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Canada's Spotlight on the Americas

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New constitution and land reform in Bolivia

Bolivians voted in favour of the new constitution proposed by President Evo Morales on January 26. The new constitution allows Morales to run for re-election in December 2009, formally recognizes indigenous groups, increases state control over natural resources, and limits the size of land ownership. Approximately 80 per cent of the electorate voted to cap future landholdings at 12,000 acres, although the new limit will not affect current landowners. Voters could have set the limit to 24,000 acres, but chose the smaller area. Despite gaining majority support, the four regions that voted against the constitution are home to the nation's largest natural gas deposits. Morales now faces the challenge of enforcing the constitution in areas hostile to his policies.

Obama's Americas Policy Could Bring Opportunity for Canada

Anatol von Hahn

President Barack Obama has signaled that he understands the importance of the Western Hemisphere to U.S. interests. This understanding and his intention to act on it represents a significant opportunity for Canada.

Much has been made of the opportunity President Obama offers for a renewed Canada-U.S. relationship. Clearly, there are critical issues to advance within this bilateral relationship. Nonetheless, it is important for Canada to keep in mind the opportunity the Obama presidency offers for Canadian relationships throughout the Americas. As we advance our bilateral relationship with the U.S., we need to do so strategically in the context of our other relationships in the Americas.

As a large international bank based in Canada with operations in many countries in the Caribbean and Central and South America as well as the US, ScotiaBank has been part of huge changes as countries have opened their economies to trade and investment, developed their democratic institutions and built strong macro-economic fundamentals. Recognizing Canada's corporate and trade links, the Canadian government has set the Americas as a foreign and trade policy priority.

As we work through this economic crisis, it is even more important that the recent successes in the Americas are cemented and expanded. It is in everyone's political and economic interest for the region to be as stable, open and dynamically competitive as possible.

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Note from the Editor — How Will Obama Transform the Americas?

When U.S. President Barack Obama spoke to the developing world in his inaugural speech, he said, “To the people of poor nations, we pledge to work alongside you to make your farms flourish and let clean waters flow; to nourish starved bodies and feed hungry minds.” He acknowledged that the rich countries had to change themselves, be aware and active in the world, and move away from the idea that buying the world’s resources is different than caring for it. “For the world has changed, and we must change with it,” he said.

The rhetoric is refreshing, after eight years of hard-line political, military and economic policy from the United States and a willingness to lead that was not tempered by a willingness to listen. The international excitement and euphoria of having an African-American president and commander-in-chief has generated tremendous enthusiasm and hope. “He is a transformational figure,” said former Secretary of State Gen. Colin Powell in the NBC interview in which he endorsed the then-candidate. Today, few doubt that.

Yet what kind of transformation can Canadians, Caribbeans and Latin Americans expect? How will it differ from what we need and want?

Barry Featherman says that this hemisphere needs a comprehensive social development agenda that surpasses the region’s limited bilateral trade agreements and seeks to, country by country, expand economic prosperity and respect human and workers’ rights. The immediate target of this agenda should be to help the region’s countries meet the Millennium Development Goals.

In anticipation of U.S. involvement in the region, Anatol von Hahn calls on Canada to strengthen its own Americas policy and devote more resources to the region. Through its engagement in Latin America,

Canada can build not only a competitive edge, but it can shore up Canada’s relationship with the U.S. as Brazil, Mexico and others rise in strategic and economic importance to our southern neighbour.

Rebuilding a coalition in the region to defend and sustain democratic gains in the region is also critical, according to John Graham. Given the similarities between Obama and Canada’s Americas strategies, Obama’s February 19 visit to Canada and the upcoming Summit of the Americas in Trinidad and Tobago this April will be important venues for this discussion.

At the Summit, Obama will meet Venezuelan President Hugo Chávez, who celebrates the tenth anniversary of his own presidential inauguration this year. Lesley Burns discusses how Chávez’s bid to change the constitution so that he can run for president again may combine with the loss of oil revenue to fundamentally challenge his Bolivarian revolution.

Absent from the Summit will be Cuba, the only country left in the region that lacks a democratically-elected government. Daniel Erikson suggests that domestic politics’ headlock on policy innovation in U.S.-Cuba relations may be loosening, based on the results of the November 2008 election. Obama’s proposal to reduce travel restrictions for Cuban-Americans and the Cuban president’s own decision to legalize cell phones may combine to release a “revolution of expectations”, which may help thaw relations and provide an economic opening along Chinese lines, says Erikson.

