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CLOSE HOLD

WHITE HOUSE STAFFING MEMORANDUM

DATE: 9/15/97 ACTION/CONCURRENCE/COMMENT DUE BY: 9/15/97 3:00 pm

SUBJECT: FAST TRACK DRAFT LEGISLATION

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	✓	☐	McCURRY	☐	✓
BOWLES	✓	☐	McGINTY	✓	☐
McLARTY	☐	☐	NASH	☐	☐
PODESTA	✓	☐	RADD	✓	☐
MATHEWS	✓	☐	REED	✓	☐
RAINES	☐	☐	RUFF	✓	☐
BLUMENTHAL	✓	☐	SMITH	☐	☐
BERGER	✓	☐	SOSNIK	✓	☐
ECHAVESTE	✓	☐	SPERLING	✓	☐
EMANUEL	✓	☐	STREETT	☐	☐
GIBBONS	☐	☐	TARULLO	✓	☐
HILLEY	✓	☐	VERVEER	☐	☐
IBARRA	☐	☐	WALDMAN	☐	☐
KLAIN	☐	☐	YELLEN	☐	☐
LEWIS	✓	☐	BEGALA	✓	☐
LINDSEY	✓	☐	Jay Berman	✓	☐
MARSHALL	✓	☐	Susan Brophy	✓	☐
			Tony Blinken	✓	☐

REMARKS: COMMENTS TO KEN FREIBERG AT USTR

RESPONSE: 395-9631

CLOSE HOLD

Staff Secretary
Ext. 6-2702

TO THE CONGRESS OF THE UNITED STATES:

I am pleased to transmit a legislative proposal entitled the "Export Expansion and Reciprocal Trade Agreements Act of 1997." Also transmitted is a section-by-section analysis.

This proposal would renew over 60 years of cooperation between the Congress and the Executive Branch in the negotiation and implementation of market-opening trade agreements for the benefit of American workers and companies.

The sustained, robust performance of our economy over the past five years is powerful proof that Congressional-Executive cooperation works. We have made great strides together. We have invested in education and in health care for the American people. We have achieved an historic balanced budget agreement. At the same time, we have put in place trade agreements that have lowered barriers to American products and services around the world.

Our companies, farms, and working people have responded. Our economy has produced more jobs, more growth, and greater economic stability than at any time in decades. It has also generated more exports than ever before. Indeed, America's remarkable economic performance over the past five years has been fueled in significant part by the strength of our dynamic export sector. Fully 96 percent of the world's consumers live outside the United States. Many of our greatest sales opportunities today lie outside our borders. The future promises still greater opportunities.

Many foreign markets, especially in the developing world, are growing at tremendous rates. Latin American and Asian economies, for example, are expected to expand at three times the rate of the U.S. economy over the coming years. Consumers and industries in these countries prize American goods, farm products, and services, and the many expressions of American ingenuity and culture. While America is the world's greatest exporting nation, we need to do more if we want to continue to expand our own economy and produce good, high-wage jobs for our children.

We have made real progress in breaking down barriers to American products around the world, particularly in developed countries like those in Europe. But many of the nations with the highest growth rates are in the developing world, and they almost invariably impose far higher trade barriers than we do. We need to level the trade playing field with those countries. They are the nations whose markets hold the greatest potential for American workers and firms.

Today, the United States is the world's strongest competitor. The strength of the U.S. economy over the past several years is testimony to the creativity, productivity, and ingenuity of American firms and workers. We cannot afford to squander our great advantages by retreating to the sidelines and watching other countries conclude preferential trade deals that shut out our goods and services. Over twenty such agreements have been concluded in Latin America and Asia since 1992. The United States must continue to shape and direct world trade to our advantage, and to foster democracy and stability around the world.

I have pledged my Administration to this task, but I cannot fully succeed without the Congress at my side. We must work in partnership, together with the American people, in securing our country's future. The United States must be united when we sit down at the negotiating table. Our trading partners will only negotiate with one America -- not first with an American President and next with an American Congress.

The proposal I am sending you today ensures that the Congress will be a full partner in setting negotiating objectives, establishing trade priorities, and in gaining the greatest possible benefits through our trade agreements. The proposal goes well beyond any previous fast-track legislation in ensuring that the Congress is fully apprised and actively consulted throughout the negotiating process. I am convinced that this collaboration will strengthen both America's effectiveness and leverage at the bargaining table.

Widening the scope of consultations will also help ensure that we will take all of America's vital interests into account. That is particularly important because today our trade agreements address a wider range of activities than they one did. As we move forward with our trade agenda, we must continue to honor and reinforce the other values that make America an example for the world. I count chief among these values America's long-standing concern for the rights of workers and for the environment. The proposal I am transmitting to you recognizes the importance of those concerns. It makes clear that the trade agreements we conclude will complement and reinforce those values.

Ever since President Roosevelt proposed and the Congress enacted America's first reciprocal trade act in the heart of the Great Depression, the Congress and the President have been united, on a bipartisan basis, in supporting a fair and open trading system. Our predecessors learned from direct experience the path to America's prosperity. We owe much of our own prosperity to their wisdom. I urge the Congress to renew our long-standing partnership by approving the proposal I have transmitted today.

Section-by-Section Analysis

Section 1. Short Title.

Section 2. Negotiating Objectives.

Section 2 of the proposal sets out the "overall" and "principal" objectives that will guide the President in negotiating future trade agreements covered by the proposal. This format parallels that of section 1101 of the Omnibus Trade and Competitiveness Act of 1988, which in turn was based on a similar structure in the Trade Act of 1974.

In order for a trade agreement to qualify for fast-track treatment, it must make progress toward one or more of the principal objectives set out in section 2(b). These objectives address, among other subjects, agricultural exports, intellectual property, the protection of worker rights and the environment under the World Trade Organization, trade in services, U.S. foreign investment, and specific barriers to trade, including foreign government policies and practices directly related to trade.

Section 2(c) calls on U.S. negotiators to take important domestic policy objectives, such as the protection of human health and the environment and national security, into account when negotiating fast track trade agreements. Negotiators are also instructed to ensure that the United States will retain the ability to vigorously enforce U.S. trade laws and that official Congressional advisors are kept fully informed during the course of trade negotiations.

Section 3. Proclamation Authority and Fast-Track Implementing Proposals.

Section 3(a) provides the President with authority to reduce U.S. tariff rates -- without seeking further approval from the Congress -- in return for concessions from U.S. trading partners. Much of the language on this subject is derived from earlier versions of tariff proclamation authority, with antecedents dating back to the mid-1930s. The proposal adds a provision that will allow the President to implement new sectoral tariff harmonization or elimination agreements under the World Trade Organization, subject to a Congressional notice and layover requirement. The proposal also permits the President to carry out tariff elimination and harmonization agreements, subject to notice and layover, concluded as an interim step towards a regional free-trade arrangement.

Section 3(b) provides that the President may negotiate and bring back to the Congress for approval and implementation under the fast track procedures set out in section 151 of the Trade Act of 1974 certain trade agreements addressing non-tariff barriers or both non-tariff and tariff barriers. Those procedures call for the Congress to vote on agreements and their implementing legislation without amendment and within a fixed period. Changes in U.S. law required to carry out a trade agreement may be included in fast track implementing legislation only if the changes are both necessary or appropriate to implement the agreement and are trade-related. For an implementing bill to be subject to fast-track Congressional review, the President must adhere to numerous notice and consultation requirements included in the proposal.

Under the proposal, the President's tariff proclamation authority, as well as fast track procedures for implementing legislation, will be in effect until October 1, 2001. On request from the President, proclamation authority and fast track procedures may be extended until October 1, 2005, subject to disapproval by either House of Congress.

Sections 4 and 5. Notice, Consultations, and Implementation.

Sections 4 and 5 contain a number of provisions requiring the President to notify and consult with the Congress before and during trade negotiations. These provisions ensure that the Congress is fully integrated into the formulation of U.S. goals, strategies, and decision-making for each trade negotiation. Section 5 establishes an expedited procedure for Congress to withdraw fast track if it finds that the Administration is not adequately consulting the Congress on trade negotiations.

A number of the notice and consultation requirements included in sections 4 and 5 are drawn from equivalent provisions in the Omnibus Trade and Competitiveness Act of 1988. For example, the President must provide advance notice to the Congress before initiating a negotiation and must consult with the Congress before an agreement is concluded. The President must also describe in detail at the time he submits implementing legislation to the Congress how he intends to use existing regulatory and administrative authority to carry out the agreement.

The proposal also provides for Congress and the President to receive advice from the relevant private sector advisory committees concerning any agreement that the President has negotiated -- before it is signed. The advisory committees cover a broad range of sectors and policy matters, including manufactured goods, agricultural commodities, services, intellectual property, labor, and the environment. Under existing law, the President must also consult with these committees regarding his objectives and bargaining positions in the negotiations. In addition, in advance of the negotiations, the President must solicit advice from the United States International Trade Commission, as well as views from the public, concerning any U.S. tariff reductions contemplated in the negotiations.

The proposal adds new consultation requirements to further enhance Congressional oversight of the negotiation process. For example, the President must spell out for the Congress before negotiations begin his principal negotiating objectives and is required to consult with the Congress over the course of the negotiations. In addition, the President must inform the Congress of any other agreements he intends to conclude and must state whether the trade agreement will require implementing legislation in addition to that subject to fast-track procedures.

Section 6. On-going Negotiations.

The proposal waives the requirement for the President to provide advance notification to the Congress of certain negotiations initiated prior to enactment of the proposal. These include negotiations commenced in 1995 with the Government of Chile on a comprehensive trade agreement and certain negotiations currently in progress under the auspices of the World Trade Organization.

Section 7. Conforming Amendments.

The proposal makes changes to other statutes necessary to ensure that provisions of law applicable to fast track trade agreements continue to apply. For example, these amendments ensure that the public and private sector views are solicited regarding any trade negotiations initiated under the proposal.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

The Export Expansion and Reciprocal Trade Agreements Act of 1997

Today, President Clinton transmitted to the Congress the "Export Expansion and Reciprocal Trade Agreements Act of 1997." This proposal is designed to renew "fast track" procedures for trade agreements requiring Congressional approval and implementation as well as to renew the President's authority to proclaim tariff reductions pursuant to reciprocal commitments by U.S. trading partners.

The proposal reactivates a partnership between the President and the Congress that dates back over six decades. Recognizing that the high protective U.S. tariff walls it established in 1930 had only served to deepen the Depression, Congress four years later enacted the first reciprocal trade agreements act. In that act, Congress gave the President authority to negotiate mutual tariff reductions with our trading partners. Congress renewed that authority repeatedly over the years, and successive Presidents used the authority to dramatically reduce tariff barriers around the world.

"Fast track," first put in place under the Ford Administration, is further expression of partnership between the President and the Congress in bringing down barriers to U.S. exports. Fast track is a procedure under which the Congress and the President work together to ensure that the United States can effectively negotiate away non-tariff barriers -- such as quotas, protectionist product standards, and subsidies -- that foreign governments have increasingly substituted for tariffs to exclude U.S. products.

Fast track has been used to negotiate five major trade agreements, beginning with the Tokyo Round of GATT negotiations, signed in 1979. Fast track lapsed along with most of the President's tariff reduction authority three years ago.

The President's proposed legislation serves to reunite the Congress and the President in trade negotiations. The President's proposal, ensures that the Congress is fully integrated into the formulation of U.S. goals, strategies, and decision-making for each trade negotiation subject to fast track procedures. Because the Congress and the President are united under the proposal, it tells U.S. trading partners that they can trust the United States not to reopen trade deals after they are struck.

The proposal also renews the President's long-standing tariff authority. The proposal adds provisions specifically directed at eliminating tariffs in sectors of greatest economic interest to U.S. exporters. It also provides the President authority to carry out reciprocal tariff elimination agreements on a regional basis as a first step towards a regional free-trade arrangement.

The proposal calls for the President's renewed tariff authority and for the new fast track procedures to remain in effect until October 1, 2001. The President may request an extension of the proclamation authority and "fast track" procedures through September 30, 2005. The extension will take effect unless disapproved by either House of the Congress.

Key provisions of the proposal are as follows:

- The proposal sets out "overall" and "principal" trade negotiating objectives for the President. The objectives call on U.S. negotiators to seek, for example:

    -- to reduce foreign government barriers that discriminate or impose unreasonable regulatory barriers on services providers.

    -- to obtain adequate and effective protection for U.S. intellectual property rights and increased access to foreign markets for U.S. businesses that rely on intellectual property.

    -- To secure fairer and more open conditions of trade for U.S. food products.

- To make the proceedings of international trade bodies more open to public view.

- To promote through the World Trade Organization internationally recognized worker rights and sustainable development so that trade reinforces and complements labor rights and environmental protection.

- To reduce specific foreign trade barriers that reduce market opportunities for U.S. exports or that distort U.S. trade.

• The President may negotiate and bring back to the Congress for fast track Congressional approval and implementation trade agreements addressing non-tariff barriers or both tariff and non-tariff barriers.

  - Thus, fast track could be used to carry out agreements concluded as part of the trade negotiating agenda set out in the Congressionally-approved agreements administered by the World Trade Organization -- for example, further reductions in tariff and non-tariff barriers to agricultural trade.

  - The President could use the renewed "proclamation authority" to carry out an agreement like the recent "Information Technology Agreement," which is reducing tariffs that foreign governments impose on billions of dollars of U.S. computer, electronic, and semiconductor products sold around the world.

  - Finally, fast track could be used for bilateral or regional free-trade arrangements.

• In order for an implementing bill to qualify for fast-track procedures, the President must comply with numerous notice and consultation provisions designed to ensure that the Congress is a full partner with the President in critical trade negotiations. These provisions enable the Congress to set priorities, provide advice, and exercise oversight at all stages of the negotiations, and after the agreement is concluded. That means Congressional views will be fully reflected both in the final agreement and in the manner in which the agreement is to be carried out. Moreover, if the Congress concludes that the President has not adequately consulted the Congress regarding a proposed agreement, the proposal creates an expedited procedure for the Congress to refuse to apply fast-track procedures.

- The proposal adds to existing law in ensuring that the public is fully informed of the negotiations and that the President receives advice from both the private sector and the public concerning the negotiations.

- Among the requirements that the President must carry out in connection with fast-track negotiations are the following:

  -- The President must provide written notice to the Congress before initiating negotiations and must spell out in writing his principal objectives for the negotiations.

  -- The President must solicit views from the public, and the United States International Trade Commission, before making an offer in a trade negotiation to reduce U.S. tariffs. Under the proposal, the President must in addition issue a public notice of any agreement in advance of signing it.

  -- The President must consult with the Congress as negotiations progress and again before an agreement is concluded. The proposal calls on U.S. negotiators to keep official Congressional advisors fully informed regarding the negotiations.

  -- Before signing an agreement, the President must inform the Congress of any other agreements he intends to conclude with the countries concerned. He must also state his plans for implementing the trade agreement and whether the agreement will require additional legislation beyond that subject to fast-track procedures.

  -- Any fast-track agreement that the President concludes must make progress towards one or more of the principal trade negotiating objectives set out in the proposal.

- The proposal adds to the existing requirement that the President must seek the views of Congressionally-authorized private sector advisory committees during the course of the negotiations. These groups include advisory committees on goods, services, agriculture, intellectual property, labor, intergovernmental affairs, and the environment, among others. The proposal ensures that these committees also examine and provide their views to the Congress and the President on any proposed agreement -- before it is signed.

- The proposal requires the President to describe at the time he submits implementing legislation to the Congress how he intends to use existing regulatory and administrative authority to carry out the agreement. He must also explain in writing how the agreement meets Congressionally-mandated negotiating objectives and serves U.S. economic interests.

- Under well-established practice, the President collaborates with the Congress in drafting the implementing legislation and the legislation is subject to informal public hearings and "mark-ups" by all Congressional committees of jurisdiction before its introduction.

• Agreements for which the President has observed each of the proposal's notice, consultation, and other procedures are subject to fast-track consideration in the Congress. Fast track rules call for the Congress to vote on qualifying trade agreements and implementing legislation without amendment within 60 "legislative days" -- typically a period in excess of several months.

• Under the President's proposal, new statutory provisions or other changes in U.S. law required to carry out a trade agreement may be included in fast-track implementing legislation only if the changes are both: (1) necessary or appropriate to implement the agreement; and (2) related to trade. This requirement prevents fast-track bills from being used to enact non-trade provisions.

- Under the renewed "proclamation authority" the President would be authorized to carry out agreements that reduce by up to 50 percent U.S. tariffs that currently exceed 5 percent *ad valorem*. The President could eliminate duties of 5 percent or less. The proposal also allows the President to eliminate tariffs in connection with new multilateral reciprocal tariff agreements in particular sectors, as well as to carry out reciprocal tariff elimination agreements as a step towards regional free-trade areas.

# # #

A BILL

To establish procedures for notice, consultations, and implementation with regard to certain trade agreements, and for other purposes.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

SEC. 1. SHORT TITLE.

ThisActmay be cited as the "Export Expansion and Reciprocal Trade Agreements Act of 1997".

SEC. 2. TRADE NEGOTIATING OBJECTIVES.

(a) OVERALL TRADE NEGOTIATING OBJECTIVES. - The overall trade negotiating objectives of the United States for agreements subject to the provisions of section 3 are -

(1) to obtain more open, equitable, and reciprocal market access;

(2) to obtain the reduction or elimination of barriers and distortions that are directly related to trade;

(3) to further strengthen the system of international

trading disciplines and procedures;

(4) to foster economic growth, raise living standards, and promote full employment in the United States and to enhance the global economy; and

(5) to address those aspects of foreign government policies and practices regarding labor, the environment, and other matters that are directly related to trade and decrease market opportunities for United States exports or distort United States trade.

(b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES.-

(1) SPECIFIC BARRIERS. - The principal negotiating objectives of the United States regarding specific trade barrier and other trade distortions are to expand competitive market opportunities for United States exports and to obtain fairer and more open conditions of trade by reducing or eliminating tariff and nontariff barriers and policies and practices of foreign governments directly related to trade that decrease market opportunities for United States exports or distort United States trade.

(2) TRADE IN SERVICES. - The principal negotiating objective of the United States regarding trade in services

is to reduce or eliminate barriers to international trade in services, including regulatory and other barriers that deny national treatment and unreasonably restrict the establishment and operations of service suppliers.

(3) FOREIGN INVESTMENT. - The principal negotiating objective of the United States regarding foreign investment is to reduce or eliminate artificial or trade-distorting barriers to United States foreign investment by -

(A) reducing or eliminating exceptions to the principle of nondiscriminatory treatment;

(B) freeing the transfer of funds relating to investments;

(C) reducing or eliminating performance requirements and other unreasonable barriers to the establishment and operation of investments;

(D) establishing standards for expropriation and compensation for expropriation consistent with United States legal principles and practice; and

(E) providing meaningful procedures for resolving investment disputes.

(4) INTELLECTUAL PROPERTY. - The principal

negotiating objectives of the United States regarding trade-related intellectual property are -

(A) to further promote adequate and effective protection of intellectual property rights, including through -

(i) ensuring full implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights referred to in section 101(d)(15) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(15)), and achieving improvements in the standards of that Agreement;

(ii) providing strong protection for new and emerging technologies and new methods of transmitting and distributing products embodying intellectual property;

(iii) preventing or eliminating discrimination with respect to matters affecting the availability, acquisition, scope, maintenance, use, and enforcement of intellectual property rights; and

(iv) providing strong enforcement of intellectual property rights, including through accessible, expeditious, and effective civil, administrative, and criminal enforcement mechanisms; and

(B) to secure fair, equitable, and nondiscriminatory market access opportunities for United States persons that rely upon intellectual property protection.

(5) TRANSPARENCY. - The principal negotiating objective of the United States with respect to transparency is to obtain broader application of the principle of transparency through -

(A) increased and more timely public access to information regarding trade issues and the activities of international trade institutions; and

(B) increasing the openness of dispute settlement proceedings, including under the World Trade Organization.

(6) AGRICULTURE. - The principal negotiating objective of the United States with respect to agriculture

is to achieve fairer and more open conditions of trade in agricultural commodities by -

(A) reducing or eliminating tariffs or other charges that decrease market opportunities for United States exports;

(B) reducing or eliminating subsidies that decrease market opportunities for United States exports or distort agricultural markets to the detriment of the United States;

(C) developing, strengthening, and clarifying rules that address practices that unfairly decrease United States market access opportunities or distort agricultural markets to the detriment of the United States, including -

(i) unfair or trade-distorting activities of state trading enterprises and other administrative mechanisms;

(ii) unjustified restrictions or commercial requirements affecting new technologies, including genetically modified organisms;

(iii) unjustified sanitary or phytosanitary restrictions;

(iv) other unjustified technical barriers to trade; and

(v) restrictive rules in the administration of tariff rate quotas.

(7) WORKER RIGHTS AND ENVIRONMENTAL PROTECTION. - The principal negotiating objectives of the United States regarding worker rights and protection of the environment are, through the World Trade Organization, -

(A) to promote respect for internationally recognized worker rights, including with regard to child labor;

(B) to secure a review of the relationship of worker rights to the provisions, objectives, and instruments of the World Trade Organization with a view to ensuring that the benefits of the trading system are available to all workers;

(C) to adopt, as a principle of the World Trade Organization, that the denial of internationally recognized worker rights should not be a means for a country or its industries to gain competitive advantage in international trade;

(D) to promote sustainable development; and

(E) to seek to ensure that trade and environmental protection are mutually supportive, including through further clarification of the relationship between them.

The United States will also seek to establish in the International Labor Organization a mechanism for the systematic examination of, and reporting on, the extent to which member governments protect internationally recognized worker rights and enforce core labor standards.

(c) GUIDANCE FOR NEGOTIATORS. -

(1) In pursuing the negotiating objectives described in subsection (b), United States negotiators shall take into account United States domestic objectives including, but not limited to, the protection of health or safety, essential security, environmental, consumer or employment opportunity interests and the law and regulations related

thereto.

(2) In the course of negotiations conducted under this act, the United States Trade Representative shall -

(A) consult closely and on a timely basis with, and make every effort to keep fully apprised of the negotiations, the congressional advisers on trade policy and negotiations appointed under section 161 of the Trade Act of 1974; and

(B) take into account the need for the United States to retain the ability to enforce rigorously its trade laws in order to ensure that United States workers, farmers, and firms can compete on fair terms and enjoy the benefits of reciprocal trade concessions.

(d) ADHERENCE TO OBLIGATIONS UNDER URUGUAY ROUND AGREEMENTS. - In determining whether to enter into negotiations with a particular country, the President shall take into account the extent to which that country has implemented, or has accelerated the implementation of, its obligations under the Uruguay Round Agreements (as defined in section 2 of the Uruguay Round Agreements Act).

SEC. 3. TRADE AGREEMENTS PROCEDURES.

(a) AGREEMENTS REGARDING TARIFF BARRIERS. -

(1) IN GENERAL. - Whenever the President determines that one or more existing duties or other import restrictions of any foreign country or the United States are unduly burdening and restricting the foreign trade of the United States and that the purposes and policies of this Actwill be promoted thereby, the President -

(A) before October 1, 2001 (or October 1, 2005, if fast track procedures are extended under subsection (c)), may enter into trade agreements with foreign countries; and

(B) may, subject to paragraphs (2) and (3), proclaim -

(i) such modification or continuance of any existing duty,

(ii) such continuance of existing duty-free or excise treatment, or

(iii) such additional duties,

as the President determines to be required or appropriate to carry out any such trade agreement.

(2) LIMITATIONS. - No proclamation may be made under paragraph (1) that -

(A) reduces any rate of duty (other than a rate of duty that does not exceed 5 percent ad valorem on the date of the enactment of this Act) to a rate of duty which is less than 50 percent of the rate of such duty that applies on such date of enactment;

(B) provides for a reduction in duty on an article to take effect on a date that is more than 10 years after the first reduction that is proclaimed to carry out a trade agreement with respect to such article; or

(C) increases any rate of duty above the rate that applied on January 1, 1995.

(3) AGGREGATE REDUCTION; EXEMPTION FROM STAGING. -

(A) AGGREGATE REDUCTION. - Except as provided in subparagraph (B), the aggregate reduction in the rate of duty on any article which is in effect on any day pursuant to a trade agreement entered into under paragraph (1) shall not exceed the aggregate reduction which would have been in effect on such day if -

(i) a reduction of 3 percent ad valorem or a reduction of one-tenth of the total reduction, whichever is greater, had taken effect on the effective date of the first reduction proclaimed under paragraph (1) to carry out such agreement with respect to such article, and

(ii) a reduction equal to the amount applicable under clause (i) had taken effect at 1-year intervals after the effective date of such first reduction.

(B) EXEMPTION FROM STAGING. - No staging is required under subparagraph (A) with respect to a duty reduction that is proclaimed under paragraph (1) for an article of a kind that is not produced in the United States. The United States International Trade Commission shall advise the President of the identity of articles that may be exempted from staging under this subparagraph.

(4) ROUNDING. - If the President determines that such action will simplify the computation of reductions under paragraph (3), the President may round an annual reduction by an amount equal to the lesser of -

(A) the difference between the reduction without regard to this paragraph and the next lower whole number; or

(B) one-half of 1 percent ad valorem.

(5) OTHER LIMITATIONS. - A rate of duty reduction or increase that may not be proclaimed by reason of paragraph (2) may take effect only if a provision authorizing such reduction or increase is included within an implementing bill provided for under section 5 and that bill is enacted into law.

(6) OTHER TARIFF MODIFICATIONS. -

(A) Subject to the consultation and layover requirements of section 115 of the Uruguay Round Agreements Act, the President may proclaim the modification of any duty or staged rate reduction of any duty set forth in Schedule XX, as defined in section 2(5) of that Act, if the United States agrees to such modification or staged rate reduction in a negotiation for the reciprocal elimination or harmonization of duties under the auspices of the World Trade Organization or as part of an interim agreement leading to the formation of a regional free-trade area.

(B) Paragraphs 1-5 of this subsection shall not limit the authority provided to the President in subparagraph (A) or in section 111(b) of the Uruguay Round Agreements Act.

(b) AGREEMENTS REGARDING TARIFF AND NON-TARIFF BARRIERS. -

(1) IN GENERAL. - Whenever the President determines that -

(A) one or more existing duties or other import restrictions of any foreign country or the United States, or any other barrier to, or other distortion of, international trade unduly burdens or restricts the foreign trade of the United States or adversely affects the United States economy; or

(B) the imposition of any such import restriction, barrier, or distortion is likely to result in such a burden, restriction, or effect;

and that the purposes and policies of this Act will be promoted thereby, the President may, before October 1, 2001 (or October 1, 2005, if fast track procedures are extended under subsection (c)), enter into trade agreements with foreign countries providing for -

(i) the reduction or elimination of such duty, restriction, barrier, or other distortion, or

(ii) the prohibition of, or limitation on the imposition of, such barrier or other distortion.

