own survival and viability as independent nations is at stake in the face of the danger posed by political and financial instability, terrorism and narcoterrorists. Out of 51 original founding members, 17 of them were Latin Americans who participated very actively in the drafting of the U.N. charter.

In our recent history we have benefited many times from multilateralism. A unified U.N. made it possible during the nineties to negotiate peace and reconciliation agreements that ended the civil wars in El Salvador and Guatemala, to facilitate the transition to democracy in Nicaragua, and to bring a modicum of democracy to Haiti.

A closer look at the roots of political and economic instability in Latin America shows that rather than retreating from regional and international co-operative mechanisms these could in fact offer the beginnings of a framework for stabilizing the situation. So, let us look at where we are now.

## **WHERE WE ARE NOW (1) – TERRORISM**

Latin America doesn't have to look very far to find its own significant share of terrorism. Yet, even though the stability of the entire region is at stake, only the United States seems to be paying any attention to Colombia. Last September 13th, President Uribe presented a dramatic comparison to the UN General Assembly: "In Colombia," he said, "violence takes the same toll of victims every month that died on 9/11. Every year we bury 34,000 victims. We have lost 10 percent of our youth." He then complained that one year has passed since the UN Security Council Resolution 1373 ordered all states to freeze the funds of persons who commit acts of terrorism but in the case of the Colombian terrorists'

considerable assets, nothing has happened.

It seems highly improbable that the hundreds of millions of dollars FARC has generated through narcotrafficking, extortion, and kidnapping are hidden under Tirofijo (Sureshot) Marulanda's mattress, and cannot be found. It is useful to recall that when the government of Philippines wanted to find the funds that Marcos had stolen and deposited in foreign banks they hired a famous American company specialized in professional intelligence and detection of worldwide money laundering and its links to organize crime, and hundreds of millions of dollars were quickly found. The same happened with the return to Nigeria of almost three billion dollars accumulated in Switzerland by the infamous General Sani Abacha, and in a more recent case where the relatives of the Holocaust victims were leading a vigorous campaign to force the Swiss banks to return to them the funds that their families had deposited during War World II, but they only succeeded when Senator D'Amato of N.Y, threatened to propose legislation to cancel the operation of Swiss banks in New York,

It is clear then that it would be feasible to get to funds thought to be in the billions of dollars, like those of the FARC and others, which are deposited in banks, and not under mattresses. Not only would US taxpayers' money not be required to fight terrorism in Colombia but parts of the confiscated assets could be used to train and equip a multinational Latin American police force tasked with identifying and rooting out narco-terrorist cells in the region.

Meanwhile the UN Security Council Counter-Terrorism Committee reports "with satisfaction that 173 Member States submitted a report on the measures the Governments have put into place to ensure that there was no support, active or passive, for terrorism." The governments that sent reports included Iraq, Iran, Libya, North Korea, and Syria—all the members of the "Axis of Evil." Before September 11, the United Kingdom was the only member state that had ratified all 12 of the U.N.'s terrorism resolutions. Since then, Cuba adopted all of them, too.

Paradoxically, Colombia still hasn't ratified seven. Does that mean Cuba is doing more to fight terrorism than Colombia and the rest of the international community? No, but it does mean that if states want to give life to multilateral measures they have to act rather than merely sign treaties. Colombia and the US alone cannot defeat the narco-terrorists. Regional co-operation is needed.

In the case of Colombia the Latin American governments not only haven't shown any solidarity for Colombia's plight—the region's oldest electoral democracy—they have been irresponsibly blind about the consequences for their own countries. In fact, Colombia's terrorists, allied now with drug traffickers, to the extent that drug cartels and terrorists organizations are practically undistinguishable, have been crossing in growing numbers into Brazil, Panama, Ecuador, Peru, and Venezuela.

The consequences are already beginning to be felt in those countries—the Chávez government has being denounced for providing the FARC support and safe haven. In this context, greater concern is clearly warranted when you consider that the oil fields of Venezuela, not to mention the Panama Canal, are both within a three-hour walk from the area in which Colombia's narco-terrorists operate. What are then the implications for the vital interests of the U.S and Latin America?

When the U.S. finally decided to actively help Colombia-after its own war on drugs had collapsed-the nations of Latin America, for their own domestic political considerations, let Washington carry the ball and incur the costs of that help—as well as the censure for violating Colombia's sovereign right to suffer alone. Only then did the rest of Latin America find it useful to remember that Colombia does not belong to the United States but to the Organization of American States.

To illustrate the previous point it is useful to recall that as soon as Plan Colombia was announced by President Andrés Pastrana in August, 2000, regional leaders voiced their objections arguing that it opened the door to the militarization of the region by the U.S., and raised the sovereignty issue, but would not raise a finger to help Colombia. The

Chávez government went even further by not allowing U.S. planes to fly over its territory to conduct counter narcotics surveillance, again arguing sovereignty considerations.