Despite all of these possibilities and signals of re-engagement in the region, Carlo Dade counsels that people should not let their hopes blind them from the history of unfulfilled U.S. promises to engage with the Americas, primarily due to geo-political crises elsewhere. The possibility of Mexico’s drug war intensifying further could be the next situation to overwhelm the United States’ limited time and attention for the hemisphere.

While we wait for details and appointments to flesh out Obama’s agenda for the Americas, including Canada, there is a folk saying we ought to keep in mind: “The proof of the pudding is seen in the eating.” It is up to us to respond to the chef, if the meal served is too little, too lukewarm, or just right. 🌐

FOCALPoint Editorial Board

Editor

Peter Moore

Executive Director

Carlo Dade

Peter Moore

Obama's Americas Policy *(continued from page 1)*

There are strong signs that President Obama is moving forward on a new Americas policy. As President-elect, he made a point of meeting with Mexican President Calderón and of announcing his priorities for the region. In a speech last May, "Renewing U.S. Leadership in the Americas", he called for a new "alliance" of the Americas, promising aggressive and sustained diplomacy from the first day of his administration, including:

- The appointment of a Special Envoy for the Americas in his Administration
- Initiating a dialogue with countries such as Cuba and Venezuela
- Expanding U.S. consular representation in the region, and
- Taking a regional as opposed to a bilateral approach in a new energy partnership, acknowledging shared responsibility for public security and welfare and sharing U.S. technology.

These are very positive signals. Above all, an Americas strategy requires a sustained commitment at the level of the presidency and senior administration officials to the region's economic development. The strategy should build on the continent's record of successful macro-economic reforms. A meaningful Americas strategy needs to span government departments to address economic and social development priorities in these markets and enhance the hemisphere's economic capacity. Input from business and other civil society leaders is a necessary step to finding common ground and receptiveness for joint action.

Canadians stand to benefit directly from President Obama's focus

on the Americas. At the same time, there are risks to our relative standing in the region if we do not use U.S. efforts to our advantage. We see two implications for Canada.

First, Canada must re-energize our own Americas strategy to ensure we are not left in the wake of a new U.S. approach to the region. Should too much of our attention swing to our bilateral issues with the U.S. and away from our hemispheric priorities, much of the good work of the Canadian government in the Americas may be lost. Countries in the hemisphere are pro-actively diversifying their relations with other players, such as China and Russia. Competition for the attention of Latin American and Caribbean leaders is increasing, not decreasing.

As a result, Canada should increase its resources in the region and adjust policies to reflect, where appropriate, complementary interests and efforts with the new U.S. approach. Canada needs to continue to build relationships with political leaders in the region, pursue trade agreements and support social and economic development programs.

Second, when the Prime Minister meets with President Obama his agenda should not be solely focused on our "bilateral" issues and the importance of bilateral discussions. While important, there is also a place for trilateral, regional and multilateral approaches and it is in Canada's interests to raise them in the first meeting with the new president. To the extent Canada is seen to be helpful to U.S. interests (e.g., security challenges), we build goodwill and expand points of contact with the U.S. Competition with Canada

for special attention from the U.S. is increasing, not only from Mexico, but from Brazil and others. It is not in our interest to rely solely on our "unique" bilateral exchanges.

Partnership with the U.S. on its Americas policies is ideal for this, given our historical, cultural and corporate ties in the region. For the U.S., Canada's record of being a fair broker and its socially progressive economic model could help joint projects in the hemisphere establish credibility.

A priority should be our relationship with Mexico. Mexico is a critical partner for the U.S. (and increasingly for our economy as well). By building our relationship with Mexico, there will be opportunities to enhance our relationship with the U.S. Similarly, to the extent that we develop best practices in the Canada-Mexico relationship, we can share them and expand links in the Americas.

The Prime Minister should also encourage President Obama to continue with the practice of recent trilateral summits that drew on business leader input and involves the private sector in solutions.

Scotiabank's experience in Mexico is an example of how government and the private sector working together can contribute to economic development and reform. We were the first foreign bank to reinvest in Mexico immediately after the 1994 Peso Crisis. Today, we are a profitable and growing bank with nearly 8,800 employees, 1.4 million customers and over 600 branches. Overall, the country's financial system is on solid footing and far more competitive than in the past. There

are better regulatory standards and there is wider access to credit for consumers. These improvements are the product of a partnership between the government, the central bank and private sector banks.

The current economic challenges require a collective and coordinated response. This is an opportunity to build on past successes in the region. It is also an opportunity to advance Canada's relationships within the Americas, including the U.S. The United States needs to move forward with an engagement plan for the Hemisphere that incorporates these elements into its strategy. Canada can strengthen its bilateral relationship with the U.S. by helping it achieve these goals, while at the same time pursuing its own national interests in the hemisphere. 🌐

Anatol von Hahn is Executive Vice President, Latin America, at ScotiaBank.