(2) CONDITIONS. - A trade agreement may be entered into under this subsection only if such agreement makes progress in meeting the applicable objectives described in section 2(b) .

(3) BILLS QUALIFYING FOR "FAST TRACK" PROCEDURES. -

(A) The provisions of section 151 of the Trade Act of 1974, as amended by subparagraph (B) of this paragraph, (in thisActreferred to as "fast track procedures") apply to implementing bills (as defined in subsection (b)(1) of such section) submitted with respect to trade agreements entered into under section (3)(b) of this act.

(B) Section 151(b)(1) of the Trade Act of 1974 is amended by striking subparagraph (C) and inserting -

"(C)(i) if changes in existing laws or new statutory authority is required to implement such trade agreement or agreements or such extension, provisions which are necessary or appropriate to implement such trade agreement or agreements or extension and which are trade-related, either repealing or amending existing laws or providing new statutory authority; and (ii) provisions necessary for purposes of complying with section 252 of the Balanced Budget and Emergency Deficit

Control Act of 1985 in implementing the applicable trade agreement."

(c) APPLICATION AND EXTENSION OF "FAST TRACK" PROCEDURES. -

(1) IN GENERAL. - Except as provided in section 5(b)-

(A) fast track procedures apply to implementing bills submitted with respect to trade agreements entered into under subsection (b) before October 1, 2001; and

(B) fast track procedures shall be extended to implementing bills submitted with respect to trade agreements entered into under subsection (b) after September 30, 2001, and before October 1, 2005, if (and only if)-

(i) the President requests such extension under paragraph (2); and

(ii) neither House of the Congress adopts an extension disapproval resolution under paragraph (5) before October 1, 2001.

(2) REPORT TO CONGRESS BY THE PRESIDENT. -

If the President is of the opinion that fast track procedures should be extended to implementing bills described in paragraph (1)(B), the President shall submit to the Congress, not later than July 1, 2001, a written report that contains a request for such extension, together with -

(A) a description of all trade agreements that have been negotiated under subsection (b) and the anticipated schedule for submitting such agreements to the Congress for approval;

(B) a description of the progress that has been made in negotiations to achieve the purposes and policies of this act, and a statement that such progress justifies the continuation of negotiations; and

(C) a statement of the reasons why the extension is needed to complete the negotiations.

(3) REPORT TO CONGRESS BY THE ADVISORY COMMITTEE. - The President shall promptly inform the Advisory Committee for Trade Policy and Negotiations established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155) of the President's decision to submit a

report to the Congress under paragraph (2). The Advisory Committee shall submit to the Congress as soon as practicable, but not later than August 1, 2001, a written report that contains -

(A) its views regarding the progress that has been made in negotiations to achieve the purposes and policies of this act; and

(B) a statement of its views, and the reasons therefor, regarding whether the extension requested under paragraph (2) should be approved or disapproved.

(4) REPORTS MAY BE CLASSIFIED. - The reports submitted to the Congress under paragraphs (2) and (3), or any portion of the reports, may be classified to the extent the President determines appropriate.

(5) EXTENSION DISAPPROVAL RESOLUTIONS. -

(A) For purposes of this subsection, the term "extension disapproval resolution" means a resolution of either House of the Congress, the sole matter after the resolving clause of which is as follows: "That the ____ disapproves the request of the President for the extension, under section 3(c)(1)(B)(i) of the Export Expansion and Reciprocal Trade Agreements Act of 1997, of the provisions of section 151 of the Trade Act of 1974 to any implementing bill submitted with respect to any trade agreement entered into under section 3(b) of the Export Expansion and Reciprocal Trade Agreements Act of 1997 after September 30, 2001.", with the blank space being filled with the name of the resolving House of the Congress.

(B) Extension disapproval resolutions -

(i) may be introduced in either House of the Congress by any member of such House; and

(ii) shall be jointly referred, in the House of Representatives, to the Committee on Ways and Means and the Committee on Rules.

(C) The provisions of sections 152(d) and (e) of the Trade Act of 1974 (19 U.S.C. 2192(d) and (e)) (relating to the floor consideration of certain resolutions in the House and Senate) apply to extension disapproval resolutions.

(D) It is not in order for -

(i) the Senate to consider any extension disapproval resolution not reported by the Committee on Finance;

(ii) the House of Representatives to consider any extension disapproval resolution not reported by the Committee on Ways and Means and the Committee on Rules; or

(iii) either House of the Congress to consider an extension disapproval resolution after September 30, 2001.

SEC. 4. NOTICE AND CONSULTATIONS.

(a) NOTICE AND CONSULTATION BEFORE NEGOTIATION. - The President, at least 90 calendar days before initiating negotiations on any agreement that is subject to the provisions of section 3(b), shall -

(1) provide written notice to the Congress of the President's intent to enter into the negotiations and set forth therein the date the President intends to initiate such negotiations, the specific United States objectives for the

negotiations, and whether the President intends to seek an agreement or changes to an existing agreement; and

(2) before and after submission of the notice, consult regarding the negotiations with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives and such other committees of the House and Senate as the President deems appropriate.

(b) CONSULTATION WITH CONGRESS BEFORE AGREEMENTS ENTERED INTO. -

(1) CONSULTATION. - Before entering into any trade agreement under section 3(b), the President shall consult with -

(A) the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate; and

(B) each other committee of the House and the Senate, and each joint committee of the Congress, which has jurisdiction over legislation involving subject matters which would be affected by the trade agreement.

(2) SCOPE. - The consultation described in paragraph (1) shall include consultation with respect to -

(A) the nature of the agreement;

(B) how and to what extent the agreement will achieve the applicable purposes and policies of this act; and

(C) plans regarding the implementation of the agreement under section 5, including whether the agreement includes subject matter for which supplemental implementing legislation may be required which is not subject to fast track procedures; and

(D) any other agreement or agrements the President has entered into or intends to enter into with the country or countries in question.

(c) ADVISORY COMMITTEE REPORTS. - The report required under section 135(e)(1) of the Trade Act of 1974 regarding any trade agreement entered into under section 3(b) of this Act shall be provided to the President, the Congress, and the United States Trade Representative not later than 30 calendar days after the date on which the President notifies the

Congress under section 5(a)(1)(A) of the President's intention to enter into the agreement.

SEC. 5. IMPLEMENTATION OF TRADE AGREEMENTS.

(a) IN GENERAL. -

(1) NOTIFICATION AND SUBMISSION. - Any agreement entered into under section 3(b) shall enter into force with respect to the United States if (and only if) -

(A) the President, at least 90 calendar days before the day on which the President enters into the trade agreement, notifies the House of Representatives and the Senate of the President's intention to enter into the agreement, and promptly thereafter publishes notice of such intention in the Federal Register;

(B) within 60 calendar days after entering into the agreement, the President submits to the Congress a description of those changes to existing laws that the President considers would be required in order to bring the United States into compliance with the agreement;

(C) after entering into the agreement, the

President submits a copy of the final legal text of the agreement, together with -

(i) a draft of an implementing bill;

(ii) a statement of any administrative action proposed to implement the trade agreement; and

(iii) the supporting information described in paragraph (2); and

(D) the implementing bill is enacted into law.

(2) SUPPORTING INFORMATION. - The supporting information required under paragraph (1)(C)(iii) consists of -

(A) an explanation as to how the implementing bill and proposed administrative action will change or affect existing law; and

(B) a statement -

(i) asserting that the agreement makes progress in achieving the applicable purposes and policies of this act; and

(ii) setting forth the reasons of the President regarding -

(I) how and to what extent the agreement makes progress in achieving the applicable purposes and policies referred to in clause (i), and why and to what extent the agreement does not achieve other applicable purposes and policies;

(II) whether and how the agreement changes provisions of an agreement previously negotiated;

(III) how the agreement serves the interests of United States commerce; and

(IV) why the implementing bill and proposed administrative action are required or appropriate to carry out the agreement.

(3) RECIPROCAL BENEFITS. - To ensure that a foreign country which receives benefits under a trade agreement entered into under section 3(b) is subject to the obligations imposed by such agreement, the President

shall recommend to Congress in the implementing bill and statement of administrative action submitted with respect to such agreement that the benefits and obligations of such agreement apply solely to the parties to such agreement, if such application is consistent with the terms of such agreement. The President may also recommend with respect to any such agreement that the benefits and obligations of such agreement not apply uniformly to all parties to such agreement, if such application is consistent with the terms of such agreement.

(b) LIMITATIONS ON FAST TRACK PROCEDURES. -

(1) FOR LACK OF CONSULTATIONS. -

(A) Fast track procedures shall not apply to any implementing bill submitted with respect to a trade agreement entered into under section 3(b) if both Houses of Congress separately agree to a procedural disapproval resolution within any 60 calendar-day period.

(B) For purposes of this paragraph, the term "procedural disapproval resolution" means a resolution of either House of the Congress, the sole matter after the resolving clause of which is as follows: "That the President has failed or refused to consult with the Congress on trade negotiations and trade agreements in accordance with section 4(b) of the Export Expansion and Reciprocal Trade Agreements Act of 1997 and, therefore, the provisions of section 151 of the Trade Act of 1974 shall not apply to any implementing bill submitted with respect to any trade agreement entered into under section 3(b) of the Export Expansion and Reciprocal Trade Agreements Act 1997.".

(2) PROCEDURES FOR CONSIDERING RESOLUTIONS. -

(A) PROCEDURAL DISAPPROVAL RESOLUTIONS -

(i) in the House of Representatives -

(I) shall be introduced by the chairman or ranking minority member of the Committee on Ways and Means or the chairman or ranking minority member of the Committee on Rules;

(II) shall be jointly referred to the

Committee on Ways and Means and the Committee on Rules; and

(III) may not be amended by either Committee; and

(ii) in the Senate shall be original resolutions of the Committee on Finance.

(B) The provisions of section 152(d) and (e) of the Trade Act of 1974 (19 U.S.C. 2192(d) and (e)) (relating to the floor consideration of certain resolutions in the House and Senate) apply to procedural disapproval resolutions.

(C) It is not in order for the House of Representatives to consider any procedural disapproval resolution not reported by the Committee on Ways and Means and the Committee on Rules.

(c) RULES OF HOUSE REPRESENTATIVES AND SENATE. - Subsection (b) of this section and section 3(c) are enacted by the Congress -

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively,

and such are deemed a part of the rules of each House, respectively, and such procedures supersede other rules only to the extent that they are inconsistent with such other rules; and

(2) with the full recognition of the constitutional right of either House to change the rules (so far as relating to the procedures of that House) at any time, in the same manner, and to the same extent as any other rule of that House.

SEC. 6. TREATMENT OF CERTAIN TRADE AGREEMENTS.

(a) NEGOTIATIONS UNDER THE WORLD TRADE ORGANIZATION. - The provisions of section 4(a) shall not apply to [add ITA II] an agreement which results from a negotiation under the auspices of the World Organization initiated under a Uruguay Round Agreement, as defined in section 2 of the Uruguay Round Agreements Act, that were commenced before the date of the enactment of this Act, and the applicability of fast track procedures to such agreement shall be determined without regard to the requirements of section 4(a).

(b) AGREEMENT WITH CHILE. - If an agreement to which section 3(b) applies is entered into with Chile after the date of the enactment of this Act and results from negotiations that were commenced before such date of enactment the provisions of section 4(a) shall not apply to such agreement and the applicability of fast track procedures to such agreement shall be determined without regard to the requirements of section 4(a).

SEC. 7. DEFINITIONS AND CONFORMING AMENDMENTS.

(a) DEFINITIONS. - For purposes of this act:

(1) The term "core labor standards" means -

(A) the freedom to associate;

(B) the right to organize and bargain collectively;

(C) a prohibition on forced labor;

(D) a prohibition on exploitative child labor; and

(E) a prohibition on discrimination in employment.

(2) The term "distortion" includes, but is not limited to, a subsidy.

(3) The term "foreign country" includes any foreign

instrumentality. Any territory or possession of a foreign country that is administered separately for customs purposes, shall be treated as a separate foreign country.

(4) The term “internationally recognized worker rights” has the meaning ascribed to that term in section 507(4) of the Trade Act of 1974, as amended.

(5) The term “trade” includes, but is not limited to -

(A) trade in both goods and services, and

(B) foreign investment by United States persons, especially if such investment has implications for trade in goods and services.

(b) CONFORMING AMENDMENTS. - Title I of the Trade Act of 1974 (19 U.S.C. 2111 and following) is amended as follows -

(1) Section 151(b)(1) (19 U.S.C. 2191(b)(1)) is amended by striking “section 1103(a)(1) of the Omnibus Trade and Competitiveness Act of 1988" ” and inserting “ section 5(a)(1) of the Export Expansion and Reciprocal Trade Agreements Act of 1997".

(2) Section 131 (19 U.S.C. 2151) is amended -

(A) in subsection (a) -

(i) in paragraph (1), by striking "section 123 of this Act or section 1102 (a) or (c) of the Omnibus Trade and Competitiveness Act of 1988," and inserting "section 123 of this Act, section 1102 (a) or (c) of the Omnibus Trade and Competitiveness Act of 1988, or section 3(a) or (b) of the Export Expansion and Reciprocal Trade Agreements Act of 1997,"; and

(ii) in paragraph (2), by striking "section 1102(b) of the Omnibus Trade and Competitiveness Act of 1988" and inserting " section 3 (b) of the Export Expansion and Reciprocal Trade Agreements Act of 1997" after "under" ; and

(B) in subsection (b), by replacing "section 1102(a)(3)(A) of the Omnibus Trade and Competitiveness Act of 1988" with "section 3(a)(3)(A) of the Export Expansion and Reciprocal Trade Agreements Act of 1997"; and

(C) in subsection (c), by replacing "section

1102 of the Omnibus Trade and Competitiveness Act of 1988," with "section 3 of the Export Expansion and Reciprocal Trade Agreements Act of 1997,".

(3) Sections 132, 133(a), 134(a), and 162(a) (19 U.S.C. 2152, 2153(a), 2154(a), and 2212(a)) are each amended by striking "section 1102 of the Omnibus Trade and Competitiveness Act of 1988," each place it appears and inserting "section 3 of the Export Expansion and Reciprocal Trade Agreements Act of 1997,".

(4) Section 134(b) (19 U.S.C. 2154(b)) is amended by replacing "section 1102 of the Omnibus Trade and Competitiveness Act of 1988" with "section 3 of the Export Expansion and Reciprocal Trade Agreements Act of 1997".

(5) Section 135(a)(1)(A) (19 U.S.C. 2155(a)(1)(A)) is amended by replacing "section 1102 of the Omnibus Trade and Competitiveness Act of 1988" with"section 3 of the Export Expansion and Reciprocal Trade Agreements Act of 1997".

(6) Section 135(e) (19 U.S.C. 2155(e)) is

amended -

(A) in paragraph (1), by replacing "section 1102 of the Omnibus Trade and Competitiveness Act of 1988" with "section 3 of the Export Expansion and Reciprocal Trade Agreements Act of 1997" each time it appears, and by replacing "section 1103(a)(1)(A) of the Omnibus Trade and Competitiveness Act of 1988" with "section 5(a)(1)(A) of the Export Expansion and Reciprocal Trade Agreements Act of 1997"; and

(B) in paragraph (2), by replacing "section 1101 of the Omnibus Trade and Competitiveness Act of 1988" with "section 2 of the Export Expansion and Reciprocal Trade Agreements Act of 1997" after "1988".

(7) APPLICATION OF SECTIONS 125, 126, AND 127 OF THE TRADE Act OF 1974. - For purposes of applying sections 125, 126, and 127 of the Trade Act of 1974 (19 U.S.C. 2135, 2136(a), and 2137) -

(1) any trade agreement entered into under section 3 shall be treated as an agreement entered into under

section 101 or 102, as appropriate, of the Trade Act of 1974 (19 U.S.C. 2111 or 2112); and

(2) any proclamation or Executive order issued pursuant to a trade agreement entered into under section 3 shall be treated as a proclamation or Executive order issued pursuant to a trade agreement entered into under section 102 of the Trade Act of 1974.

CARMEN VOTAW

- **IRS Problem Solving Day:** On November 15, Treasury will host the first National IRS Problem Solving Day. On November 4, Treasury officials went to Baltimore to prepare for Problem Solving Day, and will communicate the lessons learned in Baltimore to the other districts during a November 7 video conference. IRS is also working to develop a comprehensive set of performance measures that include customer service.

- **North American Development Bank (NADBank):** On November 5, a number of improvements to the Community Adjustment and Investment Program were announced (CAIP) in preparation for the House and Senate votes on Fast Track. These improvements include seeking appropriations for an additional $37 million over four years to permit greater lending, grant making and micro lending capabilities. On November 20, Treasury officials will visit Weslaco, TX, with Rep. Hinojosa to announce the designation of the community as eligible for loans or loan guarantees through the NADBank. On November 21, Treasury officials will attend a meeting of the Presidential Advisory Committee of the NADBank in El Paso.

Jack Jack

DEPARTMENT OF JUSTICE

- **Community Policing Grant:** On November 6, the COPS Office announced the award of $34.6 million to 117 jurisdictions in 30 states and D.C. The Advancing Community Policing Program includes grants for Community Policing Demonstration Centers and grants for Organizational Change.

- **Don't Ask, Don't Tell:** DOJ has successfully defended the 1993 statute governing homosexuals in the military in the Second, Fourth, Eighth, and Ninth Circuits. The "statements" provision of the act requires the discharge of service members who state that they are homosexual. Service members will not be discharged if they rebut the statement that they engage in homosexual acts or are likely to do so. In 1996, the Second Circuit held that the "statements" provision is constitutional if the "acts" provision that requires the discharge of those who engage in homosexual acts is constitutional. The Second Circuit remanded for a determination of that issue. The district court then held that the "acts" provision violates Equal Protection because it is based upon the prejudice of heterosexual service members against homosexuals. DOJ appealed that decision and its opening brief will be filed on November 10.

- **Harbor Maintenance Tax:** On October 31, the Supreme Court agreed to review a case involving the constitutionality of the Harbor Maintenance Tax (HMT). On June 3, the Court of Appeals for the Federal Circuit found that the HMT, as applied to exporters, was an unconstitutional tax on exports in violation of the Export Clause. The HMT is assessed upon port use and all commercial shippers must pay. Potential refunds approach $1-2 billion. If collection of the fee is enjoined as to exports, the U.S. will probably cease collecting the fee as to imports to avoid violating international obligations.

Inter-American Dialogue

November 1997

Dear Colleague:

We are pleased to enclose several recent articles by Dialogue members and staff. We welcome your reactions to any and all of these.

Sincerely,

Peter Hakim

Peter Hakim

Check one:

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Latin Trip: a Fast Track Lap

By Peter Hakim

TO no one's great surprise, President Clinton's trip last week to South America – the first since he took office – was largely uneventful. Unlike his visit earlier this year to Mexico, Central America, and the Caribbean, this time there were no conflictive issues to be resolved, nor urgent requests to be considered. No major policy pronouncements were made, and no grand projects were launched. The president simply visited and consulted with his counterparts in Argentina, Brazil, and Venezuela to build closer economic and political ties.

The importance of this effort, however, should not be underestimated. Three results of the trip are worth mention. Whether they turn out to be significant or enduring depends on the willingness of the US and other governments to invest energy in strengthening bilateral and multilateral relationships.

Commitment to free trade

First, Clinton had the opportunity personally to affirm that the US is firmly committed to regional free trade and hemispheric economic integration. Throughout Latin America and the Caribbean, confidence in the US commitment to these goals has dropped sharply since the Miami Summit of the Americas in December 1994.

The reason is plain. Only last month, the Clinton administration formally presented legislation requesting congressional approval for the fast-track authority needed to negotiate trade agreements, the essential basis for regional cooperation. Without fast track for three years, the US was unable to make good on its pledge to bring Chile into the North American Free Trade Agreement.

In addition, the US has failed to put in place new trade arrangements to protect small Caribbean and Central American states from NAFTA-induced diversion of trade and investment toward Mexico. In South America, the president left no doubts about his personal commitment to the free flow of commerce and investment.

He also made it clear the US considers Brazil and Argentina solid partners, not rivals or adversaries.

Just as important, the president and his most senior foreign policy advisers gained firsthand impressions of the size, energy, and economic potential of all three nations.

A fresh sense of South America

They have now seen the endless skyscrapers and great industrial power of São Paulo, and experienced the vibrancy and sophistication of Buenos Aires. They've had hours of discussion with the national leadership of each county – and acquired a grasp of the problems they face, and of the ambitions and fears they have for their nations.

The White House team knows better than ever how much the US has to gain by building strong links with Latin America. A fresh sense of the people and the places should energize Clinton and his Cabinet for the battle over fast track.

Nudging reform

While appropriately celebrating Latin America's democratic advances, the president also conveyed US concerns about the region's political failures – human rights abuses, violations of press freedoms, neglect of social and economic inequalities, pervasive corruption, and others.

Critics may be right, though, that had Clinton spoken more forcefully on these matters, he'd have made a stronger contribution to badly needed reforms. On this score, it was the first lady who proved particularly adept in raising the issues and demonstrating support for change. In Buenos Aires, she addressed sensitive questions concerning the status and rights of women. Her message, enthusiastically received by the largely female audience, will surely have an impact on politics and policy.

Energized and informed, Clinton must now fully engage to win the congressional battle for fast track. Whatever goodwill Clinton generated in Latin America will be reinforced by sustained White House interest in the region – and by success in securing the authority to negotiate new hemisphere-wide trade arrangements. It will also set the stage for a productive second meeting of the hemisphere's leaders in April in Chile. Nothing the US could do would be more welcome in Latin America and the Caribbean.

Peter Hakim is president of the Inter-American Dialogue in Washington.

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Fast Track Would Bolster US Credibility as Global Leader

By Peter Hakim

THE White House took an important step toward reenergizing US policy toward Latin America and the Caribbean when it submitted fast-track legislation to Congress last week.

If passed, the legislation will give President Clinton – like his predecessors over the past several decades – the authority to negotiate international trade pacts that Congress must consider in an expedited fashion, and can approve or reject, but not amend. The no-amendment procedure is essential for serious trade deals because it assures our partners that the US Congress will not be allowed to rewrite concluded agreements in order to satisfy multitudinous special interests.

The administration's proposal for fast track is well-crafted and Congress should quickly approve it.

For most governments of Latin America and the Caribbean, fast-track approval is the acid test of the US commitment to hemispheric free trade and stronger economic cooperation with the region. With fast track, the US will be able to proceed with a free-trade pact with Chile, fulfilling a commitment made more than three years ago at the first Summit of the Americas in Miami. The US will also gain the credibility it needs to engage the other nations of the hemisphere in free trade discussions. Fast track is essential for the successful launch of negotiations for the Free Trade Area of the Americas, scheduled for next April at the second Summit of the Americas in Santiago, Chile.

Recognizing that most of the votes for fast track will have to come from Republicans, the President and his advisors tailored their legislation to satisfy GOP demands that trade agreements largely exclude labor and environmental provisions. The administration's proposal has attracted some Republican criticism even though it limits fast-track treatment to issues that have a direct bearing on trade matters. True, the bill does make protection of workers' rights and the environment a goal and suggests the US will promote increased attention to these matters in international organizations. But this language does not give the White House any additional negotiating authority. This is a bill designed to appeal to the Republican majority.

That is why most Democrats will oppose the legislation, arguing that it fails to protect workers or the environment.

But anyone who cares about these issues should think twice before rejecting the President's proposal.

There is no chance that Congress will approve a fast-track bill that allows the US to use trade agreements to enforce labor or environmental standards.

Derailing the current fast-track initiative will not produce a better initiative; it will lead to none at all. There will be no new US trade pacts in the hemisphere – and no new agreements on workers' rights or ecological protection. It is only with the approval of fast track that the US can credibly exercise leadership in seeking regional agreements on these issues.

Derailing the current fast-track initiative will not produce a better initiative; it will lead to none at all.

Everyone loses if fast track is defeated and the US is unable to negotiate hemispheric free-trade agreements. The nations of Latin America and the Caribbean will be denied the opportunity to gain secure, long-term access to the US market – which is the first or second most important market for nearly every country of the region. The region will also attract less foreign investment – from the US and elsewhere – than it would with a hemispheric free-trade pact in place. Less trade and less foreign investment will mean slower growth and fewer jobs in the region, and more poverty. This will not help Latin America's workers or its environment.

The defeat of fast track will also be costly to the US. Latin America already absorbs 15 percent of US exports, and the region is the fastest growing market for North American products – with 40 to 50 cents of every dollar Latin America spends on imports going to US companies.

IF current trends continue, Latin America will soon be a larger consumer of US imports than Europe and Japan combined. Further, Latin American and Caribbean cooperation on many other fronts – the defense of democracy and human rights, anti-drug initiatives, environmental protection, collaboration in international forums – depends on stronger trade ties, the region's first priority in its relations with the US.

The White House has sent the right fast-track proposal to Congress. An intense campaign, led by the president, is now required to gain prompt legislative approval. Nothing would do more to buttress US-Latin American ties and ensure a successful visit by President Clinton to South America next month and a productive inter-American Summit in April 1998.

■ *Peter Hakim is president of the Inter-American Dialogue in Washington.*

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By Peter Hakim

Two US security-related initiatives have rekindled historic anxieties between Argentina, Brazil, and Chile.

EARLIER this month, the Clinton administration announced plans for two security-related initiatives in Latin America, both apparently meant to underscore growing US confidence in the region's governments.

The US lifted its 20-year blanket ban on the transfer of high-tech weapons to Latin America and proposed to designate Argentina a non-NATO ally (a category heretofore reserved for a handful of countries like Israel, Jordan, and Korea that are close US partners in actively hostile situations).

The reaction in Latin America – particularly among the countries most affected – has been almost the opposite of what was intended. Instead of good will, the announcements provoked suspicions about US aims and rekindled some of the historic anxieties between Argentina, Brazil, and Chile. All this has occurred less than two months after the US constructively promoted a resolution in the Organization of American States calling for a legal framework to ensure advanced notification and greater transparency in arms acquisitions.

In itself, the decision to allow US companies once again to sell advanced weapons to Latin America was hardly unreasonable. The grounds for imposing the prohibition in the first place, back in 1977, have largely disappeared.

Repressive military regimes have been replaced by elected civilian governments. Aside from the festering frontier dispute between Ecuador and Peru, the countries of the region are at peace with one another. The prospect of armed conflict across borders has never been lower. Military expenditures, not very high by international standards to begin with, have been dropping steadily and sharply almost everywhere.

The opponents of renewed US sales have exaggerated the danger that they would spark a new regional arms race – generating new frictions and squandering resources that would be better used for social purposes. After all, the countries have long had access to similar weapons from European suppliers.

But the US decision ending the bar on arms transfers was not universally welcomed in Latin America. The Argentine government, which for most of this decade has been Washington's staunchest supporter in the region, was strongly opposed. Argentina does not, at this time, want to spend money on sophisticated weapons; nor, however, does it want its military officers envious of their neighbors and alienated from their government. Brazil was ambivalent. It may soon be in the market for jet aircraft and other advanced weapons, but does not appreciate the prospect of increased pressure – from its military or from US manufacturers – to buy now. Even the Chileans, who have announced plans for major purchases of military hardware and thus stand to benefit first from the new US policy, resent the implication that the US has bestowed a special favor on them.