The real reason, however, for Chavez to deny permission was that his own government had been secretly cooperating with the FARC, a fact that could have been confirmed by the aerial survey. As in the case of the U.S. invasion of Panama, when thuggish Manuel Noriega was removed from power, the Latin American governments chose to hide under the cloak of sovereignty instead of squarely facing the problem through the Organization of American States, and leaving the U.S. to clean up the mess.

Whether its neighbors decide to co-operate or not, the conflict in Colombia represents a real threat both to regional and also to international peace and security, and the longer it takes, the more dangerous the conflict will become and the toll on Colombia and its neighbors will grow exponentially. Colombia is a challenge that will test the will and commitment of the U.S. and the international community to combat terrorism anywhere in the world and Latin American nations must not shirk their international and regional obligations.

## **WHERE WE ARE NOW (2) – ECONOMICS**

Even though Latin America's economic problems are pretty well known, we should remind ourselves of a few facts: Latin America continues to have the dubious privilege of being amongst the regions in the world with the most unequal income distribution. Fifty percent of its population lives below the poverty line. The Latin American share of world trade is one-fourth of what it was 30 years ago. Its savings rate continues to be among the lowest in the world, and that consistently, Latin American countries rate poorly on the Transparency International Index of Corruption.

It should also be noted that throughout the last decade, the region has been plagued by large reversals in capital flows, which forced some of the countries to devalue or float their currencies. During 1996-2000, Latin America experienced a negative growth rate at

a time that the U.S. economy was booming and growing at around 5 percent.

Unfortunately, the Latin American economies proved far more vulnerable to those sudden reversals in capital flow than expected. The principal cause may have been the pace of the countries' reforms. Some reforms were too drastic—in opening financial sectors, one could argue, while others too slow or incomplete, as was the case with pension reforms, which were not accompanied by sufficiently strong fiscal reforms. But probably the biggest failing was in the lack of substantive judicial and political reforms.

During the last decade, the governments, encouraged by multilateral institutions, gave its technocrats a mandate to organize and lead our societies, and this strategy failed to work. In spite of their first class credentials as some of the most talented generation of Latin Americans, technocrats were more attuned to international organizations than they were to their countries realities. It follows that these organizations in significant ways shaped our policies and must share responsibility in the errors that were committed. The consequence? That unquestionably, today the greatest obstacle to the democratic development of our societies is the people's lack of confidence and trust in their leaders, and in the international institutions themselves.

The new economic models led us to demonize the state's role so much that all efforts for two decades have gone to privatization and liberalizing the economy, seemingly deaf to the plight of the disenfranchised. We were encouraged to abandon the state altogether, and we ended up almost bankrupting it. Now the task ahead for the state is to effectively complement the private sector through a strong judicial and regulatory system, through physical and human capital investment projects, and through the development of a social safety net.

This function is essential to provide the necessary political support for the wide gyrations of a market economy. The emerging consensus today is that markets alone will not resolve these problems. "Trickle-down economics is not delivering—neither is trickle-down plus," argues Joseph Stiglitz, a new, unlikely, hero in the region. "What went

wrong?" is the 14-trillion dollar question for Latin American leaders and the international lending agencies, and there aren't a lot of answers being bandied about.

In Latin America, the poor— who in increasing numbers try to enter the U.S.—seem to have a better idea than their governments of where opportunities lie. But one of the most serious problems the region faces involves a very different form of immigration. Increasingly, talented Latin Americans—educated at great cost in our countries' universities and technical schools—end up working abroad where their skills are in permanent and growing demand. The brain drain is at the core of Latin America's decapitalization process, and is much more damaging, I would dare say, than capital flight per se.

### **WHERE WE ARE NOW (3) – POLITICS**

The levels of emigration are a measure of how the political and economic crises have taken their toll on the average citizen. According to the prestigious Latinobarometro's Annual Survey of 2002, disappointment and disenchantment with the way democracy works is very high. Only 50 percent of all Latin Americans are convinced democrats, which is less than what was registered in the 1996 survey, with Brazil and Colombia registering the lowest with 37 and 39 percent. On the positive side, an important fact in the survey is that support for the return of authoritarian government is not increasing, and that in the case of Brazil, Colombia and Venezuela it is declining significantly.

The survey also reflects a stunning lack of trust: only 16 percent of all people in the region trust their peers. In Argentina, the figure is 12 percent. Brazil—which has one of the highest crimes rates in the world- 4 percent. Mexico topped the region's trust rating, with 34 percent, down from 47 percent just three years earlier. Obviously, if you can't trust your neighbor, you cannot trust the government or public institution that your neighbor runs. I believe that Marta Lagos, Director of Latinobarometro, gets to the crux of a major issue that could explain why we continue to fail, when she warns: "This is a stubborn dilemma that Latin America confronts more than a decade after the return to

civilian and democratic rule. The fundamental challenge for Latin American democracy is how, amid the fragmenting pressures of globalization and economic liberalization, to generate social trust and widen and reconstruct networks of social capital."

