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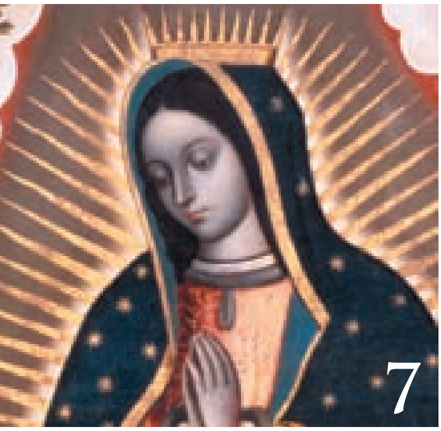

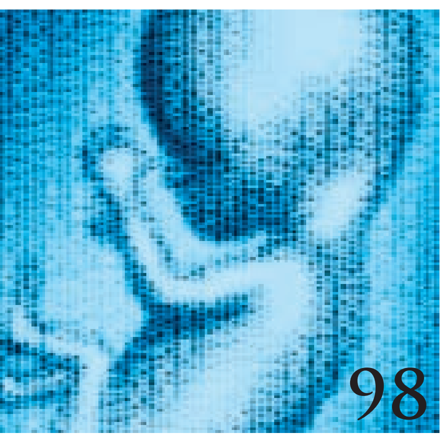

AFTER BUSH, CONT'D

REVIEWS

NOTES & LETTERS

Left Behind?

Latin America in a Globalized World

Miguel Angel Centeno

Immediate disasters like Iraq and the prospect of $100-per-barrel oil have a way of making us pay attention to the short term. If we think about it a bit, however, we see that the major challenges ahead for American foreign policy derive from the longer-term vicissitudes of what we call in shorthand "globalization." A much-abused term, globalization refers to the accelerating integration of global production, commerce and finance, and to the social and cultural changes that inevitably accompany it. In barely two decades of its contemporary form, globalization has already shifted the social and political power bases within and among nations in unpredictable ways.

Clearly, the rules of global power are changing, but we cling to the old habits of classical diplomacy: We still define foreign policy in state power-centric terms that focus on regime leaderships in capital cities; still measure the importance of any society to American interests in terms of GDP and nuclear megatonnage; still see the world as driven by Westphalian units and dynamics. The maps in our heads are still of nations within borders, not of societies interacting on a worldwide scale faster than we can understand.

Within this classic diplomatic perspective, the current U.S. neglect of Latin America makes perfect sense. The asymmetry of wealth and power makes it difficult for Washington to take Latin American concerns seriously. So far, the costs to the United States of this policy have been nil. In a world of many problems and limited time, why worry about the apparently unimportant or the clearly insignificant?

Despite its apparent marginality, however, Latin America could become central to the strategic global goals of the United States in the 21st century. In a globalized world of competitive markets and unexpected catastrophes, Latin America may be as important to long-term American interests as even its Pacific and Atlantic alliances. Latin America constitutes a very valuable long-term asset for the United States; treating the continent as an afterthought would be irresponsible not only for often-cited moral reasons, but for quite self-interested ones, as well.

Obviously, some old rules still apply. Metternichian strategies will never be superfluous, yet as successful as Metternich himself was in managing the Concert of Europe, in the end he was deposed by a Viennese mob whose habits of mind and manner he both disdained and ignored. U.S. leaders need not worry over cobblestone barricades and bloody red flags, but a globalizing 21st century is bound to produce changes as subversive to traditional concepts of power as did a nationalist and revolutionist 19th. It is already doing so with alacrity in much of Latin America.

Globalization, in essence, is writing new chapters in that nationalist and revolutionist saga, albeit with some unpredictable twists. Globalization democratizes human ambition and efficacy, and by so doing it erodes the control of legacy institutions of all kinds. By creating complex interdependencies, globalization allows the weak to stymie the strong. Until

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fairly recently, major powers could safely disregard global pigmies; as Richard Nixon once so concisely put it, nobody needed to "give a shit about the lira." Today, however, we have to give a shit about even rudimentary WMD capabilities in states as weak as North Korea and Syria, and about outbreaks of serious disease, market fluctuations and waves of refugees in any of over a hundred countries. As globalization democratizes it binds us together; we increasingly share each other's afflictions, whether we like it or not.