Canada's trade with Latin America, Caribbean surges

Canadian trade with Latin America and the Caribbean, including Mexico, surged over the past three years led by a 30 per cent rise in exports from Canada to the region. Imports, however, increased by less than two per cent.

Among the top exports by volume and percentage increase were machinery, cereals, vehicles and mineral fuel oil. Imports grew much more slowly. There was a large drop in aircraft exports, which fell 179 per cent over the three year period.

Obama's engagement promise to the Americas

Carlo Dade

President Barack Obama's executive order to close the detention centre in Guantánamo has reinforced expectations for further major shifts in U.S. foreign policy. Despite a pronounced lack of attention during the presidential campaign, this sentiment is also held in the Americas and amongst Latin American interest groups in the U.S. This hope has also blossomed in Canada for whom the Americas is the second foreign policy priority after Afghanistan and is seen as an important bridge to closer relations with the U.S.

However, hope for change in U.S. policy toward the Americas must be tempered on the one hand by the power and influence of Congress, other U.S. foreign policy actors, the Bush legacy of two wars, and on the other hand by the domestic and international impact of the global financial meltdown. If the recent history of attempts by presidents to reinvigorate U.S. policy toward the Americas is any guide, we should be prepared to, once again, see an initial flurry of activity followed by a long period of disappointment.

That said, the picture is not wholly dim. U.S. foreign policy and influence does not start and stop with the president. The U.S. foreign policy apparatus is vast and several new players, Congress, secretar-

ies and others, have or will soon come on stage with Obama. For this group and the new president, there are a few overriding priorities and unavoidable realities that will force some attention toward the region early on. These are all areas in which Canada has a stake in the outcome.

First, there is good news. Though Obama has said little about the region, his campaign position paper, "A New Partnership for the Americas" hits all the right notes for Latin American ears. Coincidentally, it matches almost perfectly Canada's Americas Strategy, articulated by Prime Minister Stephen Harper. Both documents speak of returning their respective countries to more prominent roles in the hemisphere within a framework of strengthened multilateralism and cooperation. Both also focus on the three pillars of governance, prosperity and security.

Differences lie in the fine print. For Canada, "prosperity" has meant pursuing free trade agreements that ensure proper protections are in place for the environment, labour and support for Corporate Social Responsibility. For Obama, a focus on trade, whether as a means to an end or end in itself, is seen as a legacy of the Bush administrations.

Early indications are that Obama will focus on confronting inequal-

ity and social development as ends in themselves. This could lead to the odd situation where Canada, generally known as a champion of social issues, and the U.S., generally known as the voice of neo-liberalism, swap roles with Canadians acting like Americans and Americans acting like Canadians.

On Cuba, Obama has spoken passionately about changing U.S. policy toward the island. Demographic shifts and U.S. polling data seem to offer him room to move. But the bad news here is that the cadre of hard-line Cuban-American politicians, Democrats and Republicans, were all returned to power in the last election along with the half dozen or so in Congress from across the U.S. who rely heavily on campaign funding from southern Florida Cuban groups. This bloc will vociferously challenge any major changes in Cuba policy. An interesting early test will be whether Obama takes on this group or takes a pass to focus limited resources on other battles for which he can count on stronger popular support.

Given this situation, it seems extremely unlikely that the overriding Canadian concern, the Helms-Burton sanctions against businesses operating in Cuba, including bans on employees and board members travelling to the U.S., will be removed. Unless the Canadian government or private sector can come up with outside-the-box ideas, the U.S. sanctions will remain, leaving Canada in Helms-Burton purgatory

and Canada-Cuba-U.S. relations unchanged.

On the North American Free Trade Agreement (NAFTA), the vehement rising anti-trade sentiment in the U.S. will eventually force the President to live or face up to his campaign rhetoric. Obama spoke too often on the NAFTA issue during the campaign for it to be forgotten. After Obama, trade was the

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story of the last election. Anti-trade forces gained 43 seats across both houses. For the Democrats, newly-elected members from key swing states Michigan, North Carolina, Pennsylvania, and Wisconsin each attributed their victories singularly to their anti-NAFTA and anti-free trade stances. This was an object lesson that will guide preparations by both parties for 2010 mid-term congressional elections. Conventional wisdom is that Obama, now safely in office, will try to downplay his anti-NAFTA campaign rhetoric, but if he back-pedals, he will literally bump into a sizable majority from

his own party marching the other way. Unlike the original NAFTA fight where a Democratic president was able to align with congressional Republicans, this time around the Republicans, backed by conservative talk radio and television, will also be calling for stronger protectionist measures.