The US decision to make Argentina a special military ally also has some justification. Argentina was the only Latin American country to volunteer troops for the Gulf war. It has regularly sent troops to international peacekeeping missions, including to such US priority spots as Haiti and Bosnia. In almost every instance, Argentina has energetically supported US security and arms control initiatives. Further, the US action may alleviate the concerns of Argentina's military forces about Chilean arms purchases from the US.

Still, singling out Argentina was bound to rankle Chile and Brazil and create some apprehension about US motives. Both countries see themselves as strong allies of the US, and want to be on equal footing with other Latin American nations in their security relations with Washington.

There was no need for the US to make these decisions now. Neither decision serves any particularly urgent purpose. Neither advances any strong US interest in Latin America. Backtracking or recanting is not the answer. It would add to the confusion and rancor among Latin American governments.

What the US should do, instead, is to shape a coherent policy framework that will guide and anchor future decisions, and help to explain them to others. The US should be working with every country in the hemisphere to develop arms control and restraint arrangements that will build confidence among nations and strengthen civilian control of armed forces.

That will contribute more to peace and genuine security in Latin America than a unilateral US embargo on advanced military sales.

■ *Peter Hakim is president of the Inter-American Dialogue in Washington.*

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Gaps in Latin America's Boom

By Peter Hakim

FOR most of Latin America, 1997 has been a good year. Recent midterm elections represented a decisive step toward democracy in Mexico. The Mexican and Argentine economies have largely recovered from reversals two years ago and are growing rapidly. Brazil is showing remarkable political and economic stability – and, with several other countries, is attracting large flows of foreign investment. Chile's economy and democratic institutions remain vigorous. In Guatemala, a peace agreement ended 36 years of civil war.

But the news isn't all good. Several nations have fallen into crisis – and some may end up as failed states. Not since the debt-ridden 1980s have so many countries of the region found themselves in such dire straits. Two of these problem-ridden nations – Nicaragua and Haiti – have, within the past decade, been sites of US military interventions, either directly or by proxy. Both had appeared to be emerging from long histories of repression, violence, and economic failure.

Although it has held democratic elections twice since 1990 and has enjoyed two peaceful transfers of power, Nicaragua has never overcome the polarization that has split the country in two. Through strikes and street demonstrations, the Sandinista opposition has paralyzed government operations and has upset a feeble economic recovery. Intransigence on both sides blocks the compromises needed to end the impasse. The US can't contribute much to a solution, but it should remove itself from Nicaragua's conflict over property claims – a highly charged issue that US involvement only complicates.

Haiti's brief, three-year experiment with democracy is in trouble. Facing strident opposition from former President Aristide, current President René Préval has barely been able to govern in the past few months. While international donors and foreign investors are frustrated by the absence of coherent policy initiatives, the economy remains stagnant, the situation of most Haitians is worsening, and popular alienation grows. Despite the presence of United Nations troops, criminal violence is increasing and security is precarious.

The problems are mainly for the Haitians to resolve, but the US could help by ending its partisan squabbling over whether, as the administration claims, Haiti is a great success of US policy or whether, as congressional Republicans insist, it is a dismal failure. It is neither. Instead of trading charges, the two sides should come up with a bipartisan policy that might provide some useful answers.

Several nations in the region have fallen into crisis – and some may end up as failed states.

The US has played a far smaller role in two other crisis-ridden Latin American countries – Peru and Colombia.

President Fujimori and his security advisers are largely responsible for Peru's crisis. Until recently, Fujimori had an extraordinary record of success. He brought inflation under control, restarted economic growth, and ended a terrorist threat. He easily won a second term after gaining approval for a constitutional amendment allowing him to run. Most Peruvians were prepared to overlook his autocratic methods when the nation faced hyperinflation and guerrilla war, but now have begun to reject his authoritarian rule and manipulation of national institutions. Questions about whether he was born in Peru and therefore is a legal candidate for president have made the situation more volatile. The US can help by opposing further violations of democratic process and the rule of law in Peru – and seeking to mobilize other countries to this position.

Colombia's situation may be the most serious. Despite its history of democratic politics and sound economic management, Colombia is besieged by violence and corruption. Drug money pervades its politics and has perverted much of its police and judicial systems. It fuels the region's most dangerous guerrilla movement, which occupies huge expanses of Colombian territory, dominates the military in many places, and threatens oil production, the country's main legal export. Paramilitary forces add to the violence and human rights abuses.

Colombia's deterioration began years ago with the massive expansion of drug trafficking, but its acceleration coincides with the US decision to "decertify" the country as an unreliable ally in the drug war, and many Colombians blame the US for the current crisis. While it won't help Colombia, which has to solve its own problems, the US should end its unilateral certification process, which is largely self-defeating.

It may be just coincidental that four countries have fallen into crisis in Latin America and that several others – including Ecuador, El Salvador, and Honduras – are increasingly troubled. But it is worrisome. Applause for Latin America's democratic progress and economic advance has to be tempered by a concern about the nations that are being left behind.

■ *Peter Hakim is president of the Inter-American Dialogue in Washington.*

Internationally acclaimed journalist facing expulsion from Panama

Blatant violation of press freedom

By Michael Shifter

GUSTAVO GORRITI is a strong believer in the "right to irritate." This was the title of an article the Peruvian journalist published three years ago in his country's best known weekly.

Today, Gorriti is faced with expulsion from Panama, where for the last eighteen months he has been Associate Director of *La Prensa*, the country's leading newspaper. He must leave by Friday. Exercising the "right to irritate" to the fullest can, he has found out once again, be hazardous.

Gorriti has exposed a lot in Panama - as he has in Peru - but it doesn't take a particularly discerning investigative reporter to expose the flimsiness of Panama's rationale for the threatened deportation: that other Panamanian journalists are qualified to fill Gorriti's current post. This didn't seem to be a problem when Gorriti started his job. It doesn't appear to be a problem in other professions. It only became so when it was clear that his probing into an assortment of political, financial, drug-related scandals would be unrelenting.

Gorriti and his muckrakers-in-training team at *La Prensa* are, if nothing else, unrelenting - and uncompromising. They have merely been practicing their profession, and exercising their "right to irritate". And irritate they have. That is why the government of Ernesto Perez Balladares wants Gorriti out (he has refused to budge). That some officials have questioned Gorriti's judgement in treating certain subjects only confirms the point. But no one has questioned that what he has pursued, exposed, and reported is the truth. His exposes - in Panama, Peru and elsewhere - have earned him international acclaim and awards galore.

The deportation order is a blatant violation of the freedom of the press. It is an attack on democracy. Lofty rhetoric about commitment to democratic principles abounds in this hemisphere, a measure of the welcome move from authoritarian to constitutional, civilian governments in the past fifteen years. Freedom of the press is a crucial test of such a commitment. It is a fundamental defence of democracy.

The Gorriti case is instructive for what may be a wider pattern spreading throughout Latin America. Government efforts to restrain press freedom have also recently taken place in Peru, Colombia, Argentina and elsewhere. It is, of course, a measure of the success of democracy that investigations of wrongdoing are now taking place with greater frequency, and greater professionalism, than ever. But it is also troubling that some governments in the region that claim allegiance to the highest standards of press freedom have been unable and unwilling to tolerate the serious pursuit of truth. It often hits too close to home.

In a region marked by some economic growth but persistent and stubborn poverty, one of the few unambiguous virtues of the democratic trend has been greater respect for freedom of the press. Even with the routine of elected governments, judicial systems are often weak and politically controlled, Congress tends to be ineffectual, and civil-military relations are problematic in a number of countries. The vigorous exercise of press freedom was viewed as a relatively bright spot in an otherwise troubled political landscape.

Panama illustrates the point. Nearly eight years ago the United States invaded Panama and arrested strongman Manuel Noriega, who now serves in a Miami prison on corruption and drug trafficking charges. Have things generally gotten worse or better since the invasion? Was the military intervention, in other words, worth it? Though the question has provoked endless debate, it is fairly indisputable that today Panamanians can speak their minds freely and openly, more so than under Noriega. That's a big change, hard to overstate. But the Gorriti case shows that such a stride may be at serious risk - and that the Panamanian government appears not to fully fathom the real meaning of freedom of the press.

The case has, predictably, produced an international outcry. Journalists and human rights groups have joined in solidarity and support, as have such well-known literary figures as Mario Vargas Llosa and John Le Carre. On August 18, the Inter-American Commission on Human Rights of the Organisation of American States issued an injunction to the Panamanian government, calling for the suspension of Gorriti's planned deportation. Peruvians of various political stripes - even those at sharp odds with Gorriti on national political questions - have rallied to his defense.

President Perez Balladares still has a chance to heed these calls, and avert the setback. It would be a mistake to underestimate how crucial the "right to irritate" is to any claim to fully democratic rule.

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Political Savvy Proves Vital to Latin Reforms

The Americas

By Jorge I. Domínguez

Democracy is fostering market-oriented reforms in Latin America. Such a sentence could not have been written in the 1960s or the 1970s but it is an apt summary of increasingly common political practices in Latin America in the 1990s. And yet not all democratically elected governments are equally successful at economic reform.

As the region struggles to overcome decades of instability and underdevelopment, identifying the differences between democratic governments that have been able to initiate and sustain economic reform programs, and those that have gotten stuck in a revolving door of "reform" and collapse, becomes more and more important.

First, contrary to popular opinion, it's pretty clear that constitutionally elected presidents who rule by decree are not necessarily capable of reforming their economies. Brazil's former President Jose Sarney repeatedly tried this method in the 1980s by issuing decrees to subdue roaring inflation and right macroeconomic wrongs, but Brazil's economy stagnated from 1987 onward and ended the decade with annual inflation above 1,000%.

Similarly, Carlos Menem was inaugurated as Argentina's constitutional president in mid-1989 amid runaway hyperinflation. By early 1991, Mr. Menem had issued 100 decrees with the force of law (since national consolidation in 1858, only 130 such decrees had been issued), but was only able to bring inflation down to 10% per month. The economic program was in disarray, the economy in recession.

Nor is the argument that singularly talented finance ministers can do it all any more persuasive. Miguel Rodriguez, economic czar of market-oriented reforms under Venezuelan President Carlos Andres Perez from 1989-92, is very talented—but talent alone did not suffice for Mr. Rodriquez or for Venezuela, whose economy was in shambles when Mr. Perez finally left office. Former Argentine Finance Minister Domingo Cavallo rightly deserves much credit for Argentina's stunning turnaround since 1991. And yet, the same man, with the same ideas, had failed as an economic manager under a military government. Mr. Cavallo became president of the Central Bank of Argentina in 1982; he lasted 53 days in office and had little good to show for it.

What, then, increases the likelihood that economic reforms will succeed? First, it is teamwork. In Argentina, Brazil and Chile, the most sustained efforts at economic reform under constitutional government began with technically skillful leaders acting not alone but through teams. Secondly, it is the sustained engagement of political parties and Congress, not talented decree-wielding technocrats, that solidify reform. Successful technocrats combine their technical know-how with an understanding of the political process, consensus building, and the making and enforcement of law.

In 1990 in Chile, the economic program of the winning center-left coalition had been hammered out in extensive and detailed intra- and interparty negotiations. While in office, Finance Minister Alejandro Foxley understood that the framework of new policies would endure only if the opposition accepted its broad outlines. A major tax increase in 1991 was negotiated with the largest conservative opposition party and approved in Congress. Chileans used democratic procedures to bind democracy to the market and bind each other to sustainable social and fiscal policies.

As economy minister, Mr. Cavallo created the largest-ever team for liaison with the political parties and Congress. Mr. Cavallo understood that Argentina's hyperinflation resulted from political causes even though it took economic forms: Argentines did not believe in their currency because they could not believe their government. Mr. Menem's decrees could not kill inflation because Argentines were too skeptical of one-man anti-inflation plans. Mr. Cavallo, by contrast, made democracy work for economic reform. He worked with Congress to enact a law to bind his president, the Congress, the governing party and himself not to finance public expenditures by printing money. An act of Congress was more credible than a decree to create confidence in the market turnaround.

It is the sustained engagement of political parties and Congress, not talented decree-wielding technocrats, that solidify reform.

Today a similar story is unfolding in Brazil. President Fernando Henrique Cardoso is working laboriously to persuade members of Congress to adopt constitutional amendments, to enact legislation to unleash market forces in Brazil, and to formulate sound rules for markets' operation. The program's long-term effectiveness depends, above all, on persuading Brazilian politicians to sign on to these changes. Reforms enacted by the president alone have only temporary value. The slow constitutional and congressional procedures make it more likely that Brazil's emerging market reforms will endure.

Thus, parties and constitutional procedures, not technocrats and decrees, matter most. Compare Bolivia and Ecuador. Both have suffered from high rates of inflation. Both have had weak and undisciplined political parties. Both have talented technocrats. Both have had presidents who have given populism a bad name. But Bolivia's democratic practices and procedures require its politicians to coalesce in Congress to choose the president; Ecuador's political coalitions are merely tactical. Bolivia's politicians hammer out a program of government; Ecuador's politicians just hammer each other. Bolivia has manifold problems but it has been better governed—as evidenced by its superior growth rate and an inflation rate that is one-fifth that of Ecudaor—in this decade.

A democratic, not a merely technical, approach to economic reforms increases their efficacy. The procedures of democratic law making, consultation, and compromise, slow and cumbersome as they are, enhance the credibility of economic reforms. In democracies, a savvy business executive might dine with the president and schmooze with the finance minister, but the future course of a market economy can be guaranteed only if their programs elicit broad support.

Only the democratic opposition can guarantee the future course of a market economy. When the opposition is committed to the market economy, its victory brings policy changes in its wake but no rewriting of the fundamental rules that govern the economy. This has been the longstanding practice in the industrial economies and it is the key to the contribution of democracy for markets in Latin America in the 1990s.

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Brent Scowcroft

Say Yes to Fast Track

Washington is preoccupied with an intense debate over whether Congress should grant the president fast-track authority to negotiate trade agreements with other countries. Fast-track authority commits Congress to vote on proposed trade agreements without permitting amendments. Congress has provided every president since Gerald Ford such authority, recognizing that other countries are unlikely to negotiate without the assurance that agreements will not be changed during the ratification process.

Largely because of differences within his own party, the president has delayed until now seeking to renew the authority that expired with the approval of the Uruguay Round agreement in 1994. The trade and economic arguments for and against fast track are being debated vigorously. But let us not kid ourselves. The debate is essentially between those in favor of expanding trade opportunities for America and those desirous of protecting America from international competition.

For me, and for most Americans, the economic choice is clear and easy, as it was for our Founding Fathers. If the arguments of the protectionists were valid, Bangladesh and the Congo would be economic powerhouses, for they have low wages and few environmental or labor standards. Furthermore, if the protectionists were correct, we ourselves might not have drawn up a constitution, a primary impetus for which was to ban the tariff barriers that were springing up between the states under the Articles of Confederation. And we would be looking back to the golden age of the Smoot-Hawley tariff, which was instrumental in turning the 1929 stock market crash into the worst depression in history.

Important foreign policy considerations in the fast-track debate need to be acknowledged. In my time in public service, there has never been a sharp line between America's security, foreign policy and economic interests. One or the other may have been more visible at any particular time, but all interacted and complemented each other. If America does not lead on international trade, it will be harder to lead on security and political issues.

America has a privileged place among nations. It is a place we have earned through the power and appeal of our vision for a safer, better, more prosperous world. We have been willing to commit precious resources, on the battlefield and at the negotiating table, to achieve this vision. And, perhaps unique in history, we have led through the clarity of vision rather than acquisition of foreign domains. This gives us unique credibility and opportunity. We should not take this lightly, nor assume we can maintain it without investment and leadership.

We cannot say we will lead on NATO and regional security but not on trade. We cannot say we will lead on democracy and human rights but not on trade. And we cannot say we will lead on the environment but not on trade. These and other issues are all interrelated, often in complex, invisible ways. Fast-track authority is essential to being able to lead on trade. We must recognize that there will be a price if we decide to seek à la carte leadership. I am convinced it is a price we neither will want, nor can afford, to pay.

If America does not lead on international trade, either others will try to replace us, or there will be a vacuum. Neither is attractive for American workers or American policymakers. It would be naive to expect others to keep our interests paramount. Indeed, in this hemisphere, other countries already seek to supplant us. The European Union wishes to conclude a free-trade agreement with the leading economies of Latin America by 1999. European leaders tell attentive audiences in Latin America that their future is with Europe, not America. Fast-track authority is necessary to fulfill economic and foreign policy commitments made to Latin America leaders by both Presidents Bush and Clinton. Without fast-track authority, the United States will be crippled in its ability to pursue its critical agenda with our Latin neighbors.

As members of Congress debate the president's request, they need to be aware that what they say and do is watched closely overseas. Americans may tune out congressional proceedings; the opposite is true for opinion leaders watching from abroad. They listen to what is said, and they know how to count votes. Thanks to modern communications, which bring CNN to the remotest corner of the globe, a member of Congress can no longer make a constituency speech. The member is speaking, directly or indirectly, to the world. And the world is listening.

When the House and the Senate vote on fast track, our friends and allies—and our adversaries—will be watching closely. A positive vote, embracing a strong majority of Democrats and Republicans in both houses, will send an unmistakable signal about American resolve to continue to lead on international economic issues. It will also be seen as a vote of confidence in the ability of the American worker to compete globally. A weak vote or, worse, a rejection, will be read for what it is: a lack of confidence in the American worker and an unwillingness to lead on trade. This is not a vote for or against a particular president and his trade policy. It is fundamentally a vote on our capacity to continue to shape a rapidly changing global environment, not just in the economic domain but also in broader areas of politics, security, the environment, narcotics, terrorism and weapons of mass destruction.

If we fail to set the terms of debate on international trade, we cannot expect to lead on the full range of our other national interests. The financial markets may well judge Congress harshly if it rejects fast track. America's real penalty, however, will be a muted voice on everything else that matters.

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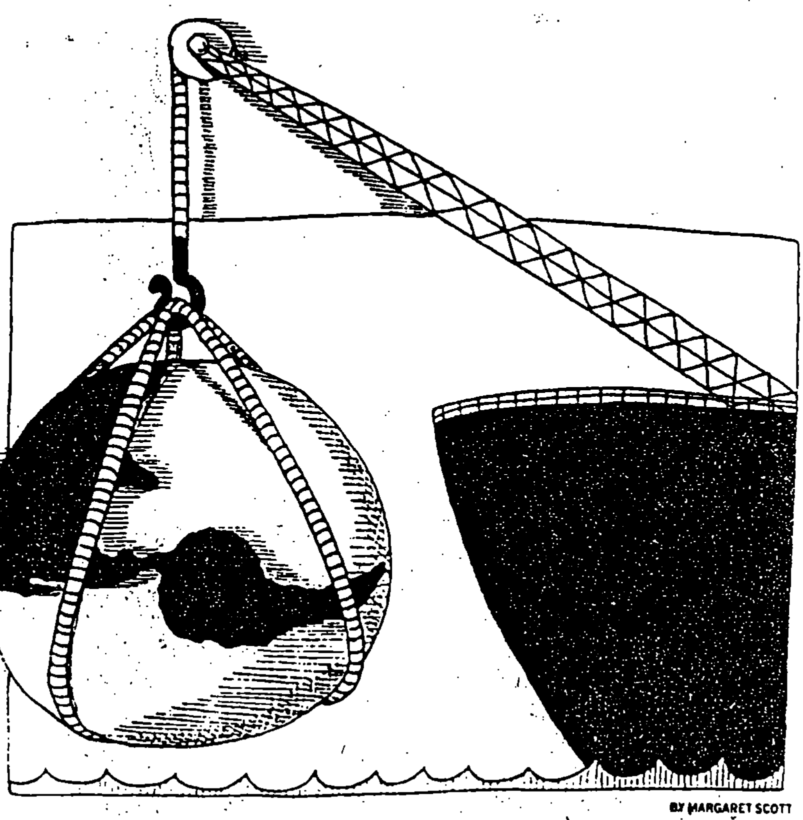

BY MARGARET SCOTT

U.S.-Cuban Relations: From the Cold War to the Colder War

Jorge I. Domínguez

39:30 (Fall 1997)

Hundreds of thousands of Cuban troops deployed to nearly every corner of the globe—that seemed to be the nightmare of every US administration from the mid-1970s to the end of the 1980s. From its own perspective, President Fidel Castro's government attempted to use its activist foreign policy first to protect itself from hostile US policies, and second to leverage support from the Soviet Union and other communist countries for Cuba's own domestic development.

The first proposition had been articulated by Ernesto "Che" Guevara in the 1960s when he called on revolutionaries to create "two, three Vietnams" in order to confront and weaken the United States and its allies. Even as the Cuban government gradually edged away from ample support for many revolutionary insurgencies, the strategy of global engagement as the best defense against US offense persisted. The second proposition developed in the 1970s. Although Cuba's decisions to deploy troops or to undertake other internationalist missions were characteristically its own, it also furthered a long-term tendency to coordinate such policies with those of the Soviet Union, demonstrating thereby that Cuba was the Soviet Union's most reliable foreign policy ally in the Cold War, and providing a basis for a substantial claim on Soviet resources (Domínguez, 1989).

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Indeed, Cuba was the only communist country able to deploy its armed forces thousands of miles from its borders to participate in wars that were, at best, only remotely related to the defense of the homeland. Those troops fighting on the savannahs of Angola or the steppes of Ethiopia were not Czechs, Poles, Mongols, or Bulgarians; they were Cubans. And unlike the US armed forces in Vietnam and the Soviet armed forces in Afghanistan, Cubans won the three wars they fought on African soil: Angola 1975-76, Ethiopia 1977-78, and Angola 1987-88. Cuba's military effort was impressive even when compared to the US military effort during the Vietnam war. From 1975 through 1989, Cuba kept more troops deployed to African countries each year than the United States had stationed in Vietnam during the peak year of the war (1968), relative to the respective populations of Cuba and the United States.

The Soviet Union, in turn, provided massive economic, military, and political support for Cuba, especially from the mid-1970s to the mid-1980s. Such assistance enabled the Cuban economy to recover from its collapse at the end of the 1960s and funded the growth of a social welfare state that substantially increased Cuba's quality of life, notably its standards of education and health.

Today the Soviet Union no longer exists, and no Soviet successor state provides assistance to President Castro's government. Cuba's economy shrank dramatically in the early years of the 1990s; it stabilized at a low level only in 1996. And Che's old slogan sounds ironic in the 1990s, because Vietnam itself has rushed headlong toward a market economy.

Given Cuba's diminishing power, how can we make sense of the overall pattern of US-Cuban relations since the end of the Cold War? Why is it that the US government has established workable relations with every remaining communist government but Cuba? Even some of the most problematic of those governments have received greater deference from the US than has Cuba's. The United States engaged Serbia's government respectfully, for example, in order to reach the 1996 Dayton, Ohio, accords that ended the civil war in Bosnia. And the United States is prepared to provide various forms of assistance to North Korea in exchange for that country's commitment to forgo the development of nuclear weapons.

This article explores four scholarly explanations for the US position. First, the distribution of power in the international system, as it changed with the end of the Cold War in Europe, is a major

explanation for both the dramatic redesign and curtailment of Cuban foreign policy and the repositioning of US policy toward Cuba. It fails to explain, however, the intense US preoccupation with prescribing the details of Cuba's future domestic politics.

Therefore, a second explanation comes from exploring ideological themes of long standing in both US and Cuban policies. There is a close correspondence between current and historical ideological themes in US policy toward Cuba, and these have been exacerbated both by the shift in the international distribution of power and by the decay of the revolutionary belief system in Cuba. US policy toward its near-neighbors has long sought to prescribe the nature of domestic politics and economics. This second argument, however, still fails to explain sufficiently how these large structural and ideological causes have yielded specific militant and ideological US policies in the 1990s.

Consequently, a third explanation considers the role of domestic politics in both countries, arguing that hardliners in each have, perhaps unwittingly, helped each other in sustaining or fostering confrontational policies. In particular, members of Congress and certain Cuban American organizations have succeeded in reshaping US policy toward Cuba in the 1990s by making effective strategic use of "mobilizing incidents"; namely, public events that have served as opportunities to encourage the hardline Congressional minority to push through new legislation.

The ultimate question, given the preceding three arguments, is why the United States has not invaded Cuba. This essay aims to suggest that the United States has been deterred from such actions both by Cuba's military capabilities and by the "balancing" provided by other international actors. Western European and Latin American governments and Canada have deterred the United States from adopting even more aggressive policies. Accidental war has also been prevented because both the United States and Cuba have developed low-key confidence-building measures. This combination of explanations accounts for both high confrontation and impasse in US-Cuban relations in the late 1990s.

Was Thucydides Right?

In his study of the Peloponnesian War, Thucydides formulated the classic proposition of the realist school of international affairs: "The strong do what they can and the weak suffer what they must"

(Thucydides, 1951: 331). For many years, Cuban foreign policy rebuked this master analyst of ancient Greek international relations, for small, relatively weak Cuba behaved as if it were a major power. With the end of the Cold War, Cuba's exceptionalism ended as well.

Thucydides' hypothesis embodies a strong prediction about Cuba's international behavior once it was deprived of Soviet support and was left with just the resources of a small country. The evidence for the hypothesis is compelling. In September 1989, Cuba completed the repatriation of its troops from Ethiopia (Pérez Ruiz, 1990). In March 1990, all Cuban military personnel in Nicaragua were brought back to Cuba (Granma Weekly Review, 1991: 13). In May 1991, Cuba's last troops were repatriated from Angola (Bohemia, 1991: 33). Also in 1990 and 1991, Cuba brought home its troops and military advisers from various other countries; the longest-lived of these smaller military missions took place in the Congo (Brazzaville), where it lasted for fourteen years. Thus, as the Cold War ended in Europe and Cuba lost the military and economic backing of the Soviet Union, Cuba's overseas military presence came to a near-instantaneous end.

Cuban support for revolutionary movements had been another pillar of its far-reaching internationalist behavior. In some cases, those whom Cuba had supported finally won: guerrillas of SWAPO (South West African People's Organization) laid down their arms to become the government of newly independent Namibia, and the African National Congress won South Africa's national elections and remade the political system.

More telling is the evolution of Cuba's relations with El Salvador's guerrillas, the Frente Farabundo Martí de Liberación Nacional (FMLN). In June 1991, Cuba's Foreign Ministry explained that "Cuba does not renounce, nor will it ever renounce, nor has it any reason to hide or camouflage its strong bonds of brotherhood and solidarity" with the FMLN, even though the latter had yet to lay down its weapons. Nevertheless, the Foreign Ministry added, "in order to foster the climate of trust required for negotiations and as a clear signal of its political will to contribute to that process, Cuba has been limiting since [April 1991] its solidarity with the FMLN to the political level" (Granma, 1991: 8). Noteworthy though it was to confirm, in effect, that Cuba had been providing military assistance to the insurgency well into 1991, the decision to stop such military engagement at this time is nonetheless consistent with a realist hypothesis. Cuba could no longer afford such a risky foreign policy.