Ethical considerations aside, the vital national interests of the United States, understood in the most cold-blooded of terms, require us to pay more attention to the apparently marginal countries and peoples of the world. Political and economic causality no longer flows overwhelmingly from core to periphery, from "us" to "them": Globalization is making the process much more symmetrical. Consequently, globalization should drive us to revise the assumptions guiding policy toward any major part of the world—Latin America very much included. What would such a revision look like?

The Marginal Continent?

What justifies neglect of Latin America, viewed in light of conventional, power-centric diplomacy? Plenty. The region remains a relatively minor global economic player. Despite recent growth, its share of global GDP is less than 6 percent. It is in the worst of possible situations as regards trade: largely dependent on exports of primary products but without a strategic monopoly on any of them. Latin America neither sells much of what the world buys, nor buys much of what the world sells. Even with the world's largest economy next door, the region (excluding Mexico) only accounts for roughly 8 percent of U.S. exports and 13 percent of U.S. imports.

Nor is Latin America a critical military or strategic challenge. None of the countries in the region has anything resembling a global military capacity. Cuba's exaggerated claim to some strategic importance disappeared with the Cold War. The region's geographical isolation means that it is not even close to anyplace important. To paraphrase Henry Kissinger's famous quip about Chile, Latin America is a "dagger pointed at the heart of Antarctica."

True, Latin America has been the (often unwelcome) object of North American attentions at various times, but now it has been relegated to something of an afterthought. There is still the ritualistic discourse about Cuba, of course, but the very fact that a small island with a collapsed economy is at the heart of U.S. foreign policy toward the entire region itself says a great deal. Even occasional denunciations of Hugo Chávez have something of a half-hearted air about them; we may not like him, but he's really too silly to worry about.

How is Latin America likely to become an asset to the United States? First, its mere quiescence will spare the United States the burdens of contiguous instability; Latin America's descent into chaos, should that occur, could not but affect North America. Second, the future of advanced economies is more than ever before predicated on the success of developing societies, and hemispheric growth is destined to make the United States wealthier and more powerful. The United States simply cannot afford to ignore Latin America's long slide into global marginality. We have a major stake now in a positive trajectory for Latin America.

That positive trajectory will not form without U.S. engagement. Consider the secular trends: Whereas in the 19th century Latin America was arguably the richest frontier of nascent global capitalism, its growth has not kept up with that of other developing countries. Combined with the continuing inequality of its wealth, this means that the relative weight of Latin American markets has declined. While Latin America was the intellectual home of many policy initiatives during the 20th century, and was in many ways in the forefront of the revolutionary Left, it now seems intellectually exhausted. There are no signs of the kind of cultural energy and creativity of the early and mid-20th century. The political rhetoric coming out of much of the continent seems practically a parody of its historical predecessors.

Obviously, each country has its particular challenges and opportunities. Chile and Costa Rica are well positioned to continue their 150-year exceptionalism, and be the first countries in Latin America to leap into the developed-country category. While Costa Rica will not reach this goal in the next thirty years, Chile might. In both cases, the foundations of both democracy and the market appear solid. Their relatively small size, however, will limit their gravitational pull on the rest of the region, which shares a series of problems the United States cannot ignore. These have to do with a legacy of missed opportunities, the problem of order and the simple fact that we are geographically bound together. Consider first a major player, Brazil.

Brazil is increasingly coming to play the important continental role many have predicted for a hundred years. Its centrality as a market for the regional economies has given it a dominant voice in continental policy fora, and its partnership with Argentina has allowed it to speak with the added weight of Mercosur without a significant dilution of its autonomy. While it does not appear to have any territorial ambitions, Brazil's developing military capacity will also make it more of a central player in redefining regional political life.

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Nonetheless, Brazil is likely to forever remain the country of the future. First, its economy has suffered from too many oscillations in the past few decades not to be constrained by significant uncertainties. There is still the possibility of a return to high inflation or a severe economic downturn. While democracy is well established and the military will not return to power, enough underlying conflict remains as to make lasting social peace unattainable. Brazil is the most unequal country in the most unequal region on earth. Most of its cities suffer from an extreme version of the urban violence plaguing other parts of Latin America. Until these domestic issues are ameliorated, Brazil's potential will be constrained.