It is naturally difficult for the people to have trust when they have been hurt badly by the performance of their new economic model, promoted by their leaders when Latin America was starting a major opening of its markets and joining the globalization wave, These trust rates reflect that difficulty. The reactions essentially are: "We opened ourselves to the world and made ourselves more vulnerable to external shocks. The world economy failed us with recessions. The market is not working and the I.M.F. is dictating our policies. We've made monumental efforts to right things. We were asked to sacrifice, to tighten our belts, and now we are worse off than we were fifteen years ago. What has our government, what has democracy done for us?"

This sentiment has undoubtedly contributed to the near-disappearance of political parties in countries like Venezuela and Colombia. Latin America is becoming politically more fragmented which is likely to lead to higher instability and stalemates around the issue of further reforms. As a consequence the political structure that has emerged, has led to problems in governance, including the Fujimori scandals in Peru, the election of Hugo Chávez—the one-time leader of a failed coup—in Venezuela, as well as the recent electoral success in Ecuador of another putchist, Lucio Gutierrez, a retired army Colonel, who with together with a powerful Andean Indian movement forced the ousting of President Jamil Mahuad in January 2000.

Not surprisingly then, the people in Latin America are feeling disenfranchised and unrepresented by the political establishment and are seeking a different sort of political leadership. It seems evident that a successful, new alternative will be more populist, and centered on promises to resolve the basic problems of the poor. Brazil being the most significant case with the hope that new governments will meet the social needs of the population; however, high levels of debt, weak fiscal positions and limited foreign investment will make it extremely difficult for these governments to deliver on their

promises. And that will probably create yet another cycle of political frustration for the people, with neither the orthodox nor the populist leaders able to live up to their expectations.

### **Ready for a Change: Exits a Professor, Enters a Metalworker**

The natural concern for the arrival of a moderate leftist labor leader as President of the largest nation in Latin America will probably diminish once Luiz Inácio Lula da Silva assumes his post in January 1st, 2003. Arriving in what is being kindly called a stress scenario there are not many options for his government –but to just do the right things. Lula will not be in a position to make important changes in economic policy from the orthodox policies followed by the Cardoso administration.

At the same time Lula cannot brush aside his promises to a significant sector of his voters. Due to the magnitude of his victory, his electorate has been enlarged and that will force him to a very balanced political act, like walking on a tight rope with no net beneath him. If Lula fails to do so, he could throw the country into a tailspin; and a Brazilian meltdown could affect the whole region down. Lula knows this very well.

### **A Return to the populist past?**

Now the question that concerns many is: Will this political shift derail the reforms put into place during the 90s? My sense is that fiscal responsibility and low inflation are now seen as the same thing, and thus the risk of following imprudent fiscal policies like those of the late 70s and 80s is very low. Moreover there are no indications of a return to the populist agendas of the region's past. The questions addressed by the next generation of leaders will center more on the distribution of expenditures and the role of the government directly intervening in so-called "strategic sectors." In this sense, we could see important reversals in trade and industrial promotion policies, with a more interventionist tone in what is to come.

### **WHERE NEXT?**

The challenge now is how to define—when needed—the nature of the interaction between the state and the marketplace, and the need for a Copernican revolution of the models of managing the areas that are the exclusive responsibility of the state. This challenge will surely fall under the umbrella of a larger agenda dominated by the need to significantly redefine our present democratic systems.

In that context it is evident that if social realities are not taken into account by the governments and the multilateral institutions, the economic policies will continue to fail. This fact underlines the urgent need for politics to recover its primordial role to organize the public spheres and responsibilities that we all share, and this will not be easy to accomplish inasmuch as the profession of politicians has been devalued even more than the currencies in the region.

What is perhaps needed is a political and economic anchor to counter the recent turns of instability and to make the most of the market opportunities in this hemisphere.

### **Latin America and the EU**

In this regard it is useful to draw a comparison with the EU. When the Berlin Wall came down in 1989, civilian governments had only recently returned to Brazil and Argentina, Pinochet was losing a plebiscite in Chile, and Nicaragua's Sandinistas were a year away from being voted out of power. In other words, Eastern Europe and Latin America underwent major transformations and opened their economies at much the same time. In spite of all the reforms that have taken place in Latin America, comparing the strong economic performances of countries like Poland and Hungary to those of Brazil and Argentina one has to wonder: What is going on with Latin America? Or rather, what is not going on?