Once a peace agreement had been signed in El Salvador, President Castro chose a symbolic event to announce that Cuba would henceforth not support revolutionary movements militarily. He did so in January 1992 while hosting several former high officials of the Kennedy administration (along with Cuban and former Soviet officials) to reflect on the 1962 missile crisis.[1]

In any one of these instances, the history is, of course, more complex than what has been reported here, but the pattern is unambiguously clear. When civil war broke out again in Angola in the early 1990s, for example, Cuban troops did not return. The Angolan government hired South African mercenaries and mobilized support from other governments to prevail on the battlefield.

Cuba's adjustment to the changed international system, of course, went beyond strictly military issues. In May 1990, President Castro inaugurated two new hotels on Varadero Beach, including one built by "foreign capitalists." He announced that Cuba would henceforth seek foreign investment to develop its economy. The Communist Party's Political Bureau endorsed this policy shift soon thereafter (Granma Weekly Review, 1990a: 3; 1990b, 1). For a communist system founded on the expropriation of foreign property, this was a major turnabout.

On October 30, 1994, before the 12th Havana International Fair, Vice President Carlos Lage, Cuba's de facto prime minister, articulated the new policy of luring foreign direct investment.

> We are offering you an orderly country, a coherent and irreversible policy of openness to capital investment, a sufficient and extended economic infrastructure, a productive sector aimed at achieving efficiency, a hard-working, devoted, highly educated and trained people, a society without terrorism or drugs. (Lage, 1995: 89)

Except for the last phrase, any Latin American finance minister might have made the same speech.[2] On September 5, 1995, furthermore, the Cuban National Assembly adopted a new foreign investment law. Its preamble alluded to the triggering reason: "In today's world, without the existence of the socialist bloc, with a globalizing world economy and strong hegemonistic tendencies in the economic, political, and military fields" (Republic of Cuba, 1995: 1). Cuba had little choice but to suffer what it must.

Cuban foreign trade was also drastically affected. Cuban exports dropped from approximately 5.4 billion pesos in 1989 to 1.1 billion pesos in 1993, while imports plunged from 8.1 billion pesos in 1989 to 2.0 billion pesos in 1993.[3] Foreign trade recovered somewhat thereafter, with 1996 exports and imports standing at $2.0 and $3.7 billion, respectively. Trade also underwent a reorientation. In 1989, European countries (especially communist countries) accounted for 88 percent of Cuban trade turnover; in 1994, that proportion was down to 45 percent. The trade share of Asian countries increased, but the value of that trade actually dropped between 1989 and 1994. Only in the Americas did both trade share and value increase from 6 percent and 766 million pesos in 1989 to 35 percent and 1.1 billion pesos in 1994. All of this Cuban trade, moreover, came to be conducted on market prices (Banco Nacional de Cuba, 1995: 11–13; Cuba: Economic Report, 1996; US Central Intelligence Agency, 1995).

Thus, from 1989 to 1991, the international system was transformed, and Cuban foreign policy changed accordingly. Cuba repatriated its troops, stopped its military assistance to insurgencies, and began to conform to a world market economy. Desovietized forever, Cuba became again just an island archipelago under the hot Caribbean sun.

As for the United States, Thucydides' hypothesis also forecasts that the stronger powers will flex their muscles to achieve fundamental objectives. The United States has certainly done so with regard to Cuba. The US government, for example, made it clear to various African and Latin American governments seeking its assistance that they could not remain Cuba's military allies.

The Bush administration also communicated to Soviet president Mikhail Gorbachev that the quality of US-Soviet relations, in what turned out to be the closing days of the Soviet Union, required that the USSR terminate its military alliance with Cuba. In August 1991, various Soviet civilian and military leaders staged an unsuccessful coup to overthrow Gorbachev. The US government backed Gorbachev openly; the Cuban government remained silent as the coup unfolded. Days later, during US secretary of state James Baker's celebratory visit to Moscow, the Soviet government announced its unilateral decision to withdraw all Soviet troops from Cuba. (Soviet troops had been in Cuba since the 1962 missile crisis.) Cuba was not consulted—in fact, its government was not even informed before the public announcement. The Soviet Union also terminated subsidized arms sales to the Cuban military (Cuba Interests Section in the United States, 1991; Smith, 1993: 136–137; Blank, 1994: 104–110). And in February 1992, at a meeting of the United Nations Human Rights Commission, the new Russian government approved a motion to condemn the Cuban government's violation of human rights (Pérez, 1993). A three-decades-old political, economic, and military alliance had been shattered.

In the same spirit of coercive diplomacy, the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996 (better known as the Helms-Burton Act) mandates that the United States will reduce its assistance to any successor state of the Soviet Union by the exact amount that such a country provides to assist Cuba in maintaining its military and intelligence facilities. Although a loophole-riddled waiver provision cancels, in practice, the effect of this section, the general perspective it articulates reflects actual US policy (US House of Representatives, 1996: sec. 106).

On the other hand, Thucydides' hypothesis is open to the interpretation that a major power has a range of choices about how and where to wield its clout. This is even more evident in the contemporary formulation of the neorealist school of international relations. For such scholars, states seek power, and calculate their interests in terms of power, relative to the nature of the international system they face (Keohane, 1983: 507). One consequence of such reasoning is to discount fully what might occur at the "unit level"; that is, largely to disregard the domestic arrangements and circumstances of states in the international system.

US policy toward Cuba in the 1990s has most decidedly not conformed to this expectation. The centerpiece of that policy has been the endeavor to oust the Castro government. The collapse of what was once Cuban foreign policy during the Cold War was, from Washington's perspective, an insufficient achievement. Instead of celebrating that Cuba was no longer able to project its power overseas, the US government was angry that Cuba's political regime did not crumble. The US hostility toward the Cuban government heightened as the Cold War came to an end and precisely when Cuba ceased to pose a security threat to most US interests. Neither realism nor neorealism can explain this temper tantrum in US policy toward Cuba, or why US-Cuban relations went from the Cold War to a colder war.

Ideological Explanations

The Monroe Doctrine is often presented as a statement in the tradition of Realpolitik, whereby the United States sought to deter European reconquest in the Americas beyond the colonies the European powers still held. That reading is, literally, a half-truth. The operative sentence of President James Monroe's Message to Congress (December 2, 1823) features an ideological policy:

> We owe it, therefore, to candor and to the amicable relations existing between the United States and those powers to declare that we should consider any attempt on their part to extend their system to any portion of this hemisphere as dangerous to our peace and safety. (Perkins, 1963: 56-57)

It was not just their power but also their system, which was "essentially different," that Monroe sought to keep away from the Americas. Monroe's ideological intent was instantly understood by Austrian chancellor Klemens von Metternich. The United States, he wrote to his Russian counterpart, had "distinctly and clearly announced their intention to set not only power against power, but, to express it more exactly, altar against altar." If the United States were to prevail, Metternich continued, "what would become of our religious and political institutions, of the moral force of our governments...?" (Perkins, 1963: 392). Ideological goals have been integral to US policy toward Latin America ever since.

President Theodore Roosevelt amended the Monroe Doctrine in his Message to Congress of 1905. "There are, of course, limits to the wrongs which any self-respecting nation can endure," he wrote. Such wrongs include "some State unable to keep order among its own people...and unwilling to do justice to those outsiders who treat it well." Those circumstances "may result in our having to take action to protect our rights," though "such action will not be taken with a view to territorial aggression" (Perkins, 1963: 223). The US government thus claimed the right to intervene in the affairs of its near-neighbors to stop internal disorder, as it defined it, or to redress perceived injustices done to foreigners. From the outset of the formulation of what came to be known as the Roosevelt Corollary, economic "injustices" committed against foreigners—that is, nonpayment of debts—would warrant US intervention. Under these and related policies, the United States occupied Cuba militarily from 1906 to 1909.

From the 1930s to the 1980s, the U.S. propensity to intervene in atin American countries for these reasons was tempered by the tructure of the international system and, in particular, by competiion with Nazi Germany and the Soviet Union. Cold War intervenions, for example, characteristically featured a strong "anti-Soviet" omponent; the United States rarely intervened in the internal affairs f its near-neighbors unless it perceived a superpower threat.[4] With he collapse of the Soviet Union and the transformation of the nternational system, the United States was liberated to pursue once gain ideological interests in the Monrovian tradition. US intervenons in Panama in December 1989 and Haiti in September 1994 xemplify the renewed willingness of the United States to deploy orce to reshape the domestic politics of its near-neighbors in the bsence of a threat from another superpower. The collapse of the SSR was, of course, especially pertinent to US-Cuban relations: the oviet Union no longer sought to stop the United States from attempting to remake Cuban domestic politics. Free at last to rediscover its istory, the US Congress enacted the Cuban Liberty and Democratic olidarity Act of 1996.

The Helms-Burton Act captures well this ideological tradition in S foreign policy. Section 201, "Assistance to a Free and Independent uba," affirms that "the self-determination of the Cuban people is a overeign and national right of the citizens of Cuba which must be cercised free of interference by the government of any other ountry." Subsequent sections, however, indicate that the United ates still claims the right to determine in intrusive detail which ystem" of governance is permissible in the Americas (US House of epresentatives, 1996: sec. 201).

Section 205 stipulates the definition for determining when Cuba ill have a transitional government. It requires that Cuba free all olitical prisoners, legalize all political activity, and make a public ommitment to organize free and fair elections. But the definition of e transitional government also includes ceasing interference with adio Martí or Television Martí, permitting the reinstatement of izenship to Cuban-born persons returning to Cuba, and "taking propriate steps" to return expropriated property to US citizens or mpensate them accordingly. It also requires the exclusion of Fidel d Raúl Castro from Cuba's government, a provision closed to the pothesis that Cuba's people might choose them as their governors a free and competitive election.

Even if a transitional government were to carry out all these procedures, Section 202 still seeks to limit US assistance to such a government principally to humanitarian aid (food, medicine, emergency energy needs) and to "preparing the Cuban military forces to adjust to an appropriate role in a democracy" (US House of Representatives, 1996: sec. 202).

The definition of a democratic government, under Section 206, stipulates some widely accepted criteria, such as free and fair elections, respect for civil liberties, an independent judiciary, and so forth. But part of the definition also stipulates that Cuba must be "substantially moving toward a market-oriented economic system" and show "demonstrable progress in returning to United States citizens" once expropriated property or "providing full compensation for such property" (US House of Representatives, 1996: sec. 206).

Even if one were to agree that TV Martí should be seen and heard in Cuba, that those who lost their citizenship should regain it, that market economics works best, that Fidel and Raúl Castro's services are not needed in a future Cuban government, and that property should be returned or compensated, all of these desiderata go well beyond any internationally recognized criteria for the determination of democratic or transitional democratizing governments under the charters of the United Nations or the Organization of American States. Mandating them in US legislation as defining characteristics of a democratic or transitional Cuban government makes a mockery of the pledge to respect Cuban sovereignty.

The Helms-Burton Act is, however, quite faithful to the themes of the Monroe Doctrine and the Roosevelt Corollary. It claims for the United States the unilateral right to decide a wide array of domestic policies and arrangements in a nominally sovereign post-Castro Cuba. In the Monroe Doctrine, the United States asserted its right to specify which system of government was acceptable in the Americas. In the Roosevelt Corollary, the US government claimed the additional right to stipulate specific economic and other policies and specifically to redress the nonpayment of debts. The Helms-Burton Act rediscovers the ideological brio of imperialism. At the end of the twentieth century, as in centuries past, the United States is demanding the right to set the framework for the political and economic system it would tolerate inside Cuba.

There are several important ideological changes in Cuba as well. A central feature of Cuban politics in the 1990s has been the erosion

of belief in Marxism-Leninism and in the revolutionary ethos that marked the Cuban experience in the 1960s. In their place, the Cuban leadership has proposed nothing. Its one remaining ideological commitment is, to be sure, a fierce adherence to the claim that it, and only it, is capable of defending the Cuban nation from foreign aggression. Two important texts illustrate this shift: one preceding and one following the marked deterioration of US-Cuban relations that occurred in early 1996.

On July 26, 1995, Fidel Castro marked one more anniversary of the attack he led against the Moncada barracks of the Cuban army in 1953. As always, he sought to legitimate his claim to rule with reference to his historical "merits," even though the "glorious past" of the anti-Batista struggle was rapidly receding. He also touted the evidence that the economic decline had stopped and that some improvement in the standard of living was under way. He expressed, however, no vision for the future. He simply reiterated that somehow Cuba was still Marxist-Leninist, even if economic policy had changed direction "substantially and rather radically."

In addition, he warned, the "elements of capitalism introduced in our country bring along the noxious and alienating features of that system, such as corruption and bribery." He did not explain, however, how anyone but he could distinguish between the good and the bad capitalists. Castro also attacked those US policies that sought to promote academic and cultural exchanges, expressing fear that they would subvert the Cuban political system. But he did not distinguish this US opening he did not like from his other demands that the United States should adopt more open policies toward Cuba (Radio Rebelde, 1995).

On March 23, 1996, the Communist Party's Political Bureau met to discuss the country's situation and approved a statement eventually read publicly by General Raúl Castro. The statement is riddled with contradictions on nearly every subject it discusses. For example, it defends the economic policies launched in the early 1990s: self-employment, freer agricultural markets, wider scope for peasant production and marketing, rural cooperatives, foreign direct investment—these are all engines of economic recovery for a country that suffered so drastically in the first half of the decade. In each case, however, the Political Bureau statement also records the objections of the ideological hardliners, who nevertheless provide no alternative solutions for filling the basic needs of the population.

Only on one subject is the statement consistent: its harsh, generally unfair, and dogmatic criticism of scholars and scholarship in think tanks, which the party itself had formally sponsored and from which Cuban government and party officials had systematically and regularly drawn information and analysis (Granma, 1996).

In the mid-1990s, therefore, Cuban leaders had lost their ideological compass.[5] They had authorized economic measures of which they mostly disapproved but had no choice but to adopt. They could no longer claim to represent revolutionary ideals. They demonstrated a greater intolerance for the intellectual work of scholars closely affiliated with government and party institutions—work that was critical in some respects but also remarkably loyal politically. Indeed, the Cuban political regime increasingly came to resemble a dictatorship committed to protecting international capitalists in exchange for economic growth—a far cry from what was once called a socialist revolution.

One consequence of the loss of belief in Cuba—the decay of the regime's ideological foundations—was to make the population more vulnerable to the spread of alternative belief systems. The same Cuban government that was compelled to open to the international economy sought to shut out the contamination from international society, just as the United States was reenergizing the ideological strains in its foreign policy and rediscovering the virtues of end-of-the-century imperialism. And all this happened while Cuba's network of international alliances was crumbling.

An ideological explanation rooted in the rediscovery of historical themes in US policy toward its near-neighbors helps to explain the shift from the Cold War to the colder war. As the weaker country adjusted, the stronger one expanded its intrusive ambitions beyond shaping international behavior toward determining the structure of domestic politics.

The Domestic Politics of US-Cuban Relations

Structural and ideological arguments set the contours of US-Cuban relations, but actions in each country provide the necessary connections between macro-causes and micro-outcomes. How did political processes generate the specific events and policies of the 1990s?

Early in the decade, the Bush administration appeared to believe that the Cuban political regime would fall from its own weight. That seemed to be the lesson of communism in Europe. Without Soviet subsidies, many observers reasoned, Cuba was ripe for change. There was no need to spend significantly greater US resources to overthrow the Castro government.

In 1989, US Senator Connie Mack (Republican, Florida) introduced legislation to prohibit trade between Cuba and the subsidiaries of US firms operating in third countries. Senator Mack was, in part, responding to an important segment of his Cuban American constituents, who were well organized through the Cuban American National Foundation. In 1989, 1990, and 1991, the US Department of State went on record opposing Mack's proposals because they extended US legal jurisdiction beyond the boundaries of the United States. The proposals did not get far in Congress.

In early 1992, however, US Representative Robert Torricelli (Democrat, New Jersey) formulated a bill, which he called the Cuban Democracy Act, featuring the same provisions. Torricelli was convinced that the Bush administration was too passive in its approach to Cuba and that a combination of stiffer sanctions, but also some calibrated subtle openings, would throw the Castro government off balance. Torricelli's bill, for example, would eventually facilitate telephone communication between Cuba and the United States.

Torricelli also saw a partisan opportunity in an election year. In April 1992, Robert Gelbard, principal deputy assistant secretary of state for inter-American affairs, testified for the Bush administration against Torricelli's bill, just as the administration had opposed earlier versions of it. The rising Democratic contender for the presidency, Bill Clinton, endorsed Torricelli's bill, however. By May 1992, the Bush administration had dropped its opposition. In September 1992, in the heat of the campaign, Congress passed the Cuban Democracy Act by large majorities, and President Bush signed it into law (Kaplowitz and Kaplowitz, 1993: 234-236). The enactment of the Cuban Democracy Act, therefore, is best explained as an outcome of US domestic politics.

The clout of hardliners is an insufficient explanation for the bill's enactment, however. Hardliners succeeded because they maneuvered strategically during what might be called a "mobilizing incident"; that is, an event that lifts some political constraints blocking action, affects some swing votes, and, in this case, made effective use of ideological legacies from the Monroe-Roosevelt tradition. The "mobilizing incident" here was the presidential election and the partisan bidding for Cuban American votes in Florida, a pivotal state. That was the key to this political outcome.

The story of the Helms-Burton Act is similar. The Republican electoral victory in the Congressional elections of 1994 installed Senator Jesse Helms (Republican, North Carolina) as chairman of the Senate Foreign Relations Committee and Representative Dan Burton (Republican, Indiana) as chairman of the House Subcommittee on Western Hemisphere Affairs. Torricelli had chaired the subcommittee in the previous Congress; the three Cuban American members of Congress served on it. The one real change was Helms's new role.

Cuban American lobbies mobilized to tighten economic sanctions on Cuba. The goal was to stop foreign investment in Cuba and, if possible, to impair Cuban trade. The means was to empower legally those whose property had been expropriated by the Cuban government to bring litigation in US courts against firms that "trafficked" in such property. Certainly a foreign investor who had come to operate a once-expropriated firm was a prime target, but in theory, even trading with a Cuban state enterprise created from such expropriation would make an international firm vulnerable to litigation. The bill's framers hoped that, faced with potentially high legal costs in US courts, international firms would stay away from Cuba.

The Clinton administration opposed the Helms-Burton bill when it was first submitted. Though the bill had important support in the House of Representatives, enough Republicans and most Democrats agreed with the administration that this bill's extraterritorial provisions would cause serious harm to the United States' relations with its main trading partners. In October 1995, Senator Helms was outmaneuvered and had to agree to delete the property litigation procedures (Title III). The Senate approved only a much weaker bill that would have had, at most, modest effects on US policy toward Cuba (Congressional Record, 1995: S15584-S15589; CubaINFO, 1995a: 1-2). In late 1995 and early 1996, the federal budget battle between the President and Congress took center stage, and the Helms-Burton bill languished and seemed mortally weakened.

Once again, the clout of hardliners was insufficient to get the bill enacted; instead, it would be the skill of hardliners in capitalizing strategically on yet another "mobilizing incident" that would prove to be the key to this second political outcome. Thanks to the mobilizing

incident, Helms-Burton moved from the Congressional back burner to approval by overwhelming majorities in both chambers. The domestic policy debate took it for granted that the policies of Monroe and Theodore Roosevelt did, indeed, provide the proper ideological context for US policy toward Cuba.

During the spring and summer of 1994, Cubans in increasing numbers emigrated across the Straits of Florida in unseaworthy boats, rafts, and other improvised craft in a desperate attempt to reach the United States. A group of Cuban Americans called Brothers to the Rescue, founded in 1991, had been flying over the straits to spot the migrants and report them to the US Coast Guard, which would rescue them and bring them safely to US shores.

In subsequent months, however, Brothers to Rescue shifted from a humanitarian to a political mission, entering Cuban airspace to drop flyers criticizing the Cuban government. This had not happened since the 1960s; it alarmed the government's supporters and especially the military services. On January 9 and 13, 1996, Brothers to the Rescue dropped thousands of such flyers over the city of Havana. At that point, a crisis broke out within the Cuban government; hardliners demanded authorization to shoot down such aerial intrusions. As Cuba's official account notes, "the Cuban government gave instructions to the Air Force that what happened on January 9 and 13 could by no means be tolerated" (Robaina González, 1996). On February 24, 1996, three planes piloted by Brothers to the Rescue approached Cuban international waters; at least one penetrated Cuban air space. The Cuban Air Force chased the unarmed civilian airplanes and shot down two of them over international waters.

The United Nations Security Council noted—alas, on July 26—that the "unlawful shooting down by the Cuban Air Force of two civil aircraft on 24 February 1996 violated the principle that States must refrain from the use of weapons against civil aircraft in flight," and condemned such Cuban behavior (UN, Security Council, 1996).

The aircraft shootdown coincided with increased political repression in Cuba. On October 10, 1995 (the anniversary of the beginning of Cuba's first war of independence), 140 small, unofficial Cuban opposition groups coalesced around a plan to found the Concilio Cubano (Cuban Council). The Concilio's aims were to persuade the Cuban government to grant a general amnesty for all political prisoners, show full respect for the present Constitution and fundamental laws, fulfill its obligations to respect human rights under the United Nations Charter, grant freedom of economic organization, and hold free and direct elections, on the basis of the pluralistic nature of society. The Concilio's subsequent behavior confirmed its commitment to use only peaceful means to achieve its goals. On February 15, 1997, however, the Cuban government banned all gatherings by Concilio and arrested its leading members (Hidalgo and Machado, 1995, 1996a, b, c; Amnesty International, 1996).

The Cuban Air Force's actions and the hardline domestic crackdown forced President Clinton to make a decision. For the first time since the 1962 missile crisis, a president of the United States contemplated ordering the US armed forces to take military action against Cuba.[6] He could have chosen among several military options of varying degrees of severity; instead, he rejected all of them and agreed to accept the Helms-Burton Act. Congress swiftly resurrected the bill and decisively approved it. The President signed it into law on the date of the 1996 Florida presidential election primary.

One salient feature of the Helms-Burton Act was the property litigation provisions in Title III. The act authorized the President to waive this legislation, however; a determination had to be made every six months. As the crisis over Cuba subsided and his prospects for reelection improved—no new mobilizing incidents—and as the costs to US relations with its allies of implementing Title III became clearer, Clinton waived Title III first on July 16, 1996, despite warnings of electoral retribution from Cuban American voters, and again in early January 1997. On this date, he stated that he would waive it indefinitely. Other aspects of the act, such as penalties to be imposed on Russia if it were to continue or intensify its relations with Cuba, are also waivable.[7] As a practical matter, most—though not all—of the provisions that affect third countries are inoperative. It is "dead" law.

Nevertheless, these events and the law create two policy legacies. First, the United States has very few instruments or policy alternatives left with which to punish the Cuban government should another worrisome episode occur, be it another shootdown, an emigration crisis, an incident around the US naval base at Guantánamo Bay, or even more intense domestic repression. The Helms-Burton Act also codifies all US sanctions on Cuba, thereby removing presidential discretion in the management of US policy toward Cuba. The odds have increased that the President of the United States would order an armed attack against Cuba the next time there is a serious incident.

Second, hardliners in the United States and Cuba have become each other's best allies. Hard-charging Cuban American lobbies pressed effectively and successfully for Helms-Burton. Hardliners in Cuba persuaded Fidel Castro to give the air force standing orders to shoot, and to crack down on Concilio Cubano. Cuba's shootdown and crackdown strengthened the hand of hardliners in the United States, reviving and enacting Helms-Burton. And Helms-Burton, in turn, inflamed the Cuban government and deepened its propensity for political repression and intolerance of even slightly different ideas, as evident in the Political Bureau statement of March 23, 1996.

In short, domestic politics in both countries activated the potential evident in the structural and ideological explanations and helped bring the United States and Cuba closer to intensified conflict, to the detriment of the goals each government claimed to seek—for Cuba, a more effective insertion in the international system; and for the United States, a "peaceful democratic transition in Cuba."

Preventing War

The burden of the preceding analysis suggests that the United States and Cuba are on the edge of a major confrontation. Indeed, this analysis makes it difficult to understand why a major military clash has not occurred already. The structural, ideological, and domestic political explanations all point toward armed conflict. Since the end of the Cold War, moreover, the United States has twice demonstrated its willingness to intervene militarily in the domestic affairs of its near-neighbors. It did so first in Panama in 1989 and then in Haiti in 1994.

President Clinton's formulation of a key foreign policy principle regarding his decision to intervene in Haiti suggests a highly expansive view of the US "right" to intervene. For example, a few months before the US intervention in Haiti, President Clinton visited Moscow and was asked his views concerning Russian military intervention in some newly independent successor states of the Soviet Union. He replied,

> I think there will be times when you will be involved, and you will be more likely to be involved in some of these areas near you, just like the United States has been involved in the last several years in Panama and Grenada near our area. (White House, 1994)

Why, then, has the United States not invaded Cuba yet? The principal explanation is probably its assessment that the costs of such intervention remain too high. Cuba's successful deterrence of the United States remains the strongest explanation for the absence of war and for the commitment of the US government to foster a "democratic transition" in Cuba that remains "peaceful," to quote the official slogans. This deterrence has two important aspects.

The first is strictly military. The Cuban armed forces are a sad, pale shadow of the powerful institution that strutted the world stage in the 1970s and 1980s (Walker, 1996). But they retain sufficient strength and fighting élan to make a US invasion of Cuba much costlier than the US interventions in Panama and Haiti. The size and cost of the US deployment to ensure victory in Cuba, and the casualties that US forces would likely suffer, help to deter a US invasion. Cuba thus has a "bee sting" capability.

The second dimension of deterrence is political. Consider President Clinton's statement in Moscow. He did not endorse an all-purpose justification for either Russian or US military intervention in the affairs of near-neighbors. Instead, he argued, getting involved is justified

> when there is an involvement beyond the borders of the nation, that it is consistent with international law and, whenever possible, actually supported through other nations either through the United Nations or through some other instrument of international law." (White House, 1994)

The US intervention in Haiti in 1994 was endorsed by the United Nations Security Council, for example. And, although President Clinton's statement clearly does not preclude the possibility of the United States intervening militarily in the absence of a UN endorsement, the policies of other governments and international institutions weigh heavily on Clinton's own calculus of costs and benefits. Because US policy toward Cuba (especially the Helms-Burton Act) is opposed by most US allies, the likelihood of US military intervention in Cuba is lessened.