Why should U.S. leaders care? Because Brazil may be the most neglected prize of all in the global search for markets and resources. With a population of almost 200 million, Brazil could represent a critical export market for the United States. (It currently accounts for only $20 billion in U.S. exports, less than what we sell to tiny Belgium, population 10.5 million). The United States and Brazil also share significant demographic and historical parallels as the two largest multiracial societies in the world, yet there is minimal cultural contact: Antonio Carlos Jobim, Jorge Amado and João Gilberto are probably the only Brazilian artists that even cosmopolitan Americans could name. What any American knows about Brazil is largely limited to media depictions of Pelé, Carnevale in Rio de Janeiro, or the gritty urban slum life of Paulo Lins' *City of God*. Certainly, few flyers realize how often they may be riding on jets manufactured by Embraer, the Brazilian aerospace conglomerate. Student flows, so critical to the integration of societies over the past five decades, remain small. And the number of Americans studying Portuguese is roughly the same as those studying modern Hebrew, which is spoken as a native language by only about five million people.

Brazil is obviously not the only overlooked opening. Venezuela, Colombia and Argentina, three relatively wealthy economies, represent a potential market of 100 million consumers, but altogether they account for a slice of the export pie to the United States roughly equal to Australia's. Overall, South America buys less than a quarter of what western Europe buys with more or less the same population. The obvious difference is wealth. South America's regional GDP is just more than $1 trillion, less than a tenth that of western Europe. Combined with sharply unequal income distributions, this means that only a small percentage of the population can purchase global goods at any significant level. If we use Internet penetration as an index of the capacity to consume globally, only 20 percent of Latin American households are potential consumers. The United States can either leave the remaining 80 percent to fester as subjects of anthropological study, or it can wake up to the potential on its doorstep.

The possibilities for growth in the Latin American market are huge, and the United

States still enjoys significant advantages in both supporting and benefiting from Latin American successes. Again, the future growth of the American economy depends mainly on interactions with the growing parts of the developing world, and compared to Africa and Asia, Latin America is the obvious and natural complement to North America.

There is, of course, the issue of distance. The underdevelopment of the north-south transportation infrastructure has created a bottleneck for North American business, but this problem can and should be solved. Overall, the region remains inexorably tied to the U.S. economy. Despite the anti-American rhetoric from Caracas, for example, Venezuela sends 58 percent of its exports to, and buys 29 percent of its imports from, the United States. The much-heralded arrival of China as a major buyer changes less than it seems. China is almost exclusively interested in buying primary products, and because of the distances involved, its percentage of trade remains low compared to the United States. Overall, the United States buys 47 percent of Latin America's exports, compared with China's 4.1 percent, and it sends the region 37.7 percent of its imports, compared with China's 4.7 percent.

Global strategy also requires ensuring the free flow of critical commodities. In terms of resources, 60 percent of Latin America's exports to the United States are primary minerals, and much of the rest consists of agricultural products. Except for copper and oil, the region does not account for a major percentage of American purchases of any strategic commodity, but it is becoming an important part of a global food chain. The strategic importance of Venezuela for American oil imports is obvious and accounts for the saber-rattling of late. Brazil's development of biofuels and its enormous agricultural capacity could also make it an important source of energy imports. The possibility of new oil discoveries makes it even more significant.

While Latin America cannot claim the strategic export significance of the Middle East, it does provide an important lifeline in critical areas. In the longer term, Latin America also possesses a disproportionate share of a critical international resource: 42 percent of the world's renewable water resources and a third of the world's annual rainfall. As a strategic resource, water could one day make the continent the next Middle East, with Brazil becoming the next Saudi Arabia.

If the Center Cannot Hold

If Latin America is an undervalued resource, it also represents an underappreciated threat to the United States. Obviously, the threat is not one of military invasion from states often unable to project force even within their own borders. The real threat is one of chaotic and catalytic violence. The internal security of the region, understood not in ideological, Cold War terms but as one of basic order, should be a major strategic concern of the United States.