Canada will not be able to stem the anti-trade movement in the U.S.; surviving the backlash is a better strategy. Canada should prepare public campaigns to remind Americans that Canada is their number one source of energy and a major trade partner. One of these concessions, however, cannot be Mexico. For the U.S., anger over job losses to Mexico is offset by concerns for stability in the country and in the burgeoning and increasingly powerful congressional districts along the U.S. southern border. This is not the situation along the shrinking and lessening important congressional districts along the northern border. In the NAFTA fight, we are going to need friends and allies and Mexico is it.

After some uncertainty, it appears that President Obama will attend the April Summit of the Americas in Trinidad and Tobago. This is the only meeting of the hemisphere's 34 democratically-elected heads of state that includes the U.S. and Canada. There are indications that the Americans are preparing a new hemispheric energy initiative to be proposed at the Summit to give Obama something of substance for

the meeting. This idea will clash with OPEC member Venezuela and its president Hugo Chávez who has a penchant for anti-American theatrics. Compounding worries on the American side, the Trinidadian hosts have proposed a leaders-only meeting that would leave the new president with no aides or advisors present.


Canada, as a major supporter and funder of the Summits of the Americas, is already deeply involved in preparations for the April Summit to make it a success, working with the Trinidadian government and the Organisation of American States. If energy does emerge as a major topic, Canada would be well positioned to play a strong role at the Summit and during follow-up.

Mexico, though, remains the single, largest unknown and potential game changer. Rising crime, insecur-

ity and the struggle of the Mexican state to gain the upper hand against the drug cartels has engendered a strong response from the U.S. including close to US\$400 million a year in security assistance, an almost tenfold increase. Yet, attention and worry in the U.S. are growing.

Should things worsen, Mexico has the ability to dominate and monopolize Administration attention toward the region, repeating a pattern seen under previous presidents. President Bush Senior launched the Enterprise for the Americas initiative only to lose focus on the Americas with the first Gulf War. President Clinton went from passing NAFTA and initiating the Summit of the Americas to getting swept up in the Balkans and Monica Lewinsky. President Bush Jr. began with the Americas as his foreign policy focus, but this was swept away by 9/11 and

the wars in Afghanistan and Iraq.

Obama starts from a worse position than his predecessors. He has fewer financial resources and less time available to him. He knows less about the region and has fewer ties than any president in modern times. It is difficult to see how he will surpass the low marks in the hemisphere set by his predecessors. With the situation in Mexico worsening, it appears that his "event that takes limited attention away from the Americas" may occur even earlier in his presidency than for his predecessors. In the end, the possibility of the past repeating itself is something that Canada and the rest of the hemisphere would be wise to expect. 

Carlo Dade is the Executive Director of the Canadian Foundation for the Americas (FOCAL).

FOCAL and civil society present recommendations to Summit ministerial meeting

The Canadian Foundation of the Americas (FOCAL) worked with leading citizens' groups to provide civil society input into the government negotiations of the Draft Declaration of Commitment of Port of Spain, to be adopted at the Fifth Summit of the Americas in Trinidad and Tobago, in April 2009.

At the Summit Implementation Review Group (SIRG) meeting on December 10-12, 2008 in El Salvador, three spaces were allotted for civil society presentations to the negotiating government representatives, a noteworthy precedent in the evolution of civil society insertion into the Inter-American system. FOCAL's Caribbean partner, the NGO Network of Trinidad and Tobago for the Advancement of Women and Central American partner, CARE El Salvador, highlighted social and economic issues of concern to civil society and presented recommendations on what could be done by governments attending the Fifth Summit of the Americas.

Both partners are members of the nine-year-old Active Democracy Network for the Implementation of Summit Commitments, which FOCAL co-coordinates. Many of the recommendations were the product of a civil society consultation held in Port of Spain on October 30-31 with 140 diverse civil society organizations around Fifth Summit themes human prosperity, energy security and environmental sustainability. The consultations were organized by FOCAL, in partnership with the Organization of American States (OAS) and the government of Trinidad & Tobago.

For more information about FOCAL's efforts to include civil society views in the Summit of the Americas process, contact Racquel Smith, project manager for governance and civil society initiatives at rsmith@focal.ca.

Can Obama end the “Cuba Wars”?