Therefore, the "balancing" of US power by the power of others is also an important explanation for the absence of war between the United States and Cuba—an explanation consistent with what are sometimes called neorealist perspectives on international relations. The premier neorealist scholar, Kenneth Waltz, has written accordingly about the international system after the end of the Cold War. Waltz argues (as he did consistently about the international system before 1989) that "the response of other countries to one among them

ɜeeking or gaining preponderant power is to try to balance against it. Hegemony leads to balance, which is easy to see historically and to ɪnderstand theoretically." In the post-Cold War world, Waltz avers, 'that is now happening, but haltingly so because the United States still ɪas benefits to offer and many other countries have become accus-omed to their easy lives with the United States bearing many of their ɔurdens" (Waltz, 1994: 169). This characterization fits well with how he European Union, Canada, and most Latin American and Caribbean ountries have sought to "balance" against US policy toward Cuba, specially in the aftermath of the Torricelli and Helms-Burton Acts.[8]

To prevent an accidental turn toward a military confrontation, ı addition, the Cuban and US governments have engaged in a number f low-key confidence-building measures in the 1990s.[9] Many of the ɔecific measures had been discussed within the Bush administration ut had been put on hold as the 1992 presidential election ap-roached. Their implementation, for the most part, began in 1993.

The two coast guards began to collaborate more closely, sharing ɔme information on search and rescue missions in the Straits of orida. This collaboration would become especially important dur-g the 1994 migration crisis and its aftermath; it has also led to various stances of joint action against drug traffickers. At times, for ex-nple, the US Coast Guard has provided the information, while its ıban counterpart (*Guardafronteras*) has arrested the criminals nd, in some cases, has returned them to the United States). On ctober 8, 1996, for instance, the US and Cuban Coast Guards ɪllaborated on the seizure of 1.7 tons of cocaine (CubaINFO, 1996b: . On the US side, the Justice Department and the FBI have recipro-ted, warning against terrorist actions departing from Florida, and ve brought terrorists to court (CubaINFO, 1995b: 1).

Some confidence-building measures also began in 1993 in and ɔund the US naval base at Guantánamo. For example, when US :ces were scheduled to engage in a military exercise, the US base mmander would give advance notification to his counterpart on ɛ Cuban side, communicating some aspect of the exercise that the bans typically would have observed anyway. The information was erationally useless to the Cuban forces, but the procedure opened ommunication channel that would expand and become useful in ɪe. Cuba's Revolutionary Armed Forces have responded in kind, ɔviding the US command at the Guantánamo base advance notifica-n of their live-ammunition exercises.

The most important reason for US-Cuban contact and collaboration has been to cope with the effects of the migration flow. In December 1984, the two governments signed a migration agreement. Cuba agreed to take back a specified number of Cubans whom the United States had found excludable under its own laws (most had come through Mariel harbor by sea in 1980), and the United States agreed to accept lawful Cuban migrants on a routine basis. This agreement was suspended in May 1985 and reinstated in November 1987.[10] The number of Cuban immigrants accepted by the United States each year thereafter, however, always remained below five thousand. During Cuba's economic crisis of the early 1990s, the pressures to emigrate built up. The worst year of the economic crisis turned out to be 1993; the frequency of rafters increased that year and continued into early 1994.

On August 5, 1994, the largest riot since the early 1960s broke out in the city of Havana. On August 12, the Cuban government stopped preventing emigration by boat or raft; some 35,000 people fled Cuba over the next few weeks. On September 9, 1994, the two governments reached a new agreement to stop the flow. Another more comprehensive agreement would be signed on May 2, 1995. Through these agreements, the Clinton administration reversed several decades of US migration policy toward Cuba. Henceforth, Cubans on the high seas would no longer be treated presumptively as refugees; when picked up by the US Coast Guard, they would be interrogated to discern their motives, but with the expectation that they would be sent back to Cuba. The new agreement also provided for the lawful, orderly migration of no fewer than 20,000 Cubans to the United States every year; an annual emigration lottery was created to give opportunities to those who had no relatives in the United States. In 1996, 500,000 people applied for such visas.[11]

Thus in 1995 as in decades past, the governments of Cuba and the United States, each for its own reasons, adopted the migration policies most favored by the other government. The United States wanted to stop the illegal waves of Cubans washing up on Florida shores. Cuba wanted to stop the thefts and hijackings that had been part of those emigration attempts. The sharp reduction of the illegal flow of Cuban migrants across the Straits of Florida would also reduce the likelihood of military confrontation, albeit accidental, between US and Cuban forces patrolling the straits.

As part of the 1994 migration crisis, nearly thirty thousand Cubans were held temporarily in camps at the US Guantánamo naval base. US and Cuban military authorities developed a constructive relationship in 1994-95 to deal with the complexities of this situation. Meetings were held every four to six weeks between the high-ranking Cuban and US military authorities at the base to deal with practical matters, making it less likely that one side would misunderstand the other's behavior. These meetings continued even after the migration crisis subsided; one of them (in December 1995) became public, at least partly because it was attended by General John Sheehan, chief of the US Atlantic Command.[12]

Equally noteworthy has been the collaboration between the two governments after the February 24, 1996, shootdown, so as to prevent militant Cuban Americans from drawing the two governments into renewed confrontation or accidental combat. Brothers to the Rescue and other Cuban American organizations have staged events on the high seas at the site of the shootdown to honor those killed in the incident and others whose boats or rafts have capsized as a consequence of Cuban air force or coast guard action. For each of these events, both governments have set down clear markers for the Cuban American flotillas that headed toward the US-Cuban maritime border (Rohter, 1997: A12). At such times, the respective coast guards, supported by their air forces, have established close communications; US Coast Guard officers travel to Havana in advance of each flotilla episode to discuss what each side will do to prevent a violent incident.[13]

Other factors contribute to this relative stability in US-Cuban relations, notwithstanding the conflict. Whereas in 1962, the Joint Chiefs of Staff recommended to President Kennedy a massive military attack on Cuba, in 1996, the Joint Chiefs did not back a military response to the shootdown crisis.[14] President Clinton, moreover, chose to retain the various migration agreements, widened aspects of cooperation over technical issues, and imposed tighter controls to prevent unauthorized flights over Cuban territory.

In short, despite the high level of bilateral confrontation, US-Cuban relations have stopped short of war. Cuba has successfully deterred US military actions. Governments that are in most other respects US allies have counterbalanced US policies toward Cuba. And the United States and Cuba have constructed confidence-building procedures and adopted other policies to make accidental war less likely.

CONCLUSIONS

The Cold War has turned colder in the Caribbean. Cuba is the only country once governed by a communist party whose domestic political regime the United States is still committed by law and policy to replace, albeit "by peaceful means."

The end of the Cold War international system, and specifically the collapse of the Soviet Union, forced Cuba to adjust along the lines that realist and neorealist explanations would predict. Cuba had to downsize its foreign policy and "suffer what it must." International systemic explanations also predict that the victorious power would flex its muscle; the extent and intensity of US interest in shaping Cuba's domestic political regime, however, has been unexpected from these explanations.

The longstanding ideological themes in US hemispheric policies that preceded the anticommunism of the Cold War are a second necessary factor. The United States has long insisted on its right to shape the domestic politics and economics of neighboring countries. The Torricelli and Helms-Burton Acts are lineal descendants of the Monroe Doctrine and the Roosevelt Corollary. The United States can be pragmatic in the design of many policies throughout the world, but it has always been much more ideological, not just more imposing, in its own backyard. Cuba's own ideological disarray in the 1990s made it vulnerable to renewed US pressures. Cuba's compounded structural and ideological weaknesses heightened the intrusive ambitions of the United States to reshape Cuba's future. The US government rediscovered its imperialist history and liked what it saw.

Domestic politics provides the necessary connection between these large-scale structural and ideological causes, on the one hand, and the specific policy outcomes, on the other. The process of enactment of the Torricelli and Helms-Burton Acts is the child of domestic politics in the United States, crystallized through mobilizing incidents when a Congressional faction could maneuver strategically to prevail. The 1996 mobilizing incident, in turn, was facilitated and accelerated by the consequences of hardliner ascendancy in Cuban domestic politics, especially since early that year. Cuba's hardliners bear major responsibility for the approval of the Helms-Burton Act. The hardliners in each country have been each other's best allies, each remaining an obstacle to changing the quality of US-Cuban relations.

Until those relations distend somewhat, the likelihood of a peaceful democratic transition in Cuba recedes.

The ultimate puzzle, then, is why "real" war has not broken out already between the United States and Cuba. The answer offered in this essay is that Cuba has successfully deterred the United States from invading, and that other powers have effectively "balanced" against US policies toward Cuba, as neorealist scholars would expect. But the US and Cuban governments also deserve credit for building a modest network of confidence-building procedures to prevent accidental war. It would be hyperbole to claim that these procedures have prevented war, but their extension and deepening might.

For now, these confidence-building steps remain woefully insufficient to stop a major conflagration. The shootdown of February 24, 1996, exemplifies the great danger of accidental conflict triggered by provocative and illegal actions by certain Cuban American groups. If such an event were to recur, the likelihood that the President of the United States would feel compelled to authorize military retaliation against Cuba would be greater, partly because so few other options are available.

The Cold War in the Caribbean may become the even Colder War, as both the United States and Cuba march toward the centenary commemoration of the first US military occupation of Cuba in 1898. Neither peace nor democracy is at hand.

Notes

1. For Castro's remarks, see Blight, Allyn, and Welch, 1993: 303. I was present at this meeting and heard the statement.

2. For an assessment of Cuba's recent record with foreign investment, see Pérez-López, 1995; and Naciones Unidas, 1995.

3. Official Cuban trade accounts still value one Cuban peso as equal to one US dollar.

4. For a classic demonstration of this point, see Blasier, 1985.

5. The Cuban government had long promulgated a mix of pragmatic and ideological policies. At issue here is not the discovery of pragmatic behavior but the loss of an intellectual and value-laden framework to support, justify, and explain the twists and turns of routine policymaking.

6. This information comes from several confidential author interviews in Washington, DC, 1996.

7. The President has no authority to waive the provisions that deny visas for visiting the United States to executives (and their spouses and children) of firms that "traffic" in goods or services derived from property once expropriated in Cuba.

8. For a subtle analysis of the common position of the European Union countries with regard to Cuba, see IRELA, 1996.

9. These paragraphs rely partly on confidential author interviews in Washington, DC, 1993, 1996, 1997; and Havana, 1996.

10. For an analysis and history of U.S.-Cuban migration relations, see Domínguez, 1992.

11. Confidential author interviews, Washington, DC, 1997. For discussion of wider implications, see González, 1996: 23-24.

12. Confidential author interviews, Washington, DC, 1993, 1996, 1997. Some Cuban American members of Congress have criticized these meetings. See CubaINFO, 1996a: 2-3.

13. Confidential author interviews, Havana, 1996; Miami, 1997; Washington, 1997. On July 13, 1996, I witnessed one example of such U.S.-Cuban collaboration. On Cuban television, I watched the Cuban American flotilla just outside Cuban territorial waters surrounded by U.S. and Cuban coast guard vessels.

14. Confidential author interviews, Washington, DC, 1996.

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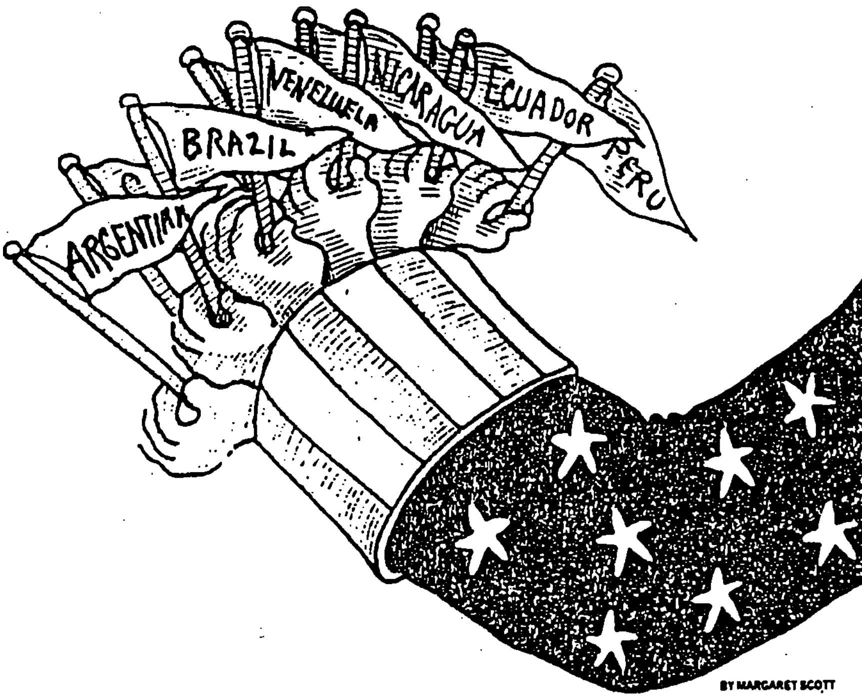
Bernard Aronson

The 'Morning After' in Latin America



BY MARGARET SCOTT

Less then three years ago, at the Miami Summit in December 1994, the elected heads of state of the hemisphere's 34 democracies, led by the United States, unanimously committed themselves to a bold agenda of economic reform culminating in free trade throughout the Americas by the year 2005. But when President Clinton travels to Argentina, Brazil and Venezuela this week, he will visit a hemisphere suffering from "reform fatigue" while Congress debates whether even to give the president authority to negotiate a free trade agreement with Chile.

In both Latin America and the United States, it is "the morning after" nearly a decade of dramatic market openings and trade expansion throughout the hemisphere. In Latin America, resurgent economic populists argue that persistent unemployment and poverty prove that the "neo-liberal" economic model of lower tariffs, reduced spending, and subsidies and privatizations exacerbates gaps between rich and poor and only benefits the economic elite. In the United States, opponents of presidential fast-track authority argue that trade agreements like NAFTA force American workers to compete unfairly against low-paid workers in emerging markets and against imports that do not meet U.S. health and environmental standards.

Today a debate is underway across the Americas about how to balance the demands of a global marketplace against the needs of social equity.

President Clinton should join this debate when he visits Latin America. The stakes are high, and U.S. leadership is crucial to its outcome. And as a "New Democrat" president—who has tried to steer a third course between traditional big-government solutions to social problems and the abdication of any legitimate government role—he has something relevant to say. The message might go like this:

In the 1970s the Democratic Party misjudged how inflation ravaged poor and working families and was shut out of national power for more then a decade. Those who seek to speak for those constituencies in Latin America should not repeat that mistake. The hyperinflation that consumed Latin economies in the previous "lost decade" destroyed the wages and savings of working and poor families. And they have benefited the most from the economic stabilization policies that now protect the value of Latin currencies. Chile, the Latin nation that in recent years has gone furthest in opening up its economy, also has made the most progress in reducing poverty, lowering unemployment, raising retirement benefits and expanding educational opportunity.

What is at stake in the battle for reform in Latin America is not only the fate of the poor but the future of democracy.

What guerrilla forces fighting in the mountains could not accomplish after decades, global trade, capital flows, communications and technology are doing daily: undermining and sweeping away the traditional authoritarian structures that long governed and suppressed Latin American societies.

That is because the traditional closed, protected economies of Latin America were the breeding ground for a nexus of cozy and often corrupt relations between powerful economic groups who depended on state favors and their friends in government. Breaking down that nexus of economic and political power creates for the first time in Latin America the possibility not only of real upward mobility for ordinary citizens but also real democratic accountability for government leaders.

It is not an accident that the most democratic elections held in Mexico's history and the first congressional majorities won by opposition parties followed the opening of its markets. Nor is it coincidental that today Latin civic groups, newspapers, television, radio and ordinary citizens are challenging official corruption with an energy and determination rarely seen before or that heads of state in Brazil and Ecuador accused of official corruption have been forced from office by popular discontent.

Still, the critics of reform have a point. Chile's social progress remains the exception not the rule. The World Bank estimates that 50 million Latin Americans have joined the ranks of the poor since 1950. The process of economic reform in Latin America will not be sustained politically unless its advocates can demonstrate concretely that it offers a better life for the hemisphere's impoverished citizens.

Here neither the ideologues of the market nor the ideologues of the state offer all the answers. For Latin America faces a paradox. As it reduces the power of the state to control and intervene in the economic marketplace, Latin America must strengthen the capacity of the state to deliver human services and safeguard basic rights. As Latin American governments get out of the business of producing steel and aluminum, subsidizing food, fuel and utilities, regulating labor markets and operating telephone and electric companies, they have to get into the business of providing all their citizens, particularly the marginalized poor, safe drinking water and sanitation, world-class public education, basic health services, modern highways and airports, security against crime and violence, safeguards against fraud in the marketplace, protection of their right to organize trade unions and bargain collectively and an independent judiciary where the law, not corruption, rules.

In many Latin nations, for example, the system of licensing and regulation for new small businesses is so complex and time-consuming that it permanently shuts the poor out of the formal economy, denying them access to credit, property rights and the chance to grow their businesses enough to enjoy economies of scale. It must be pared back drastically. But the inefficient and antiquated system of collecting taxes that allows many of the hemisphere's wealthiest citizens and corporations to escape any civic obligation must be strengthened significantly.

How to balance the demands of the marketplace in Latin America against the responsibilities of the state cannot be dictated by an American president. It must emerge, as it has in our own history, through the tug and pull and often messy politics of a democratic society. But the president's voice will make a difference, as will the decision by Congress on reauthorizing the president's authority to negotiate expanded trade in the Americas. A no vote would dramatically tilt the debate in Latin America against the reformers who are transforming the hemisphere.

The writer served as assistant secretary of state for inter-American affairs from June 1989 to July 1993.

How interest groups are shaping foreign policy

Barbara McDougall
on foreign relations

SEVERAL years ago, a turgid article entitled The Death of Foreign Policy was published in an undistinguished learned journal. It followed, and was in the same vein as, The End of History, an essay that had launched a rash of pronouncements about the deaths of various trends in the aftermath of the Cold War.

It is always wise to be skeptical about such matters, largely because things declared well and truly dead have an unhappy way of popping up again unexpectedly, like dandelions or bell-bottom trousers.

Foreign policy is, of course, not dead, but changes were inevitable and have been rapid. What has emerged is a shift in the "outputs" of foreign policy. National security, for example, the central theme of diplomacy since the emergence of nation-states several hundred years ago, has receded as a preoccupation, and concerns that are often seemingly in conflict with each other, such as the environment and terms of trade, are in the ascendant.

However, the "inputs" to foreign policy are also changing. The influence of pin-striped diplomats, from time immemorial the nation's eyes and ears in far-flung lands, is being displaced by high-profile pressure from a variety of disconnected interests. With the latest technology, groups can coalesce around a particular issue very quickly.

In a recent speech in Washington, Jessica Matthews, the recently appointed president of the Carnegie Endowment for Peace and Security, referred to these groups as "coalitions of the willing." The example she used is the initiative under way to eliminate the use of land mines as instruments of war.

Land mines are brutally effective weapons; they destroy, among other targets, enemy vehicles and, not coincidentally, they kill and maim viciously. More often than not they are laid randomly, and sometimes by the million, as in Cambodia. They are almost never appropriately mapped, and if they are, the maps are lost or deliberately destroyed; therefore the mines cannot be cleared with any assurance. They continue to wreak havoc long after hostilities cease, at the cost of untold numbers of civilian lives.

Efforts to ban or limit land mines have been sporadic and ineffective; military establishments, after all, like them. Recently, however, a nucleus of veterans wounded in the Vietnam War joined together to build support internationally to eliminate the use of land mines altogether.

Working largely through the Internet, the group extended itself, initially through contacts with other veterans groups in the United States and Canada, and then throughout Europe and beyond. Support spread like wildfire, well beyond the original interest group, but governments — particularly those with extensive armed forces and large military-industrial establishments — remained aloof, having failed to read the entrails.

HOWEVER, the group was successful in bringing the matter to the agenda of what appeared to be a minor international conference, where it caught the imagination of Canadian Foreign Minister Lloyd Axworthy. Military heavyweights such as the United States, France and Britain at first refused to budge. But now, several months later, all the major European players have turned around.

The shift is due in part to changeovers in government in France and Britain; but a ban on land mines was on the agenda of those new governments only because an international coalition started by veterans put it there. Even the United States, the last remaining holdout with any clout, may reverse its position, or at least find ways to accommodate an international agreement.

It is too early for the original coalition to declare victory and go home, even though it has found a committed champion in Mr. Axworthy. As always, the devil is in the details, and the wording of an accord, to be tabled at an international conference to be hosted by Canada in December, is still at the early stages of discussion.

Who defines the public interest? In the global context, is there even such a thing as the public interest, as opposed to 'special' interests?

It is extraordinary, however, that a substantive international agreement is within reach as a direct result of individual, non-government effort; and that, from a standing start, the objective may have been achieved in less than two years — a remarkably short gestation period by international standards.

The rise of ad hoc non-governmental organizations as influences on foreign policy is gaining momentum as technology revolutionizes the ability of individuals to attach themselves to others for very specific purposes. While a ban on land mines would be applauded by virtually all the world's civilian populations, sometimes the worthiness of the causes espoused is in the eye of the beholder: Canada's terms of trade, for example, have been negatively affected at various times by special interests in three of our historic and most economically vital activities: fish, furs and forests.

Even the new leadership of the United Nations, an organization not inaccurately described in the past as being "all top and no bottom," is attempting to connect with its grassroots as part of a massive reorganization effort.

IN this environment, Ms. Matthews emphasizes, power concentrates faster than before, but it is fair to say that it shifts faster, too. Interesting problems arise that have yet to be resolved. Who, for example, defines the public interest? In the global context, is there even such a thing as the public interest, as opposed to "special" interests? What happens to a group that has achieved its purpose, as the veterans group seems likely to do? Does it attempt to find another cause? Does it even remain a "group"?

Most important for governments, who is accountable — and to whom? Foreign policy defined as defending the national interest is not high on the agenda of most members of the public today in virtually any country. The components of national interest, on the other hand — trade, the environment, labour-force standards — are of vital concern to separate and increasingly narrow but highly vocal sectors of the public. How governments will respond to this fragmentation of interests has yet to be determined, but foreign policy will never be the same.

Barbara McDougall, a director of several Canadian corporations, is a former Canadian minister of external affairs. She is a regular contributor to this weekly foreign-affairs column, alternating with several other writers.

Panama Canal

Heading for capacity crunch

BY AMBLER MOSS

A little over 20 years ago (Sept. 7, 1977), the Panama Canal Treaties were signed in Washington, transferring the important waterway to Panama by the end of 1999. A firestorm of political controversy over the "giveaway" made Senate approval of the treaties hard to achieve, costing the Carter administration a huge amount of political capital.

The treaties solved a major problem in U.S.-Latin American relations, but a large segment of U.S. public opinion remained unconvinced.

Only a short time remains before Panama takes over, but a well-conceived gradual process of transition is nearly complete. With the United States still in charge, the chief executives of the canal have been Panamanian since 1990, two successive individuals with high qualifications. The work force is now 92% Panamanian, including high management positions. The canal puts through more ships per year than ever (nearly 14,000) and actually makes a profit.

Headed by U.S. Undersecretary of the Army Joe R. Reeder, a mixed board of U.S. and Panamanian members has been supervising the canal's operations. Panama has recently passed a law setting up a new Panama Canal Authority to manage the canal as a semi-independent entity beginning in the year 2000.

Surprisingly, the law passed Panama's Legislature without opposition. U.S. officials have praised it as a good instrument of governance. The world shipping community will have access to the new authority through an advisory board it plans to establish.

All this good news was showcased last week in Panama at a three-day conference grandly called the Universal Congress of the Panama Canal. Organized by Panama's former deputy canal administrator, Fernando Manfredo, its purpose was to reassure the shipping interests of the world that Panama was ready to operate the canal as efficiently as they could desire. The United States was represented by Secretary of Transportation Rodney Slater and President Clinton's special envoy to the Americas Thomas "Mack" McLarty. Government and business participants came from around the world and left satisfied with the congress' message.

World shipping has so increased that by the year 2010 the Panama Canal's carrying capacity will be exceeded by demand. Such will be the case even after a billion-dollar modernization program, now under way, is completed.

Nevertheless, one big surprise was revealed at the Congress which made the participants take note. World shipping has so increased that by the year 2010 the Panama Canal's carrying capacity will be exceeded by demand. Such will be the case even after a billion-dollar modernization program, now under way, increases the number of ships sailing through the canal from 35 per day to 42.

To meet demand, all experts agree that a third set of canal locks must be constructed to increase capacity. In fact, this recommendation was made in 1993 by a tripartite commission of the United States, Panama and Japan as the best of many alternatives to increase transportation capacity across Panama.

The price tag will be high, perhaps more than $8 billion, but less than the cost of building an entirely new canal. A number of problems must be overcome, including developing additional fresh water sources to run the canal, assessing and overcoming environmental problems and keeping the present canal efficient while the new work goes forward. Other additional projects may be added, such as a "land-bridge" railroad to handle containers and a high-volume highway. They will not obviate the need for a new set of locks, however.

Where will the funding come from for such a project? Obviously, it will not be from the U.S. Congress, no longer responsible for the canal, nor from Panama, still working its way out of the "debt crisis" years. Nor can such an amount be funded by raising canal tolls; such a raise would soon drive shippers to find other transportation solutions.

Panama — and the United States, as long as it is still in the canal — should begin now to develop a plan. The canal administrator, Alberto Aleman, has established a working group to study this project that will, in any event, take years to complete.

How could it work? There is a way. An international financial institution — the Interamerican Development Bank comes to mind — could organize a consortium of shipping nations which use the canal to finance a project with a long-term payout from canal revenue. With proper financial structuring, toll increases, if any, could be postponed until the new set of locks was opened. Panamanian sovereignty over the canal, a burning political issue from the beginning of this century, would not be affected.

Nevertheless, the world shipping community would become stakeholders with Panama and assure the canal's success in meeting the rapidly growing demands for its service.

Ambler Moss is director of the North-South Center at the University of Miami. He was on the negotiating team for the Panama Canal Treaties, was U.S. Ambassador to Panama from 1978-1982 and is a U.S. representative on the Panama Canal consultative committee.

Women try to raise political influence

Exchanging views at the women's forum are (from left) Marta Suplicy, a member of Brazil's congress, American Paula Stern, an ex-ITC official, and Canadians Dale Godsoe, Dalhousie University vice president, and Helga Stephenson of Viacom Canada Ltd.

But electoral quotas divide panel members

By Toni Marshall
THE WASHINGTON TIMES

Recent international summit meetings — in Cairo, Copenhagen, Vienna, Beijing and Miami — have given priority to improving the status of women.

But women in Latin America and the Caribbean remain caught in a vicious cycle that frustrates their advancement to leadership roles: They are poorly represented in key leadership positions, so they have little influence on the politics and policies that could improve the status of women.

Every Latin American and Caribbean nation signed onto the final declaration of each summit, according to female leaders from the Americas who met in Washington this month at a two-day Women's Leadership Conference of the Americas.

Participants said these countries should now be held to their commitments.

The network of 60 women was organized by two local think tanks, the Inter-American Dialogue and the International Center for Research on Women.