Much of Latin America is characterized by the fragmentation of power, particularly political authority. The political situation in Latin America today can best be understood outside of the realm of "official" politics. Except in a few cases, the region's political parties remain under-institutionalized and often irrelevant in national politics. The parties' decline has been accompanied by the rise of political movements outside traditional institutions. In Brazil political movements made up of landless workers, as well as the *favela* gangs that rule urban shanty towns, regularly challenge state authority. In Argentina organized groups of protestors known as *piqueteros* became important political players beginning in the 1990s, and formed a crucial part of President Néstor Kirchner's coalition. In Ecuador, voices from the street have shouted several presidents out of power, and the same could be said for Bolivia. Less dramatically, groups representing environmental interests, ethnicities and women have become ever more critical players in the political stability of each Latin American country. To these groups we could add the increasingly important role of immigrant communities, not just as sources of income but as pressure groups working both inside and outside their home countries.

U.S. policymakers continue to perceive these social and political movements in terms of which group or ideology will control the state. But in practically every case, the viability of the state itself as a political institution represents the most critical political challenge. Following Samuel Huntington, the issue of who holds power may be less important than the question of whether there is any power to hold. The inability of most Latin American states to rule effectively has been nearly constant since independence. Lacking a shared ethnic identity, deep institutional roots or historical legitimacy, the majority of these states have been frustrated leviathans. The more recent combination of frantic urbanization, debt crisis, neoliberalism and the rise of industrial-scale narcotrafficking have further contributed to the "de-institutionalization" of the state.

Nowhere is this clearer than in the recurring battles between central powers and provincial authorities in nearly every Latin American country. American policy errs if it assumes that policies dictated in national capitals have relevance for entire countries. This has never been the case in most of Latin America. From fiscal to environmental policy, outside diplomats must deal with a myriad of political authorities to get anything done in the region, and even that is not always enough.

Reuters/Daniel Leclair

A Mayan during a demonstration in Guatemala City

Of more immediate concern is the fact that large parts of the region are "no go" zones for government authority, whether in the uniform of a policeman, postal worker or garbage man. The insecurity accompanying this institutional failure is no longer purely a social problem, but one that daily undermines political authority: The weakness of formal authority makes it harder for the state to provide the services that could win it legitimacy and support. The retreat of the state from a variety of its traditional duties makes the appeal of social movements and other agglomerations of power ever more attractive, since they often actually get things done.

In societies such as Guatemala and El Salvador (and perhaps soon Peru and Ecuador, as well), the collapse of political authority is driven by extreme political instability combined with regional, class and racial divides. Add to this mix the lack of any institutions enjoying broad-based trust, and you have the perfect scenario for a spectacular collapse.

Bolivia is in many ways the preeminent example of the challenges facing Latin American societies. On the one hand, the election of Evo Morales represents a first step toward integrating an historically exploited population into significant economic and political roles. On the other, the backlash from the wealthier, "European" crescent of Santa Cruz province and similar areas—not to mention the misfortune of having the natural distribution of wealth parallel racial and ideological lines—may limit any group's ability to create a new sense of collective national identity and purpose. Bolivia's choice, between risking civil war defined by race and class and civil war defined by region, is not a happy one.

Again, why should U.S. leaders care? Given the relatively small role the continent plays in the American economy, does it really matter what goes on outside of oil and gas terminals and similar key sites? It does if we look at the region's consumer potential. It is now widely accepted that social order and stability are practical prerequisites for economic development. If the United States hopes to sell more to the region, and if it wishes to extend its infrastructural ties to it, then U.S. policymakers need to be concerned with future growth and hence basic issues of public order.

The more urgent concern for the United States, however, is the fact that Latin America's social and political chaos can no longer be easily isolated or contained. The very structures that have allowed for the creation of a global consumer class, and that have led to significant improvements in the American standard of living, have brought with them their own "Trojan horses." In the case of Latin America, this baggage largely takes the form of immigrants. On the whole, immigration is good for the United States, for both economic and cultural reasons, but no rich society can sanction an unregulated flow of persons from poorer countries across its borders. Latin America's chronic problems push populations toward the Rio Grande. If the United States wishes to manage this flow, it must have partners on the other side of the border who can meaningfully participate in the regulation. Otherwise, the United States risks importing Latin America's social problems along with its labor.