I suspect the difference in how the two regions have fared since 1989 has a lot to do with what anchors, and motivates, their reforms. In the case of Eastern European countries, they are willing to pass difficult and essential political and economic reforms to be allowed into the E.U. and, thereby, be guaranteed access to an enormous market, lower

interest rates, and important transfers that help improve their infrastructure. It certainly would be preferable in Latin America to be arguing about agricultural subsidies rather than the size of IMF bailouts.

In searching for new forms of organizing and motivating our political and economic progress it is useful to ask: What could anchor Latin America as effectively as E.U. membership?

Certainly, the allure of access to I.M.F. funds coupled with unspecific promises of more foreign direct investment doesn't seem to work nearly as well. The creation of the Free Trade Area of the Americas, FTAA, on the other hand, just might. The FTAA—assuming for the moment that Brazil joined, which does not seem to be in the cards—would have a market of 800 million people in 34 countries with a combined gross domestic product of 14 trillion dollars.

Surprisingly, the establishment of the FTAA remains more in doubt due to the lack of response from Latin American governments than from the U.S itself. And while it is true that clearer signals about its desirability are needed from the U.S. government—along with dropping its insistence on protectionist measures in agricultural and steel sectors which present a major difficulty for countries whose exports depend heavily on those goods—Latin Americans could not have received a bigger sign than they got on September 11, 2002, when President Bush obtained fast-track authorization to establish the FTAA by 2005. Amazingly, the approval didn't generate any real enthusiasm in most of the countries in the region.

It's difficult to believe that there is any country that would not want to be closer to the U.S. market, the richest in the world. But such seems to be the case in Latin America. Why? Its prime location in the neighborhood of the U.S. has proven problematic for many in the region, foremost among them Mexico. A frequent Mexican lament goes, "Poor Mexico, so far away from God, and so close to the United States." Finally Mexicans have discovered the value of their address, something Canadians came to

understand many years ago and have profited from ever since without losing, but rather strengthening their sovereignty.

We must make the most of this opportunity to bind our economies closer together, not just to the USA, in order to promote growth across the region. Economic co-operation can and usually does lead to enhanced political co-operation: a goal that should be a matter of urgency for Governments concerned about the immediate threat from terrorism and insurgents from Mexico to Colombia.

## **CONCLUSION**

The post 9/11 world is a very scary place. The emergence of global terrorism of a meta-political character, lately embodied by Osama Bin-Laden and Al-Qaeda, calls for the full cooperation of all the states to confront the threat. Even though the vast majority of Latin Americans live in a rather quiet corner of the post 9/11 world, in this regard, recent events have demonstrated how countries can be unwittingly used as a safe havens or logistical centers where dirty monies are stashed, laundered and used for terrorist purposes.

The difficulty of the challenge is compounded, for most Latin American states, by economic woes that have buffeted their economies and helped to erode popular trust in government. For some Latin Americans, of course, terrorism is a fearsome daily presence in their lives. The Colombian rebel organizations are well financed and tied into an international network. They represent a direct challenge not only to Colombia but also to neighboring communities and states. Despite this, only the United States has made a priority of helping Colombia deal with the conflict. Other Latin American nations must step-up and meet that challenge as well.

Multilateralism is both an opportunity and a responsibility. The existing institutions do not always work smoothly, and states do not always meet their responsibilities as members of the international community. However, because our needs are not being met

in one forum does not mean that they should not be met at all. Some problems require common solutions, and we must find ways of dealing with them. In Latin America we must recognize that co-operation between nations is not only often preferable to intervention by the USA or UN but in some cases is essential for the benefit of all Latin Americans.

Colombia is a prime example. Regardless of the resources committed by the US, without active co-operation by Colombia's neighbors the terrorist networks and drug trafficking will survive.

Economic stability is another. Encouraging free-trade within the region and within the hemisphere under the FTAA is a historic opportunity and should be pushed forward urgently. One only needs to look to the EU to glimpse what economic prizes may be ahead.

For its part the US has a major and challenging responsibility, specifically to help to reconfigure and energize real multilateral and regional solutions. It needs to recall the lessons that once moved it to push for the creation of the League of Nations and the United Nations, namely that the unilateralism of the European powers, which had caused the world's worst conflicts, had to end at the time when the U.S. had to intervene militarily in Europe to rescue the Europeans from the consequences of their own policies. The new strategic environment places terrorism at the top of the international agenda. Latin America cannot avoid the fact and must take the initiative on issues of security and terror that are high priority for the U.S. after 9/11. The second lesson is that no state is alone and no state can face these challenges alone. Regional and international co-operation is urgently needed to insure that international institutions represent the region's multiple interests, and help to coordinate action against problems at the top of the US agenda, such as terrorism, and those at the top of the Latin American one, such as financial and political instability.

**Diego Arria**

October, 2002