"Immigration, migration, racism and poverty heavily affect women in the Americas. There is a gross inbalance of power in our countries," said Maria Antonietta Berriozabal, founder and chairman of the National Hispana Leadership Institute and U.S. representative to the Inter-American Commission of Women of the Organization of American States.

"We need to see if this group will boldly and courageously point issues out to our presidents," she said.

The goal of the conference was to enhance the influence of female leaders in different sectors, encourage them to invest time and energy needed to recruit more women into leadership roles and motivate them and give information to help eliminate legal barriers to women's opportunities.

Participants agreed that women need to ascend to the highest level of office but disagreed on how they are to get there.

The major point of contention was the electoral quota system now in place in a few Latin American countries.

Those opposed to quota systems said they become ceilings for women and may promote the wrong women to power — those who are actually puppets of powerful men.

In 1991, Argentina passed the hemisphere's first sex-quota law for election of national legislators.

Argentina, Bolivia and, more recently, Brazil, have enacted laws requiring that as many as 30 percent of elected offices be held by women.

Under Argentine law, a minimum 30 percent of all candidates on the closed party lists in all of the country's 24 electoral districts must be women, and they can't just be placed in ornamental positions.

Canada, Chile, Colombia, Costa Rica, Ecuador, Paraguay, Peru and Venezuela are considering similar sex-quota legislation.

"If the goal is to increase the percentage of women legislators in the short to medium term, the use of gender quotas represents the only available option," said Mark Jones of Michigan State University, who presented a paper on sex quotas and the election of female lawmakers in the Americas.

"Quotas should be implemented, however, as part of a broad strategy to increase and enhance women's political participation, with particular energy focused also on their leadership formation and training," he said.

Those opposed to quota systems said they become ceilings for women and may promote the wrong women to power — those who are actually puppets of powerful men.

"I question the act of imposing quotas. Because once quotas are dictated ... you face a block-opposition from male colleagues. Goals tend to work better than quotas," said Judy McLennan, former U.S. ambassador to the U.N. Commission on the Status of Women.

Domestic violence was the hot topic on the second day of the conference.

Between 25 and 50 percent of women in Latin America report they have been abused by male partners.

On Nov. 25 the conference will launch an international day opposing domestic violence against women.

Agencies such as the Pan American Health Organization, the World Bank and the Inter-American Development Bank, plus non-governmental organizations, are creating service networks to treat abused women, programs to educate health officials, as well as projects to educate judges about women's issues and problems of domestic violence.

"There needs to be a permanent adoption of laws against domestic violence," said Sylvia Ostry, chairman of the Center for International Studies and chancellor of the University of Waterloo in Canada.

"Domestic violence doesn't affect just the poorest women," she said.

THE SIGLO NEWS
Weekly Focus on Guatemala
The week beginning 8 October 1997

Optimistic Evaluation of the Guatemalan Peace Process

KATI SUOMINEN
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Cautious optimism characterized a conference evaluating the first ten months of Guatemalan peace accords in Washington DC on September 24. Participants to the event, sponsored by Georgetown University and Inter-American Dialogue (a local policy analysis center on hemispheric affairs) included distinguished Guatemalan officials, and private sector and other nongovernmental leaders.

Most participants viewed the peace process as heading in the right direction. The Washington audience was also reminded that the peace building exercise constitutes a highly complex program involving all the sectors of the Guatemalan society and encompassing over 400 commitments related to the country's political, social, cultural, and economic development. Speakers agreed that achieving the multiple ambitious goals stipulated in the accords is an enormous challenge requiring sufficient resources and daily efforts by all Guatemalans. "We must be convinced by the peace process," said Helen Mack of the human rights group Myrna Mack Foundation.

Government leadership was seen as vital for the implementation of the accords, but participants reiterated that democratization, decentralization, greater transparency, and active participation of civil society are necessary ingredients for genuine peace. The accords have brought about "a totally new way of government to involve and relate to civil society and indigenous peoples", stated Ricardo Stein of Secretaría para la Paz (SEPAZ). "The main thrust of our efforts has to be achieved within this Administration, and ensure that the process is made irreversible." Stein also declared that "participation is the underlying thread of the accords; it is the key."

The main economic and social challenges of reconstruction relate to land issues, tax reform, domestic savings, privatization process, fiscal discipline with investment in health, public safety, and education, and a secure investment climate with clear rules of the game. Pablo Rodas Martini of ASIES urged Guatemalans to establish realistic goals amidst the high expectations unleashed by the signing of the accords.

Addressing the US role in the Guatemalan peace process, Assistant Secretary of State Jeffrey Davidow expressed confidence in Guatemala's seriousness of effort in building peace, but also stated that "it is a political fact of life that Congressional support for additional US foreign assistance to Guatemala has been predicated upon success in bringing peace to the country, and in implementing the peace and moving ahead in the construction of a new society."

According to Davidow, the Clinton Administration now wants to see Guatemala make progress toward the "establishment of public security for all citizens; fiscal reform to provide the resources needed for critical social investment; and finally, strengthening of key state institutions, particularly the justice system."

Davidow emphasized that "ultimately, the challenge of building a peaceful Guatemala falls to Guatemalans themselves and no one else."

Guatemalan Foreign Minister Eduardo Stein acknowledged the fundamental role played by the international community in the process leading to the signing of the accords, and stated that it is understandable that donor nations now want to show their taxpayers that Guatemalans are also paying their fair share.

The international community pledged some US$ 2 billion to assist the peace process, but the remaining portion of reconstruction costs are to be raised internally. To that end, Stein assured that his government is reforming the Guatemalan tax system—known for its regressive nature and dismal collection record—to generate necessary funds for complying with the commitments in the accords.

Weekly Focus on Guatemala

THE SIGLO NEWS

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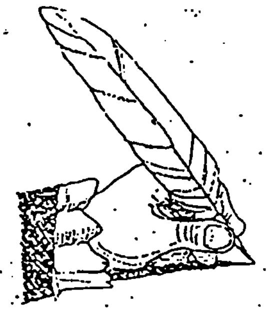
Guest Columnist

NAFTA Parity Extension Bites the Dust—For Now



— By Kati Suominen—
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The final version of the US budget-tax package for FY 1998 approved by the Congress last week deleted a provision extending NAFTA benefits to Caribbean Basin Initiative (CBI) countries.

The CBI entered into force in 1984 as a brainchild of the Reagan Administration to shore up the Central American and Caribbean economies during the Cold War. Embracing 17 Caribbean island states, Central America, and Panama, the CBI is second only to NAFTA in granting preferential access to the US market. Excluded from its eligibility criteria are canned tuna, petroleum, footwear, certain leather goods and watches, and textiles and apparel, the single largest export to the US from the CBI region.

President Clinton has reiterated his commitment to giving the CBI region NAFTA parity to curb trade diversion to Mexico, which CBI members say has caused a 10% drop in their exports and cost thousands of jobs since NAFTA was enacted in 1993.

The initial House budget bill contained the Caribbean Trade Partnership Act introduced by Congressman Philip Crane, providing an immediate one-year NAFTA parity for all CBI exports. The Administration's counterproposal, Caribbean Trade Enhancement Act, established a 50% reduction in current duties on CBI products for three years, after which each beneficiary meeting a dozen requirements ranging from anti-narcotics cooperation to intellectual property rights protection would be granted duty-free access to the US market.

The Senate budget bill did not include a CBI provision. Senate Finance Committee Chairman William Roth, along with twelve of his colleagues, threatened to withdraw their support from the budget deal if the CBI measure was included. They argued the provision violates a prohibition on attaching to budget legislation matters only indirectly related to the budget.

Senate Majority Leader Trent Lott also disapproved of the CBI provision, reportedly due to opposition from Fruit of the Loom, a company with operations in Lott's home state Mississippi.

Textile and apparel union backers Representatives John Spratt and F. Allen Boyd stated to the House-Senate budget conference committee that, while Congress would be unlikely to terminate the parity benefits granted by the House CBI provision after only a year, the annual costs of parity extension would significantly rise from the first year's $217 million.

The Congressional Budget Office estimates a five-year NAFTA parity extension would cost $1.25 billion.

When President Clinton, Secretary of State Madeleine Albright, and National Security Advisor Sandy Berger intervened in the last minute to rescue the CBI provision, Senator Roth conditioned its inclusion in the budget deal to Administration support for reforming AMTRAK, the national passenger rail line. Facing labor union objections, Clinton balked.

A compromise CBI bill has already been drafted by the US Trade Representative, working with the staffs of Crane, Lott, Roth, and Mack McLarty, Clinton's Special Envoy for Latin America. CBI-watchers consider it will muster broad-based support, particularly in the wake of top Administration officials' intervention.

¿EL FIN DE LA POLÍTICA SOCIAL?

Dr. José María Dagnino Pastore

Como el sol y la lluvia, la "globalización" nos ocurre: es un dato. Huelga discutir si conviene o no. Sí vale plantear: ¿Cómo mejor adaptamos a ella?

La globalización. Su base material es el salto informático y telecomunicativo de los '80, que permitió decidir y operar *on line* en todo el mundo. Institucionalmente la sustentan las desregulaciones, privatizaciones y la apertura al exterior. Su expansión geográfica se acentúa con la caída del comunismo en 1990. Luego se retroalimenta, empujando tecnologías, instituciones y espacios.

La teoría es que acelera el crecimiento de la producción por mejor uso de recursos (traslado de capitales y tecnologías), ampliación de mercados (economías de escala) y creatividad (estimula la competencia); lleva a la convergencia de los PBI *per capita* y permite mejorar el bienestar.

Efectos no tan secundarios. El capital, en busca de su mayor rendimiento, va a los países de menores peligros y costos; y tiende a emparejar los precios y costos de bienes transables y a aproximar los demás, entre ellos los salarios -ajustados por productividad-.

Así la globalización **"disciplina" los gobiernos**, premiando con fondos las políticas económicas austeras y estables y castigando las opuestas: los induce hacia aquéllas. Además, aparte de influir sobre el empleo total, **traslada demanda de mano de obra** de países donde cuesta cara adonde es barata (algunas zonas pobres del mundo).

¿Qué sucede? Aunque la globalización es sólo uno de los factores que afectan la economía mundial, constituye "lo" distintivo de esta década.

En los '90 el PBI se expandió mas rápido que en el pasado: crecimiento. China-Sudeste asiático y Sudamérica (emergentes con reformas) han crecido mas que los países desarrollados, particularmente si no ajustaron (CEE): convergencia. Los flujos financieros se volcaron bruscamente hacia naciones emergentes: búsqueda de rentabilidad. La inflación cedió: disciplina fiscal. La desocupación aumentó en muchos países (tecnología, competencia) y alcanzó récords en Europa (traslado de empleos). Los salarios reales bajaron en algunos países en reestructuración. La pobreza aumentó en zonas de Europa y América Latina.

Argentina creció rápido. La huida de capitales se transformó en fuerte influjo de fondos. Pasó de hiperinflación a precios estables. Los salarios reales descienden después del repunte inicial. La desocupación se duplicó y la pobreza, que bajó al principio, vuelve a niveles de 1990.

La macroeconomía, el crecimiento, la modernización, bien; en muchos países de Occidente, "lo social", no.

Del dicho al hecho... Las actitudes ante la situación van desde negar la realidad -cuestionar estadísticas, inventar justificativos- hasta revivir el fracaso: Estado y protección. Sin escapismos ni reincidencias poco promisorios ¿cómo afrontarla?

Según una ideología el proceso resolverá los problemas y cualquier interferencia lo demorará; en todo caso hay que profundizarlo: los alivios presentes se pagarían caros con posteriores sufrimientos. Como esto seguirá siendo válido, el desempleo bajará por crecimiento y menores salarios.

Otra apreciación exige, con variados argumentos, que se "haga algo". Pero aún queriendo ¿Cuál es el camino? Inglaterra y Francia emitieron un fuerte mandato de cambio, pero ¿Pueden Blair y Jospin hacer mucho mas que poner una "cara humana" a su perplejidad? **¿Puede un país tener "política social" bajo la globalización?**

La "lógica" del proceso. Para atraer capitales los gobiernos deben reducir costos y riesgos.

El Diario Clarin

Los **costos** disminuyen si los factores de producción (recursos naturales, capital, trabajo, tecnología) son abundantes, calificados y bien administrados; las instituciones inducen eficiencia; y el gobierno presta servicios valiosos con impuestos bajos.
Dentro de este esquema, correspondería a los gobiernos asegurar la estabilidad política, facilitar la operatoria (reducir trámites, arancelamientos, reglamentaciones innecesarias) y gastar eficazmente lo indispensable. Su acción sólo se justificaría si el desembolso capta mas capitales que los ahuyentados por el impuesto correspondiente.
Los **riesgos** son menores cuanto mas estable se presume una política económica afín a la globalización.
La única razón para subsidiar a desocupados o míseros sería que al menguar el riesgo de inestabilidad, atrajera mas fondos que los repelidos por los consecuentes impuestos. Regulaciones con costos económicos sólo serían aceptables si redujeran los riesgos en mayor medida (en rigor, deberían eliminarse las que no cumplen este criterio).
Los efectos sociales serían los que resultaran de la política de captación de fondos.
Lo social en tiempos globales. Aun bajo estas restricciones, hay lugar para una política social más efectiva. p.e., evidente en Argentina.
En materia fiscal es posible: a) con el mismo gasto social: atacando la corrupción (ANSES), eliminando erogaciones innecesarias, reduciendo subsidios (universidades casi gratuitas), aumentando la productividad (ausentismo de maestros), aplicando nuevos métodos (*vouchers*), privatizando funciones (hogares de menores); y b) aumentándolo, con transferencias de otras áreas (gastos reservados, orden y seguridad, etc.) que, vía medidas similares, podrían mantener sus servicios con menores dispendios.
En lo especifico, cabe reemplazar subsidios a desocupados por programas y *vouchers* temporarios de empleo.
¿Esto es todo? ¿Es la maximización de la rentabilidad el principio dominante de todas las políticas públicas? La teoría económica enseña excepciones válidas aún en puros términos de "eficiencia" -dejando la "equidad" de lado-. La inversión en educación puede ser una.
En lo social veo dos líneas tentativas:
a) En cuanto a **la estabilidad de la política económica**, el acto de equilibrio de los gobiernos consiste, por un lado, en pasar el examen diario de confianza de los mercados financieros y, por otro lado, en mantener la gobernabilidad de la nación. Tal vez cierta opinión vernácula sea demasiado celosa -¡Oh, pasados desenfrenos!- de lo que afecta a aquélla en detrimento de lo que influye sobre ésta.
Las empresas planean estratégicamente sus inversiones; el mercado financiero calibra con mas realismo el peligro en países emergentes. Ambos saben que para los gobiernos es suicida quebrar el balance macroeconómico y valoran una sociedad integrada; miran lo económico y lo político. La cohesión de una nación: las instituciones republicanas, el ejemplo de los gobernantes, el sentido de equidad también reducen los riesgos. Esto da algún margen -de cauto manejo- para la política social.
b) Las normas (ambientales, sanitarias, laborales, etc.) que, beneficiosas para la comunidad, aumentan los costos de producción, perjudican a quienes las adoptan, y viceversa; vgr.: los países que practican *dumping* social o ecológico. Esto se potencia con la globalización. El futuro apunta a que tales reglas se consagren y supervisen internacionalmente. **¡La política social también se globaliza!**

Educación y segregación social

Osvaldo Hurtado

Quito.- desde una perspectiva cuantitativa han sido notables los avances de la educación latinoamericana en las últimas décadas. El analfabetismo ha dejado de ser el oprobioso problema que mantenía relegada en una situación de extrema marginalidad a más de un tercio de la población, para quedar reducido a un fenómeno aislado que sólo afecta a un poco más del 10%, principalmente representado por personas de la tercera edad. El acceso a la educación primaria se ha tornado casi universal gracias a la multiplicación de escuelas y maestros, lo que ha permitido que más del 90% de los niños en edad escolar obtengan matrícula y asistan a clases. Los progresos de la educación secundaria, si bien menos significativos, también han sido importantes, pues cerca de la mitad de los adolescentes cursan estudios en colegios de segunda enseñanza.

No puede formularse una apreciación similar en el orden cualitativo. Sólo el 13% de estudiantes que ingresan a la escuela terminan el sexto grado sin haber repetido algún año de estudios y un abultado 42% la abandona antes de concluirla. La enseñanza secundaria prepara estudiantes para que sigan estudios universitarios, cuando la inmensa mayoría no puede hacerlo, y sus contenidos no guardan relación con los requerimientos del mercado de trabajo y del desarrollo de los países de la región.

Estas apreciaciones, en razón de constituir una generalización y expresar un promedio estadístico, ocultan la profunda brecha abierta en los últimos años entre establecimientos privados y públicos, en cuanto a la calidad de la educación que imparten a sus alumnos.

En escuelas y colegios privados, particularmente los que matriculan alumnos provenientes de las clases alta y media, son bajos los índices de repetición de año y altos los porcentajes de quienes concluyen sus estudios. Tales centros imparten una educación de excelente calidad, equivalente a la que reciben niños y adolescentes norteamericanos, europeos y de los llamados dragones asiáticos, condición que les permite continuar estudios superiores, algunos en universidades de países industrializados, conseguir empleo e integrarse al mercado de trabajo con atractivas remuneraciones. Incluso escuelas privadas a las que acceden niños provenientes de sectores populares imparten una educación mejor que la de las públicas. En mis recientes vacaciones un campesino de la Costa ecuatoriana me refirió el caso de su hija que habiendo aprobado el primer grado con altas calificaciones en una escuela estatal, en la escuela católica en la que continuó sus estudios tuvo que repetir el año en razón de sus insuficientes conocimientos.

Esta diferenciación no existió antes en América Latina. La educación pública no sólo que competía académicamente con la privada sino que, incluso, llegaba a impartir una enseñanza mejor. Generaciones de latinoamericanos educados en escuelas y colegios del Estado accedieron a importantes responsabilidades en gobiernos y empresas o fueron brillantes profesionales, gracias a lo cual sus vidas cambiaron económica y socialmente. Actualmente ello todavía sucede en unos pocos países latinoamericanos, Uruguay, Chile y Costa Rica por ejemplo; en los otros, quienes acuden a una escuela pública se hallan condenados, fatalmente, a ser pobres como fueron sus padres y abuelos y los que estudian en colegios estatales a desempeñar trabajos mal remunerados.

Muchos se preguntan sobre el motivo por el cual América Latina es una región con abismales diferencias entre ricos y pobres y con índices de pobreza superiores a los existentes en otras regiones con un nivel de desarrollo equivalente. La respuesta se encuentra en la dramática caída que ha sufrido el nivel académico de la educación pública. No pueden existir sociedades justas y equitativas en países que practican tan perversa forma de discriminación educativa, lamentablemente no corregida por los gobiernos democráticos a pesar de estar obligados, por mandato constitucional, a garantizar iguales oportunidades a todos los ciudadanos.

Esta negativa realidad no está recibiendo adecuadas respuestas. En muchos países, antes que destinar recursos para elevar la calidad de la educación pública, mejorar la preparación de los maestros y subsidiar a padres pobres que envían a sus hijos a la escuela (programa de largo plazo a ejecutarse en varios gobiernos), lo que se hace es construir locales y crear puestos de profesores, muchas veces innecesarios. O, lo que es peor, desperdiciar dinero y energías en programas sociales populistas tan del gusto de políticos a la caza de réditos electorales. EFE.

Democracia: un buen "negocio"

Osvaldo Hurtado

Quito

No es una simple coincidencia que correspondan a la democracia más antigua del mundo los mayores niveles de desarrollo del planeta, alcanzados por los Estados Unidos hace varias décadas en un tiempo relativamente corto, medido en términos históricos. Las democracias de Europa y Japón, bastante más nuevas, algunas constituidas después de la II Guerra Mundial e incluso años más tarde, han logrado asegurar a sus habitantes un grado de bienestar que jamás imaginaron. Nunca antes un número tan grande de personas disfrutaron de alimentos, salud, educación, vivienda, seguridad, años de vida, recreación y libertad, en los términos en que actualmente disponen de estos bienes esenciales para la realización humana norteamericanos, europeos y japoneses.

La constatación de esta realidad y la percepción de que la democracia, además de ser un sistema político que protegía libertades y derechos, era superior a cualquier otro para garantizar el desarrollo económico y social de los pueblos, fue lo que llevó a las naciones integrantes de la Unión Soviética y a sus satélites europeos a abandonar el totalitarismo comunista y establecer regímenes constitucionales basados en el sufragio libre y pluralista de los ciudadanos.

No fueron diferentes los motivos que llevaron a la minoría blanca a aceptar la democratización del régimen racista de Sudáfrica. Desde cuando Mandela asumió el poder cambió la negativa actitud de la comunidad internacional y se creó una sensación de confianza, que permitió a su gobierno atraer y multiplicar la inversión nacional y extranjera y, con ello, dinamizar el crecimiento económico y abrir las puertas para el progreso social de la marginada población negra.

La democracia chilena, en los siete años anteriores, ha logrado que la economía crezca a un promedio del 6.8% anual y reducir el número de pobres al 23%. Vista la región en su integridad, los países latinoamericanos que en el Informe sobre Desarrollo Humano de las Naciones Unidas ocupan los primeros puestos -Chile, Costa Rica, Argentina y Uruguay- son los que han disfrutado de un mayor número de años de vida democrática. A su vez los que habitualmente vivieron dominados por dictaduras -El Salvador, Bolivia, Honduras, Guatemala, Nicaragua y Haití- se ubican en los últimos lugares.

Los acontecimientos políticos producidos recientemente en México y Perú confirman la relación estrecha entre progreso económico y honrado ejercicio de la democracia.

El triunfo de la oposición, representada por el PAN y el PRD, en las elecciones mexicanas y la pérdida de la hegemonía que disfrutó el PRI por cerca de setenta años en cuerpos legislativos, estados, municipios y en el estratégico Distrito Federal, no han despertado, como muchos temían, incertidumbre y pesimismo en el mundo de los negocios. Al contrario, el importante paso dado por México en su proceso democratizador más bien ha sido apreciado positivamente por nacionales y extranjeros, que hoy ven con mayor seguridad que antes el futuro de la economía, motivos por los cuales se ha fortalecido el peso mexicano, ha mejorado la cotización de los papeles de la deuda externa y ha subido el índice de la bolsa de valores.

La apertura democrática mexicana contrasta con la regresión que sufre Perú, cuya democracia no se sustenta en sus instituciones sino en el liderazgo de un caudillo de futuro incierto. En ella los militares no están subordinados a la autoridad civil, son restringidas las libertades públicas y particularmente la de prensa, los derechos humanos sufren graves atentados, la Constitución se interpreta en función de los antojos de Fujimori y el Congreso Nacional es un sello que imprime los dictados del presidente de la República. La desnaturalización de las instituciones democráticas está erosionando la confianza de los inversionistas y tornando pesimistas las previsiones sobre el futuro de la economía peruana.

Hay países latinoamericanos, sin embargo, que a pesar de su buena conducta democrática no han obtenido positivos resultados económicos. En estos casos las causas se encuentran en la mala calidad de los partidos políticos y de sus líderes y en una inadecuada relación de las instituciones constitucionales con la realidad de las naciones. EFE.

El océano de la información

Osvaldo Hurtado

Quito

En una reunión en New York, a propósito de los documentos que habíamos recibido los miembros de la Comisión de Medio Ambiente y Desarrollo del BID y el PNUD, comenté con el ex-presidente Misael Pastrana sobre las publicaciones que adquiríamos o llegaban a nuestras manos, algunas no deseadas, -libros, informes y revistas especializadas- tan numerosas que, luego de copar viejos y nuevos estantes, no encontrábamos un lugar adecuado donde ubicarlas.

Con su buen humor bogotano me relató el caso de un librero al que un amigo encontró cerrando con varios candados la puerta de su negocio. Maliciosamente le preguntó si acaso pensaba que a alguien se le podía ocurrir realizar un asalto para robar libros. Con similar ironía el librero respondió, "ala" no pongo seguridades para evitar que se los roben sino para impedir que ingresen nuevos ejemplares.

La anécdota describe muy bien una de las características del mundo de fin de siglo. La vasta y compleja información que diariamente se publica sobre los más diversos asuntos, referidos al conocimiento humano, se ha multiplicado en tal forma que la bibliografía que la contiene se ha vuelto indominable, aún en temas especializados y hasta baladíes. Un informe del Instituto Real de Asuntos Internacionales (Londres, 1996), sobre las perspectivas del próximo milenio, señala que en un año cualquiera de esta década se hallan trabajando (y muchos publicando los resultados de sus investigaciones que luego inundarán bibliotecas, universidades, centros de estudios, librerías y ahora el internet) más científicos que todos los que existieron en la historia humana hasta mediados de los años 60. Añade, luego, algo igualmente sorprendente. Si las revistas que anualmente se editan acerca del cáncer se acumularan en un solo lugar, alcanzarían una altura mayor que un rascacielos de New York. Con este antecedente me aventuro a suponer que las publicaciones que se hacen sobre economía seguramente cubrirían una parte de Manhattan.

Esta asombrosa dinámica del conocimiento plantea a individuos, sociedades y países la necesidad de seguir su vertiginoso curso con la asiduidad de quien vela por la salud de un enfermo y de discriminar sus contenidos temáticos para no perderse en sus intrincados laberintos. Los que así proceden consiguen dialogar con la ciencia contemporánea y extraer sus frutos. En cambio, los que no lo hacen, dejan de ser interlocutores de la sociedad moderna, son relegados de sus avances y poco pueden aportar al progreso de las actividades en que se desempeñan, pues, las enseñanzas que un profesional recibió y aprendió en la universidad se vuelven insuficientes u obsoletas unos años después de cuando obtuvo su título. Por ello, para quienes desean mantener al día sus conocimientos, la lectura va dejando de ser un pasatiempo -como siempre fue- para convertirse en un diario estudio de textos, trabajo que, a veces, suele continuar en noches y fines de semana.

Hasta hace poco el valor de las empresas estuvo determinado por el monto de su activo, representado por la suma de bienes de su propiedad: físicos, monetarios y ciertos intangibles como patentes y buen nombre. Actualmente si una empresa desea mantener su prestigio y permanecer en el competitivo y globalizado mercado, tal patrimonio es insuficiente si no cuenta con una organización preparada para procesar los progresos del conocimiento, introducir innovaciones e incorporar el avance tecnológico, tareas a cargo de una red de personas inteligentes, preparadas y bien informadas (creativos, diseñadores, ingenieros, analistas, planificadores, financistas, publicistas y en general intermediarios estratégicos) cuyos aportes determinan el futuro de una actividad económica y los dividendos que reciben los accionistas.

Algo parecido puede decirse de quienes son los principales actores de una sociedad democrática, en razón de ejercer el gobierno, trazar el rumbo de los países, conducir los asuntos públicos y, con su acción, determinar los beneficios económicos y sociales que reciben los ciudadanos y sus familias. Políticos que no mantienen al día sus lecturas y partidos que permanecen ajenos al conocimiento moderno o carecen de acceso a fuentes actualizadas de información, particularmente en el campo de la economía que tan determinante es para el éxito de la gestión pública, detienen el progreso de las naciones, ocasionan perjuicios a los pueblos y sumen en el atraso a sus países.