Two examples are enough to illustrate the issue, the first already an issue, the second potentially posing a problem in the future. The flow of labor to and from Central America has been accompanied by the rise of ultra-violent, transnational gangs with impressive financial and military resources who traffic in drugs, guns and human lives. While the United States can ignore the collapse of public safety in Managua or San Salvador, it cannot do so in Los Angeles. The inability of state institutions in Latin America to protect their own streets inexorably means that American police will end up carrying some of the burden.

The second threat involves public health. Different diseases afflict different regions of the world, and the importation of disease vectors for which the United States is not prepared could wreak havoc in American society. As with crime, the dearth of effective partners south of the border makes our own nation's health more precarious. If we wish to secure the health of the United States, we need to help secure the health of Lima and Mexico City.

Neighbor or Family?

Because of its geographical position as part of North America, Mexico exemplifies and magnifies all the foregoing analysis. From the Mexican side, integration with the American economy is massive: The United States accounts for 85 percent of Mexican exports and 60 percent of its imports. For many Mexican provinces, the American market as a whole is more important than it is for some U.S. states. The flow of remittances (close to $20 billion every year) makes the United States an even more central player in the Mexican economy.

This is not a one-way phenomenon. Mexico is America's third-largest import market and its second-largest export market. It accounts for almost the same share of American trade as Taiwan, Korea, Germany and the United Kingdom *combined*. Mexican factories and farms have become so integrated into American production that the U.S. economy might not long survive a closing of the border. Mexican immigrants not only help run the economy; with their higher birth rates, they may also hold the demographic key to the long-term viability of the Baby Boomers' pensions.

Mexico's continuing assimilation into the U.S. economic ambit has been remarkably beneficial, but this integration is also driving the depopulation of the countryside, further fueling migration to Mexican cities and toward the U.S. border. As with other countries in Latin America, we can speak of at least two Mexicos. The northern states are already beginning to approach the lower levels of the American standard of living, but the disparities between Nuevo León and Chiapas, or Chihuahua and Oaxaca, are increasing. Driving through any Mexican city, one can find social divides as stark as that which exists between the two sides of the border. Regional and class inequalities will constrain Mexico's potential as a market and will raise the social stakes of political outcomes.

The remarkable success of the Mexican transition to democracy, which has been relatively unappreciated in the United States, has been hampered by a relative decline in the significance of the presidency. Again, as has happened throughout the continent, presidential writ in

Mexico is not what it once was, and efforts are afoot to diminish it still further. Regional elites retain the ability to defy the central government, and social movements can paralyze the capital. Most troubling, the state's monopoly on violence is far from assured. Threats come from two sources. The less urgent threat stems from ideologically driven movements such as the EPR (Ejército Popular Revolucionario) or the Zapatistas. The greatest threat, however, lies in the ability of criminal gangs to outgun the military, or to totally corrupt local and national police forces.

The length and porosity of the U.S.-Mexican border doom any effort to wall ourselves off from these threats. Even if we accepted the disastrous costs to the American economy of sealing the border with Mexico, it is logistically impossible to do so. The United States cannot make Mexico "go away" with a wall. The two countries are in effect common law spouses; divorce is now out of the question. The real issue, as with the rest of the continent, is how to preserve and improve the marriage.

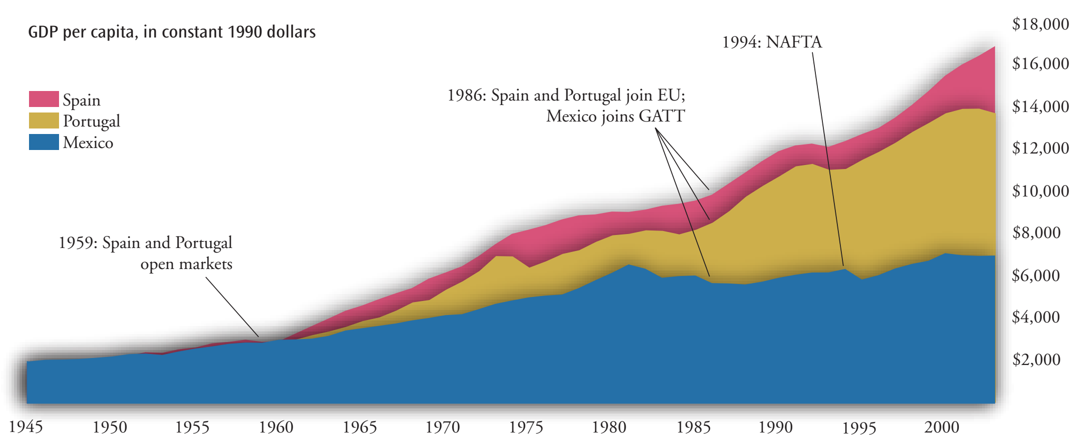
What Washington Can Do

What can the United States do to improve its strategic position in the region? There is always the fantasy of a Latin American "Marshall Plan", but the likelihood of this is nil (even if the analogy made any sense). A better analogy comes to us from the European Union.

Comparing the basic EU model with NAFTA is revealing. While the latter focuses almost exclusively on freeing trade, the former features significant assistance for poorer members within a broader labor market. The different fates of the Iberian Peninsula and Mexico during their first decades in the EU and NAFTA, respectively, are both startling and telling. From 1986 to 1996, the ratio of Spain and Portugal's GDP to the rest of western Europe improved significantly, while from 1994 to 2004 Mexico actually lost ground against the United States. Imagine our reaction to a 1970s European Common Market that neglected the dictatorships of the Mediterranean; that only sought to ensure access to cheap labor and coastal vacation spots; that spent little or no effort to provide incentives for better governance. Sounds like NAFTA, doesn't it?

The United States need not budget direct aid to Latin America beyond its pitifully small non-military assistance. Simply letting the continent find its niche in a globalized world would suffice. Latin America represents a spectacular case of the contradictions within the American approach to globalization. We want one global market, but only on our terms. U.S. trade policy actively frustrates the integration of the New World into a globalized economy, and Washington need only desist in these efforts to make a valuable contribution.

But we could do much more than that. Aside from simply avoiding the negative, we could pioneer a bold, positive relationship with Latin America. Together with Canada, the United States could propose, in effect, a New World Economic Union (NWEU) with acces-



Source: Groningen Growth & Development Centre sion criteria roughly similar to that of the European Union.[1] The United States and Canada together could propose to every Latin American government that if it meets these criteria, our markets—including labor markets—will be integrated with theirs. The criteria would include reasonable health, labor and environmental standards such that domestic U.S. constituencies would have no just complaint about a "race to the bottom." We could propose as well, as others have suggested, a form of transnational labor citizenship in which essentially a union structure helps to manage labor flows and conditions.[2]

Obviously, a NWEC would not be aimed ultimately at creating a unified federal entity, as is the EU's ambition, and sensitivity to any presumption of North American cultural superiority would have to be applied. Nevertheless, such an arrangement could be far more effective than a very limited instrument like NAFTA, and the more effectively such an arrangement promoted economic growth and political stability in Latin America, the more it would promote long-term U.S. interests as well.

If something like a New World Economic Union is still a bridge too far, at the very least we might overcome our nearsightedness about our own long-term interests with regard to trade policy. We should put an end to U.S. policies intended to frustrate regional integration that does not include us. U.S. concern over the creation of an EU-type challenger to American hegemony in the Western Hemisphere is strategically mistaken. Latin American countries (even those in Mercosur) remain relatively isolated actors. Each deals with the global market at a significant disadvantage of scale and scope. One indicator of the limited success of regionalization is the fact that the share of Latin American trade that occurs within the continent has remained fairly constant at around one fourth. This compares to an equivalent measure of three fourths for Europe and more than half for North America (including Mexico). Given the potential consumer markets discussed above and the potential significance of Latin American resources, U.S. policy should encourage any form of integration that will help the continent grow.

Not only do we insist on being the star of any trade show, we then set limits on what others can sell us. Domestic politics frustrate regional efforts to do what the United States has persistently counseled: obtain a better position in world markets. Tariffs, anti-dumping penalties and domestic subsidies hamper the development of Latin American industrial and agricultural sectors and turn us into full-blown hypocrites. We have told Brazil, for example, that if it played by the rules and became internationally competitive, we would open our markets to its companies. To a considerable extent, Brazil did that. Then we changed our mind when it became a little *too* competitive for our tastes.