(EFE)

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Inmigración, política y educación

¿Qué pasará con los hispanos en Estados Unidos en el futuro? Es la pregunta del millón. La embestida antiinmigrante lleva a reflexionar a tres intelectuales: Carlos A. Rosales, Abigail Horn y Róger Lindo. Los primeros analizan el estado de las leyes de inmigración y la participación política de los latinos; el tercero presenta un panorama sobre la creciente penetración de inmigrantes asiáticos en sectores de poder frente a la inercia latina. Rosales dirige el proyecto Centroamérica del *Diálogo Interamericano* en Washington; Horn, coordina proyectos del programa de gobernabilidad democrática; y Lindo es editor de *La Opinión* de Los Angeles.

Las nuevas leyes al desnudo Carlos A. Rosales y Abigail Horn

«La composición demográfica es el destino en la política americana.»

Kevin Phillips
The Emerging Republican Majority, 1968.

Washington.- La decisión del presidente Clinton y del Congreso de restaurar algunos de los beneficios sociales que casi medio millón de inmigrantes legales incapacitados y de la tercera edad perderían a finales de agosto en el marco de la ley de reforma de la asistencia social (1996 *Welfare Reform Bill*), produjo un suspiro de alivio colectivo en las comunidades hispanas de este país. La ley, aprobada por el Congreso el año pasado y firmada por Clinton, amenazaba con la descontinuación de beneficios federales para aquellos inmigrantes legales pobres, que por su avanzada edad o por su incapacidad física o mental, no eran económicamente activos. No obstante la anulación del aspecto retroactivo de la ley, los inmigrantes legales que arribaron a Estados Unidos después del 22 de agosto de 1996 (fecha en que fuera firmada la ley) no serán elegibles para recibir dichos beneficios. Además, según cifras oficiales, aproximadamente un millón de inmigrantes dejarían de recibir cupones de alimentos a fines de agosto.

El contenido antiinmigrante de la ley de asistencia social no se dio en un vacío. Según testimonio de un prominente analista político en el *Washington Post* (25.4.97), la eliminación de asistencia social para inmigrantes legales fue parte de un acuerdo al interior del Partido Republicano para apaciguar a su facción más conservadora del partido que aboga por un paro total a la inmigración. Estos apoyarían la inmigración sólo si se establecían mecanismos que garantizaran que quienes arriban a este país no vendrían por recibir asistencia social.

La reacción en contra de la ley ha sido dramática. El pánico que el anuncio de la ley creó conllevó a por lo menos cinco personas al suicidio. A la hora de asignar culpas por estas tragedias, la opinión pública ha fustigado duramente a los republicanos. No es de extrañar por ende que las fuerzas políticas que lograron los cambios en la ley fueran una alianza de demócratas, Clinton quien aunque firmara la ley hizo de los cambios una prioridad de su gobierno, activistas pro-inmigración, y un buen número de republicanos prominentes encabezados por, entre otros, los senadores Alfonse D'Amato

(NY) y Mike DeWine (OH), el alcalde de Nueva York, Rudolph Giuliani, y los representantes de Florida, Ileana Ros-Lehtinen y Clay Shaw.

Las malas noticias para los inmigrantes no terminaron con la ley de reforma a la asistencia social. La nueva ley migratoria que entró en vigencia el 1 de abril del corriente, incrementa el patrullaje fronterizo, agiliza los procesos de deportación, dificulta el proceso de legalización migratoria y consecuentemente amenaza a partir de septiembre, con la deportación masiva a cientos de miles de inmigrantes de México, Centroamérica y el Caribe. Si bien detrás de la nueva ley están los mismos argumentos de siempre en torno a los costos y efectos negativos (sociales, económicos, culturales) de una política migratoria abierta, también es cierto que los voceros de los grupos conservadores que se oponen a la inmigración han articulado muy claramente un argumento plenamente político en contra de la inmigración.

Peter Brimelow y Ed Rubenstein, ambos intelectuales conservadores, desempolvaron en junio en el influyente *National Review* el trabajo de Kevin Phillips quien pronosticó hace casi treinta años en *The Emerging Republican Majority* (1968) el advenimiento de una generación de victorias republicanas basadas en un persistente y dinámico patrón de participación étnica en la política norteamericana. Según éstos, los pronósticos de Phillips resultaron ser acertados. El argumento Phillipsiano estaba anclado firmemente en que hasta 1965 la médula étnica del país era un 90% europea y la mayoría de inmigrantes provenían de paises que la consolidaban: Alemania, Canadá y el Reino Unido. Efectivamente, la historia ha registrado que con la excepción de Lyndon B. Johnson, ningún candidato demócrata ha recibido la mayoría del voto anglo sajón desde 1948. No obstante lo anterior, Brimelow y Rubenstein argumentan que los triunfos electorales republicanos están rápidamente llegando a su fin.

Negra Alvarez. *Bodegón*. Colección de la artista.

La culpa, según éstos, reside en la implementación de la Ley de Inmigración de 1965 (*Immigration and Nationality Act*) que irónicamente entró en vigencia el año de la publicación del libro de Phillips. El 90% de los flujos migratorios a suelo estadounidense desde 1968 proviene de grupos propensos —a veces muy marcadamente— a votar por el Partido Demócrata. Después de treinta años a ese ritmo, las estadísticas están alcanzando niveles alarmantes para los conservadores antiinmigración. Sus proyecciones del impacto a futuro de la inmigración en la política electoral revelan que para el año 2008 el Partido Republicano se convertiría inexorablemente en partido minoritario en elecciones presidenciales, y que para el mismo año el voto hispano como proporción del voto total sobrepasará al voto afroamericano, convirtiéndose así en el voto minoritario más importante en el mapa electoral americano. Estos cálculos (ver cuadro) se basan en una complicada fórmula que toma como punto de partida las elecciones de 1988 en las que George Bush derrotó al candidato demócrata Michael Dukakis con el 53% del voto. Dicho porcentaje representa también el voto promedio recibido por los republicanos desde 1968, así como también la proporción del voto republicano en las elecciones parlamentarias de 1994 en las que lograron alcanzar el control de ambas cámaras del Congreso. Por ende, los autores argumentan que es razonable asumir que dicho porcentaje representa el ápice de la fortuna electoral republicana.

Un estudio reciente de la prestigiosa Academia Nacional de Ciencias, así como estimados de la oficina del censo sobre la composición étnica del país revelan que en 1995 la población era 75% anglo sajona, 12% afro-americana, 10% hispana y 3% asiática. Para el año 2050 y como ha indicado sarcásticamente John Hope Franklin, historiador de la Universidad de Duke, los Estados Unidos sería «un país que George Washington no reconocería»: 51-54% anglo sajón, 14-15% afro-americano, 21-26% hispano y 8-10% asiático. Además de las altas tasas de crecimiento de las comunidades de inmigrantes, y para pesadumbre de Brimelow y Rubenstein y sus adeptos, su localización geográfica se concentra en cinco Estados —California, Texas, Nueva York, Illinois y Florida— que acarrean 166 de los 538 votos electorales del país, o sea, el 61% de los 270 votos necesarios para ganar según el sistema electoral americano.

No obstante lo persuasivo del argumento, un cuerpo creciente de evidencia parece refutarlo categóricamente. Más aún, existen indicios claros que muchos al interior del Partido Republicano no comparten la visión apocalíptica de Brimelow y Rubenstein. Un análisis más cuidadoso de los patrones electorales, particularmente en las contiendas locales, revela una propensidad marcada en las comunidades hispanas de votar por candidatos republicanos. "Algunos republicanos han asumido que los hispanos van a votar por demócratas. Ese supuesto es falso", afirma Chuck Berry, republicano y presidente de la Cámara de Representantes de Colorado quien aspira a la gobernatura de su Estado. Xavier Becerra, un representante demócrata de California quien además preside la bancada hispana en el congreso (*Hispanic Caucus*) comenta, "yo no creo que los hispanos estén casados al Partido Demócrata."

Varios artículos en *The New Republic*, el *New York Times*, el *Washington Post*, el *Wall Street Journal* y el conservador *Weekly Standard* reconocen un importante cambio estructural que está definiendo los resultados electorales en las ciudades y los Estados más grandes de la Unión Americana. El axioma de que las preferencias electorales hispanas se asemejan al voto afroamericano (mayoritariamente demócrata) está siendo desafiado por una dosis de realismo político que muestra que los hispanos están resultando ser conservadores en temas económicos, así como en algunos temas sociales como el crimen y la familia. Más importante aún, los hispanos han mostrado la voluntad de emitir votos republicanos en proporciones importantes. Esto obedece a que en los últimos 20 años el número de hogares hispanos con ingresos por encima de los $35.000 anuales se ha triplicado a 2.4 millones. El perfil socioeconómico del latino ha variado significativamente en los últimos años lo que implica que muchos de los elementos de su visión política ahora incluye, entre otras posturas tradicionalmente conservadoras, la reducción de los impuestos y de la regulación económica.

Proyecciones del voto republicano [1] para elecciones presidenciales

Año	Voto republicano total (%)	Voto afroamericano como proporción del voto total (%)	Voto hispano como proporción del voto total (%)
1988	53%	10.7%	7.4%
Proyecciones			
2000	50.7	11.3	10.0
2004	50.3	11.4	10.8
2008	49.9	11.6	11.7
2012	49.5	11.7	12.6
2016	49.1	11.8	13.5
2020	48.7	12.0	14.4
2024	48.3	12.1	15.6
2028	47.8	12.2	16.6
2032	47.4	12.3	17.6
2036	47.0	12.4	18.6
2040	46.5	12.5	19.7
2044	46.0	12.6	20.7
2048	45.7	12.7	21.2
2052	45.3	12.9	21.6

Empero, la ansiedad de los inmigrantes causada por las iniciativas republicanas en torno a la asistencia social e inmigración los empujan a desquitarse apoyando candidaturas demócratas. Según Ileana Ros-Lehtinen, la representante republicana por Florida, nacida en Cuba, el malestar propiciado por los duros efectos de la ley de reforma a la asistencia social parecen haber enviado un "mensaje muy claro a las comunidades inmigrantes: 'Miren, los republicanos nos están dando claros indicios de que no nos quieren en su partido.'" Ni cortos ni perezosos, los demócratas han sabido aprovechar esta situación: en 1996 tanto Clinton como los candidatos demócratas al Congreso obtuvieron 7 de cada 10 votos hispanos, un incremento del 10% de dos años atrás, lo que permitió a Clinton ganar California, Arizona y Florida.

Esos resultados contrastan marcadamente con la tendencia de que gracias al voto hispano un buen número de republicanos moderados han logrado obtener el poder local en varias ciudades y Estados grandes del país. Este año en Los Angeles, por ejemplo, adonde la proporción del voto latino ya superó a la del voto afroamericano, el republicano Richard Riordan ganó la alcaldía con el 60% del voto hispano contra su contrincante, el demócrata Tom Hayden, quien recibiera el 75% del voto afroamericano. Muchos analistas y estrategas republicanos están recetando un nuevo esquema de accionar político mediante el cual se buscaría atraer el apoyo y simpatía del votante hispano. "Eso no es algo para lo cual somos muy buenos," confiesa el senador Phil Graham de Texas. Pero es claro que muchos están tomando conciencia de las posibilidades, y republicanos desde Giuliani —quien necesita el voto hispano para lograr su reelección como alcalde de Nueva York en el otoño, hasta Newt Gingrich— quien recientemente contrató a una vocera hispana para mejorar su comunicación con la comunidad latina, están volteando la espalda a las advertencias de ideólogos como Brimelow y Rubenstein, cuya postura antiinmigrante y hasta racista nubla su visión política y optan por estrategias confrontativas y polarizantes que sólo empujarían al votante hispano a los brazos abiertos del Partido Demócrata. ❑

El futuro de la política comercial de E.U.A.

Carlos A. Rosales y Kati Suominen

Llegó septiembre y con él ha comenzado en Washington la última sesión legislativa del año. Uno de los debates más enconados que protagonizarán los moradores del Capitolio en los próximos meses será el relacionado con el tema comercial. Este día el presidente Bill Clinton dará a conocer su estrategia legislativa para pedir ante el Congreso la aprobación de un mecanismo de "vía rápida" (fast-track) que le facilitaría negociar tratados comerciales. Dicha medida le permitiría cumplir con el compromiso adquirido en la Cumbre de las Américas de 1994 en Miami de negociar la inclusión de Chile al Tratado de Libre Comercio de Norteamérica (NAFTA, por sus siglas en inglés) que conforman Canadá, E.U.A. y México. Asimismo, el "fast-track" le permitiría a Clinton tanto avanzar con liderazgo americano el proyecto hemisférico anunciado también en Miami de construir para el año 2005 un Área de Libre Comercio de las Américas (ALCA), así como también negociar acuerdos comerciales con cualquier país o región del hemisferio.

Clinton busca la aprobación del Congreso antes del cierre de esta sesión legislativa y evitar así continuar la batalla en el 98 que es año electoral para los legisladores. El "fast-track" le daría a Clinton además la autoridad y libertad que necesita para la próxima Cumbre de las Américas a realizarse en Chile el próximo abril donde se tratará el ALCA. Los estrategas demócratas quisieran también conseguir el aval de por lo menos la Cámara de Representantes para cuando Clinton viaje a Sur América en octubre.

Difícil clima político

Todo parece indicar que lo único que es seguro a esta altura es que Clinton enfrentará una dura batalla legislativa. La coalición nacional de corporaciones estadounidenses pro "vía rápida" y libre comercio Business Roundtable reconoce que "el clima político para considerar nuevos tratados comerciales no es bueno". Según éstos, "los sindicatos, grupos pro-derechos humanos, proteccionistas, aislacionistas y ambientalistas están cuestionando los méritos del libre comercio". Aunque se anticipa que Clinton recibirá el "fast-track" con el apoyo de los conservadores pro-libre comercio del congreso, el proyecto de ampliar NAFTA será particularmente difícil. No por nada en las últimas semanas la Casa Blanca ha indicado que en lugar de negociar la inclusión de Chile a NAFTA, la administración busca suscribir un tratado de libre comercio bilateral y recíproco con Chile.

El objetivo de este cambio de estrategia es claro: desligar el "fast-track" de NAFTA ya que ése es un tema que no goza de mucha popularidad en Washington. Hasta la Casa Blanca admite que los beneficios económicos de NAFTA han sido sólo "modestos" pero el sentir para muchos es que su impacto ha sido negativo. La bancada de congresistas hispanos (Hispanic Caucus) ha declarado que se pronunciará en contra de la "vía rápida" si la petición de Clinton no incluye medidas específicas de índoles laboral y ambiental que contrasten cualquier efecto adverso como los que, ellos argumentan, han sido causados por NAFTA.

Otras realidades políticas del libre comercio dificultan la lucha. Como fue el caso con NAFTA, Clinton necesita el apoyo de los demócratas más que el de los republicanos en su cruzada por "fast-track" ya que son los primeros los que representan los intereses sindicales y los distritos fronterizos que temen perder empleos por la presunta fuga de inversión que resultaría de acuerdos comerciales por la "vía rápida".

¿Y qué pasó con la paridad NAFTA?

Por cuarta vez en los últimos tres años una iniciativa de la administración Clinton que pretendía extender los beneficios de NAFTA a los países de la Cuenca del Caribe fracasó en julio ante el Congreso. Tal esquema, conocido comúnmente como "paridad de NAFTA", permitiría que los textiles y el vestuario de 23 países de Centroamérica y el Caribe reciban igual trato tarifario que los fabricados en México. Clinton aseguró hace cuatro meses en Costa Rica que a diferencia de los intentos previos, este último plan de la Casa Blanca sería aprobado por el Congreso ya que los costos que ocasionaría la expansión de los beneficios arancelarios estarían cubiertos en el marco del acuerdo entre republicanos y demócratas para balancear el presupuesto nacional.

Por ahora el proyecto de paridad de NAFTA ha muerto. Aunque se habla de que la Casa Blanca va a introducir al Congreso otra iniciativa a su favor, se espera que el capital político que el presidente gastará en su esfuerzo por conseguir el "fast-track" será tal que los prospectos para la paridad de NAFTA no son alentadores. Como que ni la quinta será la vencida.

El primer autor dirige el proyecto Centro América del Diálogo Interamericano en Washington D.C. y la segunda es Asistente del Presidente de la misma organización.

• CLARIN • Domingo 24 de agosto de 1997

Un alboroto exagerado entre los amigos de Sudamérica

OPINION

MICHEL SHIFTER

Washington funciona de un modo peculiar, especialmente en agosto, cuando el calor es intenso y la vida política se paraliza casi por completo. Sin embargo, dos anuncios recientes sobre temas militares y estratégicos parecen haber generado cierta preocupación en Chile, Argentina y Brasil. La decisión de levantar un embargo de 20 años sobre la venta de armamento estratégico a América latina se tomó el pasado primero de agosto en reconocimiento a los avances democráticos en la región. Y la posible decisión de otorgar a Argentina el status de aliado extra-OTAN, se tomaría en reconocimiento a la colaboración estrecha y generosa de dicho país con los Estados Unidos en diversas operaciones de paz. A la luz de tales intenciones, presuntamente benignas, ¿por qué tanto alboroto?

Chile se muestra especialmente irritado por la posible extensión del status extra-OTAN a la Argentina, como medio de disipar sus preocupaciones sobre un posible desbalance militar. Chile no se ve a sí mismo necesariamente como beneficiario del cambio de política norteamericana en materia de armamentos. Aunque la secretaria de Estado, Madelaine Albright, aclaró que el status que obtendría Argentina sería fundamentalmente "simbólico", y que otros buenos amigos de los EE.UU., como Chile, podrían eventualmente calificar para el status extra-OTAN (¿tal vez extra-NAFTA?), en Argentina, Brasil y Chile las declaraciones de Albright fueron interpretadas por algunos como una decisión de sentido estratégico.

Algunos analistas creyeron que otorgar ese status a la Argentina podría preocupar a Gran Bretaña, aunque tanto funcionarios estadounidenses como británicos se apresuraron a restarle importancia a tal posibilidad. A esta mixtura se sumó la reciente declaración del presidente Menem, de que el intento brasileño de alcanzar un lugar en un expandido Consejo de Seguridad de la ONU alteraría el balance regional.

Las reacciones a estos recientes anuncios en el Cono Sur son comprensibles, pero exageradas. Ellas reflejan una mala lectura de la política de Washington. Suponen, además, la existencia de algún gran plan maestro de los EE.UU. en la región. No existen, por ejemplo, evidencias que sugieran que los EE.UU. están tratando de alcanzar algún objetivo estratégico al otorgar status extra-OTAN a la Argentina. Pero es comprensible que chilenos, brasileños o argentinos formulen preguntas y se preocupen al enterarse de que otros países que tienen tal status son Israel, Egipto, Jordania, Corea del Sur y Japón. ¿Cuáles son las intenciones de los EE.UU.? Las respuestas son probablemente mucho menos complejas de lo que nuestros amigos chilenos, argentinos o brasileños presumen.

Hay indicios de que el presidente Clinton aprovechará su visita a la Argentina en octubre para anunciar formalmente el nuevo status. Sería importante que el viaje le sirva también de oportunidad para delinear una política hemisférica más amplia y coherente, que enfatice la paz y la estabilidad en la región, y el papel saludable jugado por el Mercosur y otros acuerdos económicos subregionales.

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ARTES Y LETRAS

Piedra de toque

MÉXICO LINDO

MARIO VARGAS LLOSA

La derrota del PRI en las elecciones mexicanas del domingo 6 de julio, en las que el Partido Revolucionario Institucional, que desde hacía 68 años gobernaba el país como si fuera su feudo, perdió la Alcaldía de la capital y el control de la Cámara de Diputados, donde los partidos de oposición —el PAN y el PRD— tendrán la mayoría absoluta, no significa todavía el fin de la dictadura perfecta, pero sí un paso decisivo hacia la democratización de la nación más poblada de lengua española. Se trata de un hecho de enorme trascendencia, y no sólo para México, cuya historia puede experimentar un vuelco que acelere su modernización y desarrollo; también para toda América Latina, donde el mal ejemplo del astuto sistema de apropiación del poder ingeniado por el PRI —el más eficaz y duradero que haya conocido la humanidad en este siglo— fue una hechicera tentación para todas las dictaduras. Varias de éstas, como las de los generales Velasco Alvarado, en Perú, y Torrijos, en Panamá, trataron de imitarlo, pero sin éxito, pues ninguna de ellas se resignó al regicidio ritual a que el PRI se sometía periódicamente con consultas electorales amañadas para dar una apariencia de movilidad y alternancia democráticas (en verdad, se trataba de cambiar presidentes para que el sistema continuara incólume).

Dicho esto, conviene no ceder a la euforia y evaluar lo ocurrido con objetividad. Según el recuento del Instituto Federal Electoral, el PRI alcanza un 38.86% de los votos; el Partido de Acción Nacional (PAN), el 26.29%, y el Partido de la Revolución Democrática (PRD), el 25.59%. Es decir, el PRI no está muerto, sino muy vivo y coleteando, y aparece como la primera fuerza política del país. Aunque se halle en minoría en el Congreso, conserva el Ejecutivo —la presidencia y la mayoría de las gobernaciones— y su influencia en las instituciones —la administración, los tribunales, los sindicatos, los medios de comunicación, el mundo financiero y empresarial— es todavía inmensa. Sería ingenuo pensar que, luego de este revés, el PRI, y, sobre todo, sus llamados dinosaurios, que se opusieron a las reformas liberalizadoras impulsadas por el Presidente Ernesto Zedillo, se quedarán de brazos cruzados, esperando con resignación que la oposición democrática y el pueblo mexicano les arrebate o merme las cuotas de poder que conservan. Por el contrario, es previsible que las defiendan movilizando todas las armas de persuasión, intimidación y corrupción de que disponen y que son muy poderosas.

Sin embargo, no le será nada fácil al PRI retroceder a la sociedad mexicana al pasado ominoso de la manipulación y el embauque en el que ha vivido por casi siete décadas. Una barrera mágica se ha roto, como cuando los obreros polacos de Solidaridad, en 1981, paralizaron los astilleros de Gdansk y demostraron que la dictadura comunista no era invulnerable. Decenas de millones de hombres y mujeres han tenido, por fin, la emulsionante sensación de que sus votos depositados en las ánforas, no constituían una pantomima publicitaria cara al exterior —una burla periódica para plebiscitar al paquidermo gobernante— sino una decisión libre, con consecuencias inmediatas sobre las estructuras de poder, que, a raíz de estas elecciones, quedaban profundamente reformadas. Esos votos no sólo han cambiado caras y nombres en los escaños del Congreso, las alcaldías y gobernaciones; han cambiado el sistema político y la psicología del votante mexicano, dándole conciencia de su poder y de su derecho a modelar su sistema de gobierno, de acuerdo a su soberana voluntad. Quienes han gustado de ese exquisito alimento que es el ejercicio de la libertad, no permitirán sin rebelarse que se les cambie de dieta, de manera intempestiva, en las futuras consultas electorales. Y ellos cuentan además, ahora, con una importante baza: una opinión internacional que ha celebrado lo ocurrido en México, como una gran conquista democrática, y que, sin la menor duda, seguirá de cerca la continuación de este proceso, apoyándolo sin reservas. La mejor prueba de ello ha sido la positiva reacción que estas elecciones han tenido en el mundo de los inversionistas, donde no se ha registrado el menor síntoma de inquietud con lo ocurrido.

La mayor responsabilidad de lo que suceda ahora en la vida política de México, recae en las dos fuerzas de oposición, el PRD y el PAN, que, sumadas, tendrán mayoría en el Congreso, pero, por separado, representan bancadas inferiores a las del PRI. Como es sabido, aparte de su coincidencia en la lucha por la democratización de México, las diferencias ideológicas entre ambas son considerables y, qué duda cabe, el Gobierno tratará de explotarlas a fondo y de agravarlas, porque nada favorecería más el empeño de recuperación del PRI, que una lucha enconada entre sus dos rivales.

El PAN es de centro-derecha, y el PRD, de centro-izquierda, hablando grosso modo, como les gusta a los horribles politólogos. Eso no debería ser un obstáculo para que sus respectivas dirigencias tengan siempre presente en los meses venideros —cuando se decidirá si este principio de democratización se profundiza o más bien estanca y corrompe— cuál debe ser la primera prioridad política para México. Ella sólo puede ser la de continuar con este proceso al que han dado tan formidable pistoletazo de partida los mexicanos que acudieron a las urnas el domingo 6 de julio. Y si hay un ejemplo que deberían tener presente es el de Chile. Allí, la lúcida identificación de la prioridad democrática llevó a las fuerzas de oposición a la dictadura de Pinochet a unirse en una alianza, que a muchos pareció contra natura, destinada a romperse por incompatibilidades ideológicas. En efecto, ¿cómo podían durar, aliados, el Partido Socialista, de Salvador Allende, y la Democracia Cristiana, de Frei, que había contribuido de modo principalísimo al desplome del Gobierno de aquél? Sin embargo, fue posible, y aquella alianza hizo realidad el retorno de la legalidad y la libertad, y a ella se debe en buena parte que Chile sea ahora la sociedad que prospera más rápido que todo el resto de América Latina.

Quien está ahora en el centro de todas las miradas, como el héroe de la jornada electoral del 6 de julio, es el ingeniero Cuauhtémoc Cárdenas, flamante Jefe de Gobierno del Distrito Federal. Verdadera Ave Fénix, el líder del PRD, con una reciedumbre admirable, ha sabido sobrevivir a dos derrotas presidenciales (en elecciones de dudosa pulcritud, claro está), a crisis internas de su partido, a un escepticismo grande sobre su capacidad de liderazgo, y a una campaña feroz en su contra, y contagiar a sus partidarios un entusiasmo que ha premiado ese formidable 48% de los votos que le ha dado el triunfo. Enhorabuena y albricias. Con sus suaves maneras, su parquedad retórica, ha demostrado una convicción y una voluntad que le van a ser muy necesarias para montar el potro chúcaro de un Distrito Federal que está técnicamente quebrado, y hacer frente a las expectativas de muchos millones de mexicanos empobrecidos que votaron por él, esperando de su gestión edilicia poco menos que un milagro.

¿Tendrá el ingeniero Cárdenas la lucidez y el pragmatismo suficientes para comprender que su éxito, a partir de ahora, va a depender de que tenga el coraje de no poner en práctica las anticuadas recetas populistas, antimercado y antiempresa privada, intervencionistas y dirigistas, que ha venido defendiendo todos estos años para marcar distancias ideológicas con el supuesto ultraliberalismo del PRI y de sus rivales del PAN? Si lo tiene, e inspirado en el ejemplo de un Tony Blair y los laboristas británicos, o de un Ricardo Lagos y los socialistas chilenos que lo siguen, renuncia al populismo estatista (gran causante de la corrupción y el subdesarrollo económico de América Latina), el capital interno y externo (que en estos momentos está dándole un voto de confianza), no huirá de México, como predicen sus adversarios que ocurrirá; por el contrario, acudirá a contribuir al desarrollo de un país dotado de gigantescos recursos y al que una estabilidad institucional (que sólo garantiza una democracia, nunca una dictadura) hará mucho más atractivo de lo que lo hacía la política del PRI, decidida siempre en la cúspide del poder político y huérfana de consenso social. El PAN lo ha visto muy claramente y actuado en consecuencia. Pero depende ahora del PRD y su líder que ese consenso que existe en México a favor de la democracia, se amplíe, como en Chile, en favor del único modelo económico que puede asegurar, junto con la modernización política del país, su desarrollo económico. Sin éste, la democracia mexicana será precaria y vivirá bajo la amenaza del desplome. La tentación del populismo podría —como ocurrió con el gobierno de Alan García, en Perú— provocar en el Distrito Federal una crisis y un caos que harían las delicias de los enemigos de la democratización de México, e inyectarían un soplo de oxígeno al insepulto PRI.

OESP - 13/10/97

ANÁLISE

Ansiedade explicável

ROBERTO TEIXEIRA DA COSTA

As visitas que periodicamente nos fazem os chefes de Estado — 13 só em 1997 —, em sua maior parte costumam passar desapercebida pela mídia e pela opinião pública.

Fora a visita de Jacques Chirac, e mais recentemente do papa João Paulo II, dificilmente essas presenças suscitam debates e criam expectativas.

Certamente esse não é o caso da chegada ao Brasil hoje do presidente Bill Clinton. Essa ansiedade é perfeitamente explicável pela liderança que os Estados Unidos ocupam na economia mundial, e por um ciclo de grande prosperidade. Trata-se também da primeira viagem que o presidente Clinton fará a três países da América do Sul. Anteriormente marcada para o mês de maio, foi adiada, o que aumentou a expectativa. É também a sétima visita que um presidente americano faz ao Brasil. Os anteriores foram Roosevelt, Truman, Eisenhower, Carter, Reagan e George Bush.

No entanto, sem dúvida, essa presença do presidente americano, entre nós, provoca maior repercussão em função da presente relação comercial e de investimento, entre nossos países e a questão da Área de livre Comércio das Américas (Alca).

A presença de Clinton provoca maior repercussão em função da relação comercial

Efetivamente, nos últimos meses, o acordo de livre comércio hemisférico assinado em Miami em 1994, vem ocupando espaço crescente na nossa imprensa, particularmente a partir da preparação da terceira reunião dos Ministros de Comércio Exterior dos 34 países, realizada em Belo Horizonte em maio. Até então, pouco se ouviu ou se discutiu a respeito.

As reuniões preparatórias anteriores que se seguiram à de Miami, realizadas em Denver (EUA) e Cartagena (Colômbia), tiveram pouca repercussão e a representação empresarial brasileira naqueles dois momentos foi no mínimo modesta. O tema Alca parecia distante e não preocupava nossos empresários ainda digerindo a abertura da economia, num mundo cada vez mais globalizado e competitivo.

A reunião de Belo Horizonte nos trouxe a realidade, mostrando que 2005 não é tão distante e um acordo de livre comércio com os EUA poderia, a curto prazo, exercer uma forte influência no nosso parque industrial. Se é verdade que esse acordo abriria possibilidades de acesso direto de produtos brasileiros aos EUA, a observação mais sensata é que pelo menos inicialmente, os americanos teriam grande vantagem por sua maior produtividade industrial. Se isso já não bastasse, há a preocupação governamental sobre nossas contas externas, particularmente no que se refere à balança comercial. Do déficit previsto de US$ 10 bilhões para 1997, estima-se que aproximadamente metade será proveniente dos EUA (exportações do Brasil US$ 7 bilhões e importações de US$ 12 bilhões).

Portanto, não se trata de rejeição ao acordo de 1994, mas o que tem se discutido nos últimos meses é a questão cronológica: as desgravações tarifárias dentro do hemisfério deverão ocorrer antes de 2005 ou tão somente a partir de então? Há indicações prévias de que os americanos gostariam que alguns itens dessa complexa agenda fossem discutidos antes e em alguns casos até antecipados. A posição do Mercosul tem sido clara: deve prevalecer o single undertaking, ou seja, nada estará resolvido até que tudo esteja resolvido.

Outro item na pauta da visita parece a esta altura menos controverso — a convivência do Mercosul com a Alca. Manifestações recentes dos EUA são no sentido de que a Alca, entrando em operação, não implicará no desaparecimento do Mercosul.

Não creio que na agenda presidencial o ilustre visitante vá fazer pressão sobre o anfitrião a respeito de tema tão delicado, já tratado pelos canais diplomáticos competentes. Até porque, o acordo de Miami cobria também temas como meio ambiente, acesso a tecnologia, educação e treinamento e a questão do narcotráfico — o fato de Barry McCaffrey, czar da luta contra as drogas, estar comitiva é bem indicativo. Esses temas deverão estar agendados nos encontros entre nossos presidentes.

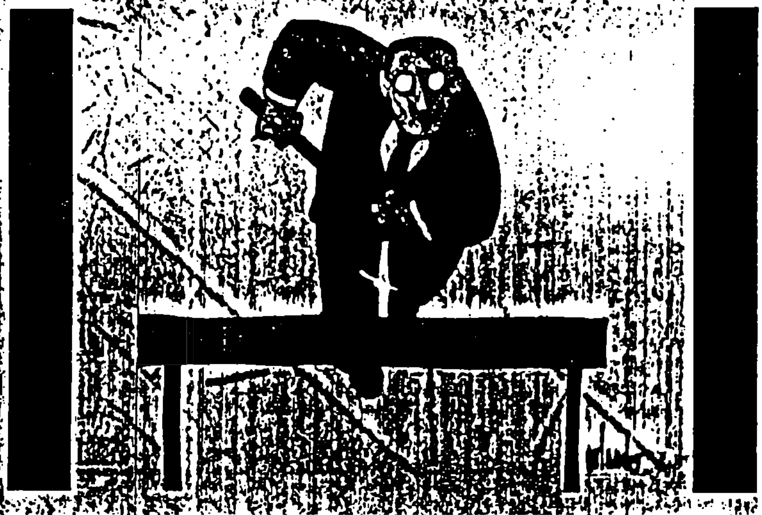
Apesar de estarmos na época das teleconferências e de a presença americana no Brasil (e vice-versa) ser tão marcante pelas questões geográficas, culturais e valores que comungamos historicamente — como democracia e liberdade — ainda assim a vinda de Clinton é importante. Estou certo de que, malgrado algumas diferenças e desencontros, o relacionamento entre nossos países sairá fortalecido.

■ *Roberto Teixeira da Costa, economista, é vice-presidente do conselho de administração do Banco Sul América e presidente do Capítulo Brasileiro do Conselho de Empresários da América Latina (Ceal)*

FOLHA DE SÃO PAULO - 15/10/97

Mercosul: precisamos seguir em frente

ROBERTO TEIXEIRA DA COSTA



O Mercosul vem apresentando resultados bem superiores à expectativa. Tanto sob o ângulo da ampliação do comércio intra-regional e inter-regional como na maior aproximação de nossos vizinhos do Cone Sul —principalmente a Argentina, onde rivalidades históricas inibiam um melhor diálogo—, além de um novo status perante a comunidade internacional. Até aqui, portanto, o Mercosul foi uma história de sucesso.

Cercado de grande ceticismo pelos empresários —que não viam sinergia nem grande benefício em acordo com a Argentina—, ele foi viabilizado pela competência da diplomacia dos dois maiores países, que, com grande determinação, tornaram-no uma realidade. Não é exagero dizer que, se o Mercosul tivesse sido submetido a plebiscito junto a empresários ou políticos, teria sido fragorosamente derrotado.

O sucesso do Mercosul pode ser explicado por três fatores.

O primeiro é a prevalência de regimes democráticos. O acordo não teria acontecido se vigorassem regimes autoritários, preocupados com segurança no conceito militar. Apesar de um certo distanciamento político, o sistema pôde ser referendado pelo Congresso de todos os países envolvidos.

O segundo diz respeito aos resultados dos programas de estabilização implementados por Argentina e Brasil, que reativaram suas economias e induziram, em momentos diferentes, o aumento substancial das correntes de comércio entre os dois países.

O plano de conversibilidade da Argentina e, mais tarde, o Real no Brasil criaram fortes estímulos às economias internas e proporcionaram incrementos nas importações. A corrente de investimentos recíprocos que se seguiu foi outro fator de grande relevância.

O terceiro diz respeito à nova fase de internacionalização que o mundo experimenta. Efetivamente, a agenda dos acordos entre nossos países coincidiu com o fim do protecionismo, desgravações tarifárias e economias mais abertas, ou só foi possível graças a esses fatores, que agora prevalecem.

Assim, não é de estranhar que a comunidade internacional tivesse ficado tão ou mais surpreendida com nossos resultados do que nós mesmos. Nossos retrospectos não eram confiáveis; não éramos vistos como países que respeitavam compromissos e cumpriam prazos. O Mercosul, obra de visionários, não faria em cinco anos o que demorou 30 anos para os europeus!

Na medida em que os prazos foram sendo cumpridos e os resultados aparecendo —e ao passarmos pela crise do México—, as visões se alteraram. Essa situação veio a modificar-se ainda mais nitidamente depois que o Chile e Bolívia, mesmo sem adesão total, celebraram acordos comerciais que os aproximaram do Mercosul. Assim, o que parecia distante, principalmente tendo em vista as conversações com a Comunidade Andina —ou seja, a criação de uma zona de livre comércio na América do Sul—, poderia acontecer.

Se o Mercosul tivesse sido submetido a plebiscito junto a empresários ou políticos, teria sido derrotado

No entanto, esse sucesso do Mercosul, conseguido em prazo tão curto e com resultados tão expressivos, é a razão dos seus problemas. Se eles não forem equacionados, poderão colocar em risco o que até aqui conseguimos.

Na medida em que os resultados foram aparecendo, nos descuidamos da implementação de uma agenda pró-ativa. As desconfianças de parte a parte podem aumentar significativamente se continuarmos, com uma política de bombeiros, apagando o fogo que aparece aqui e acolá. Como poderão existir interessados em que esse incêndio aconteça, é preciso tomar cuidado.

O fato é que nossos países têm tido uma série de outros assuntos na ordem econômica, que ocupam prioritariamente o tempo das autoridades.

Nosso Itamaraty tem hoje diante de si uma robusta pauta de temas, que vão desde a Alca (ultimamente ocupando muito espaço) até a revisão das relações com o México e a Comunidade Andina, sem falar na hipótese de uma nova rodada de desgravação tarifária patrocinada pela OMC no final deste milênio ou no início do próximo.

Temas do Mercosul, que deveriam prioritariamente ocupar nossa agenda, aguardam o melhor momento. A questão das assimetrias é um deles (o problema recente com o açúcar é um exemplo, pois reflete o tema dos subsídios). Precisamos também buscar convergência nas nossas políticas tributária, trabalhista e alfandegária. O regime automotivo reclama solução definitiva o mais rápido possível.

A questão de uma moeda comum, que nos obrigasse a uma maior ortodoxia, nunca foi analisada detidamente. Continuamos conduzindo nosso comércio intra-regional em dólares, agravando nossos problemas na balança comercial, sem aceitar nossas próprias moedas.

A formulação de uma política para a área de serviços (inclusive financeiros) e compras governamentais não está na ordem do dia. As empresas binacionais não saíram do papel. Uma Bolsa de Valores única para o Mercosul ainda não foi ensaiada, enquanto os europeus caminham nessa direção.

Os diferentes protocolos de integração educativa assinados caminham vagarosamente, assim como os de integração cultural e para a formação de recursos humanos no nível de pós-graduação. Na área de propriedade intelectual também pouco avançamos.

Não podemos correr o risco de que problemas menores anulem o que já alcançamos. Para isso, a transparência e o diálogo entre as partes devem ser constantes e sem reservas.

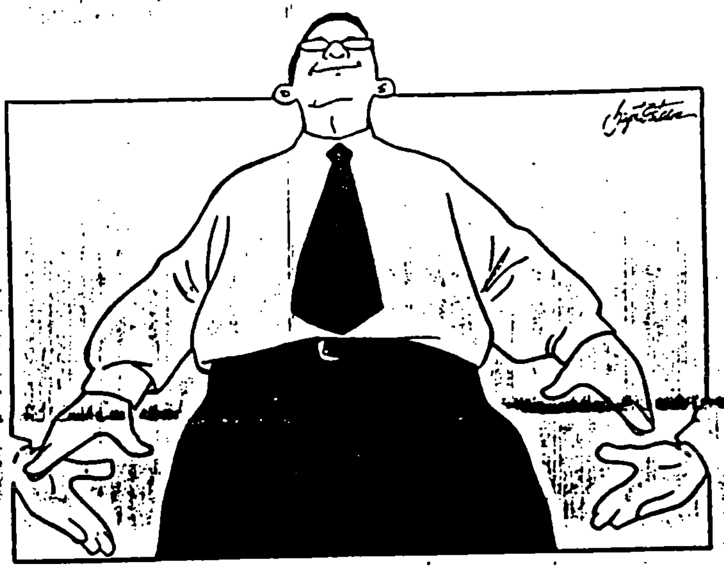
Assim, antes de buscar ampliar o Mercosul, devemos consolidá-lo e aperfeiçoá-lo, se efetivamente quisermos alcançar um mercado comum.

Roberto Teixeira da Costa, 62, economista, é presidente do Capítulo Brasileiro do Ceal (Conselho de Empresários da América Latina) e vice presidente do conselho do Banco Sul América. Foi presidente da Comissão de Valores Mobiliários (CVM).

Nova era

DEPOIS DOS PROCESSOS DE DEMOCRATIZAÇÃO E ESTABILIZAÇÃO, CONFIANÇA MARCA OS DEBATES NA AMÉRICA LATINA

ROBERTO TEIXEIRA DA COSTA



Nos últimos anos meu foco de atenção tem se dividido entre temas ligados ao mercado de capitais e a questão da integração hemisférica.

Quanto a esse último aspecto, visitas periódicas a diferentes capitais e cidades da América Latina e participação em diferentes tipos de encontros e seminários enriqueceram minha visão sobre o processo de mudanças pelo qual passa a nossa região.

Agora mesmo, na oitava reunião plenária do Conselho de Empresários da América Latina (Ceal), realizada na bela cidade de Quito, à qual mais de 120 empresários da região estiveram presentes, pude constatar algo que minha sensibilidade já vinha indicando: os processos de redemocratização e de estabilidade monetária trouxeram um dividendo importante — a autoconfiança. Não se trata de ufanismo nem de bravatas. Continuamos conscientes dos enormes desafios que temos a vencer, porém, estamos nos dando conta do que já conseguimos evoluir ao longo dessa jornada. Mudou a tônica do discurso! Não passamos o tempo nos lamentando e falando das nossas mazelas. Não mostramos estatísticas para *ver quem esteve menos mal* ou *quem tinha uma inflação suportável*.

Esse campeonato nos envergonhava, quando víamos num gráfico de barras o obelismo da inflação brasileira como um monumento à nossa incompetência por não contar com uma moeda estável. Minha geração já havia praticamente jogado a toalha e parecia um sonho irrealizável algum dia voltarmos ao contexto dos países do Primeiro Mundo com uma inflação civilizada.

Mercosul se consolida e política norte-americana para a Alca começa a se mostrar mais conciliadora

Assim, o Brasil e, regra geral, os demais países do Mercosul têm demonstrado que são capazes de gerir ortodoxamente seus países, sem demagogias ou populismo. Esperamos que esses padrões de governabilidade se mantenham.

Pois bem, estamos vivendo essa nova fase e começando a realizar os benefícios da estabilidade. Em contrapartida, obrigamo-nos a novos esforços para consolidar o que já conseguimos e, também, dar um salto à frente: esse passo implica crescer de forma ordenada a buscar diminuir os desníveis sociais.

Nesse contexto é fundamental que os políticos estejam à altura desse desafio.

Reconhecemos nossos problemas e buscamos, dentro das fórmulas democráticas, corrigi-los. Isso provoca certa ansiedade e incompreensão. Os países desenvolvidos nos cobram providências e acertos que até agora não conseguiram (previdência social, para citar um exemplo), ou velocidade de realização de países autoritários.

O fato de que numa reunião plenária do Ceal, como a que acabamos de realizar, tenhamos podido discutir o tema da integração x governabilidade, do desenvolvimento sustentável, do papel dos empresários na educação e cultura é sinal de um novo tempo.

No caso específico brasileiro, olhamos com maior confiança nosso maior patrimônio, representado por uma classe empresarial dinâmica que tem respondido convenientemente aos desafios e por uma classe trabalhadora laboriosa, que busca continuamente se aperfeiçoar aumentando sua produtividade, e também nosso grande ativo: um mercado consumidor em expansão.

Os desafios não mudaram: temos de aumentar nossa taxa de poupança e tornar mais eficientes os recursos aplicados em educação. No foro do Ceal, ou mesmo no recém realizado World Economic Forum, ficou muito clara a ênfase no projeto educacional. É fator limitativo que devemos enfrentar prioritariamente.

A questão da Alca não foi deixada de lado, mas o sentimento que se adquire é de certa perda de prioridade, caso tenha existido algum dia. Não só o "fast track" parece difícil de ser concedido pelo congresso norte-americano como também aqui a perspectiva não se alterou. Ao contrário, a questão do "déficit comercial" com o exterior nos obriga a políticas prudentes. De outro lado, a posição norte-americana mostra-se mais conciliadora. A Alca poderia coexistir com o Mercosul.

Apesar das dificuldades que periodicamente aparecem (e são normais), o Mercosul consolida-se, e, dentro do processo de mundialização, essa integração é muito importante para o País. É melhor estarmos dentro do Mercosul do que fora dele. Como lembrava John Biehl, "pensar que a América Latina tivesse entrado num processo de globalização sem o Mercosul, seria pensar numa América do Sul muito humilhada."

■ *Roberto Teixeira da Costa é consultor e diretor da Sulamérica*

456-2983

TO MARIA ECHAVESTE

FR PETER NECHELES PN

RE EL PASO MTG. ON 11/21/97

Fast Track
CAIP

Maria -- please let me know if there are additional folks that should be invited (either as panel members or to attend the session).

Call me if you have any questions. (622-2139)

Thanks.

CAIP Advisory Committee Meeting
Friday, November 21, 1997, 9:00 a.m. - 4:00 p.m. (Mountain Time)
Camino Real Hotel, Salons C & D
101 El Paso Street
El Paso, Texas 79901

- Objective for the meeting

  -- how can the CAIP integrate into existing activities on the field and national level.
  -- review the first 90 days of the operation of the CAIP

- Each panel is scheduled for a thirty minute session -- panelist will be asked to make presentations no longer than 5-7 minutes to the Advisory Committee and Federal Agency Representatives.

- At the dias will be the following:

  members of the Advisory Committee,
  principals from the Finance Committee,
  AS Phil Singerman (Commerce) *{invited -- not confirmed}*, and
  Irasema Garza, Secretary, the National Administrative Office (Labor) *{confirmed}*.

- Morning session will focus on discussion of El Paso -- what has occurred, what strategies are being implemented, and what additional items are needed.

- Afternoon session will focus on what efforts are being undertaken by Federal agencies, and the new proposals that will be developed.

- <u>Draft agenda:</u>

  - Continental Breakfast **8:15 - 9:00 a.m.**
  - Opening Statements **9:00 - 9:20 a.m.**

  Representative Silvestre Reyes *{invited -- not confirmed}*
  Representative Esteban Torres *{invited -- not confirmed}*
  Mayor Carlos Ramirez *{to be invited}*
  Victor Miramontes *{to be invited}*
  Mozelle Thompson *{confirmed}*
  William Podlich *{conflict}*

- **Presentations by Trade-affected Communities** **9:20 - 11:40 a.m.**

Panels:

1. Community & Labor Groups
2. Businesses
3. Academic Groups
4. State and Local Representatives

- Lunch **11:40 - 1:00 p.m.**
- National Efforts in Trade-affected Communities **1:00 -2:45 p.m.**

Panels:

5. Finance Committee & NADBank Los Angeles Office
6. Departments of Labor & Commerce

- Public Comments **2:45 - 3:45 p.m.**

Panel Lists

1. **Community & Labor Panel**

Acción El Paso

Carmen Contreras *{invited -- not confirmed}*
Executive Director
Acción El Paso
Montwood National Bank
7744 North Loop
El Paso, TX 79915
(915) 779-3727 FAX (915) 779-3966

La Mujer Obrera

Cindy Arnold *{confirmed}*
La Mujer Obrera
2120 Texas Avenue
El Paso, TX 79901
(915) 533-9710 FAX (915) 544-3730

EP Central Labor Union -- represent the apparel workers

Bill Arballo *{confirmed -- will send VP}*
President
7924 Gateway East, Suite 204
El Paso, TX 79915
(915) 594-8691 FAX (915) 594-8694

Willie Valazquez Intitute

Ricardo Castañon *{invited -- not confirmed}*
Assistant, New Economic Strategies
1712 West Beverly Blvd., Suite 201
Montebello, CA 90640
(213) 728-5613 FAX (213) 728-1020

2. Business Panel

El Paso Chamber of Commerce

Wes Jurey *{confirmed}*
President and CEO
El Paso Chamber of Commerce
10 Civic Center Plaza
El Paso, TX 79901
(915) 534-0537 FAX (915) 577-9916

Lending Institutions

Gerardo (Jerry) Romero *{confirmed}*
Vice President and CRA Officer
Norwest Bank El Paso, NA
221 N. Kansas
El Paso, TX 79901
(915) 546-4216 FAX (915) 546-4254

South El Paso Redevelopment & Revitalization Association

Tanney Berg *{confirmed}*
Executive Director
South El Paso Redevelopment &
Revitalization Association
507509 South Oregon St.
El Paso, TX 79941
(915) 532-4519 FAX (915) 532-4517

Levi Strauss Foundation

Annette Morales *{confirmed – Thelma Petterson}*
Director, Community Planning
Levi Strauss Corporation
[ADDRESS]
El Paso, TX [ZIP CODE]
(915) 594-5288 FAX (915) [FAX #]

3. Academic Panel

El Paso Community College

Dr. Adriana Barrera *{invited – not confirmed – Pam Payne}*
President
El Paso Community College
919 Hunter
El Paso, TX 79915
(915) 594-2112 FAX (915) 594-5024

UTEP

Dr. Tim Roth *{to be invited}*
Business School
University of Texas, El Paso
College of Business Administration
El Paso, TX 79968
(915) 747-5245 FAX (915) 747-

Dr. Tom Fullerton *{to be invited}*
Business School
University of Texas, El Paso
College of Business Administration
El Paso, TX 79968
(915) 747-5247 FAX (915) 747-

Dr. Dennis Soden *{to be invited}*
School of Public Policy
University of Texas, El Paso
College of Business Administration
El Paso, TX 79968
(915) 747-5514 FAX (915) 747-

4. Local and State Government Panel

Mayor's office

John Edmonson *{confirmed}*
Consultant to Mayor Carlos Ramirez
2 Civic Center Plaza
El Paso, TX 79901
(915) 541-4437 FAX (915) 541-4501

State Senate

State Sen. Eliot Shapleigh *{tentatively confirmed -- Loretta Burgess}*
800 Wyoming, Suite A
El Paso, TX 79902
(915) 544-1990 FAX (915) 544-1998

State House

State Rep. Norma Chavez *{may have conflict -- Manny Romero}*
6070 Gateway East, Suite 508
El Paso, TX 79905
(915) 778-9960 FAX (915) 778-4065

State Officials/local workforce board

[CONTACT] *{contact Edmonson for names}*
[OFFICE]
[ADDRESS]
El Paso, TX [ZIP CODE]
(915) [PHONE #] FAX (915) [FAX #]

5. CAIP Panel

NADBank

Hugh Loftus
Director of the Los Angeles Office
North American Development Bank
13191 Crossroads Parkway North, Suite 275
City of Industry, CA 91746-3435
(562) 908-2100 FAX (562) 908-2110

Treasury

Peter Necheles
Senior Advisor, Government Financial Policy
U.S. Treasury Department
1500 Pennsylvania Avenue, Room 2415
Washington, DC 20220
(202) 622-2139 FAX (202) 622-0265

Agriculture

Steve Levy
Supervisory Program Analyst, Rural Development
U.S. Department of Agriculture
14th and Independence, SW
Washington, DC 20250
(202) 720-5044 FAX (202) 720-5114

Small Business Administration

Jeanne Sclater
Deputy Associate Deputy Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20416
(202) 205-6657 FAX (202) 205-0617

Carlos Mendoza
District Director
U.S. Small Business Administration
10737 Gateway West, Suite 320
El Paso, Texas 79935
(915) 540-5676 FAX (915) 915-540-5636

6. **Other Federal Efforts (Commerce & Labor)**

NAFTA-TAA

[NAME]
[TITLE]
U.S. Department of Labor
[ADDRESS]
Washington, DC [ZIP CODE]
(202) [PHONE #] FAX (202) [FAX #]

Department of Labor

[NAME]
[TITLE]
U.S. Department of Labor
[ADDRESS]
Washington, DC [ZIP CODE]
(202) [PHONE #] FAX (202) [FAX #]

EDA

[NAME]
[TITLE]
U.S. Department of Commerce
[ADDRESS]
Washington, DC [ZIP CODE]
(202) [PHONE #] FAX (202) [FAX #]

<u>Other invitees</u>

LULAC

Belen Robles *{to be invited}*
President, LULAC
221 N. Kansas, Suite 1200
El Paso, TX 79901
(915) 577-0726 FAX (915) 577-0914

Hispanic Leadership Institute

Margarita Sanchez *{to be invited}*
[TITLE]
Hispanic Leadership Institute
[ADDRESS]
El Paso, TX [ZIP CODE]
(915) 593-6387 FAX (915) [FAX #]

Local Representatives

State Sen. Robert Duncan *{to be invited}*
[ADDRESS]
[CITY], TX [ZIP CODE]
(512) 463-0128 FAX (915) [FAX #]

State Rep. Paul Moreno *{to be invited}*
[ADDRESS]
El Paso, TX [ZIP CODE]
(915) 544-0789 FAX (915) [FAX #]

State Rep. Pat Hagerty *{to be invited}*
[ADDRESS]
El Paso, TX [ZIP CODE]
(915) 532-1391 FAX (915) [FAX #]

State Rep. Joe Picket *{to be invited}*
[ADDRESS]
El Paso, TX [ZIP CODE]
(915) 590-4349 FAX (915) [FAX #]

State Rep. Gilbert Serna *{to be invited}*
[ADDRESS]
El Paso, TX [ZIP CODE]
(915) 860-9183 FAX (915) [FAX #]