As the debates over NAFTA and CAFTA have demonstrated, selling the long-term benefits of trade shifts is not easy. But the strategic interests of the United States in the region require that someone do so, no matter his or her political stripes.

It is too early to tell whether the immigration debates of the past two years are the product of a temporary nativist backlash, or whether the traditional American policy of relatively easy (if illegal) access will continue. Should the U.S. government decide to limit the flow of Latin Americans on a systematic basis, it could have disastrous effects on the region in a variety of ways. First, the corresponding short- to long-term decline in remittances would have strong negative effects in certain countries, particularly in the middle-income sectors that are arguably the most likely to emigrate. This would have damaging implications for both poverty and inequality on the continent, and could result in significant political unrest.

On the other hand, consider what the Unit-

[1]For a North American equivalent, see the report from the Council on Foreign Relations, "Building a North American Community"; and Congressman David Bonior's proposals for a North American Parliamentary Union.

[2]See Lawrence Downes' description of a proposal by Jennifer Gordon of the Fordham Law School in "Worker Solidarity Doesn't Have to Stop at the Rio Grande", *New York Times*, September 30, 2007.

ed States would gain by allowing a freer flow of migrants. We would receive a greater share of the best educated and most entrepreneurial of Latin Americans. As practically the only people in the United States who save money, they use their accumulated capital to invest and foster growth in markets in which we have a strategic interest. Their contributions to Social Security help maintain a set of services that they are unlikely to use. Obviously, there are domestic constituencies that oppose an open migration policy, and advocating it will consume political capital, but isn't the preservation of long-term U.S. global interests worth a few congressional seats?

As for the danger of social chaos, it appears that the United States can do little to help Latin American societies except to encourage development and growth. But it is on this score that the strategic concerns of the United States are being most undermined by American foreign policy. First, we have retained the Cold War fear of anyone who speaks with a populist accent or uses anti-American rhetoric. Our response to political de-institutionalization has been to continue supporting the very class of politician that has failed to solidify competent authority for two centuries. We retain something of an atavistic preference for those who will instill "discipline." Why not allow the region to find its own political voice? The best thing U.S. policymakers could do for Latin American democracy is to stop telling the region what governments it should have, including in Cuba.

Perhaps even worse than our ham-fisted interference is our arrogant insistence that Latin America assume responsibility for our addictions. The fragility of Latin American governmental institutions and the strength of those who would undermine them are both fed by the illegal drug trade. The United States has forced Latin America to expend all possible capital in the futile "war on drugs", with the result that we have in effect made the region our codependent.

This has led to the virtual destruction of the regional justice system and the narcoization of large parts of several Latin American economies. The domestic and international drug trades are the most profitable criminal enterprises undermining social order. Colombia's FARC would be a mere irritant were it not for drug money, while the gangs that threaten public safety in almost every Latin American city are fed by it. The corruption that eats away at whatever institutional authority remains in Latin America stems from drugs. The continent's remaining political capital is being consumed by them.

The American response to all of this has been a trifling number of dollars and the humiliating exercise of annual "report cards" from the State Department's Bureau of International Narcotics and Law Enforcement Affairs. Latin American presidents want to discuss trade and migration; we keep asking how many kilos they busted yesterday. The myopia of this policy is astounding. We are actively engaged in frustrating the political, social and economic development of the one region in the world where we enjoy a natural advantage. Nothing would bring more positive change to Latin America than the decriminalization of drug use (not necessarily sales) in the United States, or at least a shift in policy focus from constraining supply to limiting demand.

The U.S. position on free trade, migration and drugs reveals the contradictions of U.S. policies toward globalization. We want Brazilian and Honduran consumers, but not their frozen orange juice, T-shirts or ethanol. We claim to support the rise of a Latin American middle class, but we frustrate the labor movements that would raise regional wages. We want to sell Marlboros and Budweiser, but not buy coke or pot.

Instead of producing the desired results, our insistence that Latin Americans help us with *our* domestic problems of employment and drugs merely undermines longer-term U.S. interests in a region that strategically may be the most important to us in coming years. If we are serious about adapting U.S. foreign policy to the new global age we must recognize the limits and costs of old approaches and start thinking about what it will take to create new ones. Things are changing in Latin America, and we cannot stop them. Our only choice concerns the direction of change. We will live to regret a policy of abdication.