Daniel P. Erikson

When Barack Obama won the White House last November, he pledged to focus on the two wars in Afghanistan and Iraq that continue to dominate the U.S. foreign policy agenda. But the peculiar results of his election have also positioned him to quickly end a third war that has been smoldering in the Straits of Florida for nearly a half a century: the long cold war between the U.S. and Cuba.

Cuba has been a nettlesome issue for American presidents ever since a 32-year-old Fidel Castro seized power there during the Cuban Revolution of 1959. The administration of Dwight D. Eisenhower looked askance at Castro's early moves to expropriate American properties. John F. Kennedy was genuinely horrified by Cuba's open embrace of the Soviet Union, which culminated with the 1962 Cuban Missile Crisis that brought the world to the brink of nuclear war. The U.S. then imposed a comprehensive economic embargo on Cuba that endures to this day, as Fidel Castro outwitted and outlasted ten U.S. presidents, brushing aside assassination attempts and ever-tighter economic sanctions as he held fast to his grip on power.

But even Fidel Castro could not escape the ravages of time. In July 2006, at the age of 79, he was struck by a devastating stomach illness

that forced him to relinquish most of his duties to his younger brother and heir apparent, Raúl Castro. That transfer of power became permanent last February, when Fidel formally ceded the presidency after 49

Obama has tremendous political scope to act on Cuba policy, if he so chooses.

years in power, and was replaced by Raúl, who began to implement a series of economic changes. Raúl's early decisions to legalize consumer goods such as cellular phones and DVD players and boost worker pay were warmly embraced by most Cubans, even as feisty Fidel inveighed against “concessions to the enemy ideology.” No one should be fooled into believing that Raúl's agenda includes democratic reform, but a China-style economic opening is no longer unthinkable, and the mere prospect of any meaningful change after 50 years of stagnation has sent a wave of energy through the island's restless youth that is hungry to embrace the globalized world of the 21st century. This is a “revolution of

expectations” that has far-reaching potential to reshape Cuban politics and society in ways that favor U.S. interests in a more politically free and economically vibrant Cuba. It is a revolution that American engagement could do a great deal to further.

Indeed, the original foreign policy rationale for maintaining the Cuban embargo —the desire to contain communism in the Western Hemisphere— vanished long ago with the collapse of the Soviet Union in 1991. The U.S., in one of many lost opportunities, decided against reaching out to Havana with assistance and

instead sought to tighten the screws on Cuba even further, with the passage of the 1992 Cuban Democracy Act and the 1996 Helms-Burton Act. Of course, as virtually everyone who has had passing contact with the issue knows, Cuba by then had ceased to become a foreign policy concern of any importance, and U.S. actions were almost wholly driven by the need to appeal to anti-Castro Cuban exiles in the all-important swing state of Florida in order to win its 27 electoral votes.

But that, too, is changing. In the 2000 election, Cuban-Americans were still fuming over the Clinton administration's decision to return six-year old Elián González to his father in Cuba, against the wishes of

Pebercan Cuba surprise

On January 24, Canadian company Pebercan surprised other Canadian companies including Sherritt International by ending its shared production agreement with Cuba.

For the last 16 years, Pebercan and Sherritt have had shared production rights to Cuban oil fields in exchange for selling all of the oil to Cuba. This shared production agreement represented 26 per cent of Sherritt's total Cuban oil investments.

The trouble began in mid-2008, when amongst rising oil prices and growing financial turbulence worldwide, Cuba ceased paying the two companies for the oil produced. Cuba currently owes Sherritt approximately \$400 million in missed payments. One possibility is that the Cuban government simply could not afford to pay for the fuel.

In response, Pebercan announced the termination of its agreement in exchange for a US \$140 million pay-out by the Cuban government. Approximately \$60 million of this money is slated for Sherritt. Pebercan has withdrawn from Cuba, ceding all of its oil wells to the government.

The financial impact of the revoked production contract was immediate: Sherritt shares fell 14 per cent on January 26 as the markets responded to the news. Sherritt CEO Ian Delaney is negotiating with Cuba to find a solution, while in part relying on the profitability of its nickel and energy investments in Cuba to offset the unexpected loss of oil revenue.


Miami's exile leadership. As a result, outraged Cuban exiles abandoned Al Gore at the polls and voted 80 per cent for George W. Bush, which helped to deliver his 537-vote margin of victory in Florida despite his defeat in the national popular vote. Bush repeated the trick in 2004 by authorizing new travel sanctions on Cuba to help win support in Florida, but his decision also alienated many Cuban Americans with family on the island.

In 2008, by contrast, Barack Obama vowed to allow greater Cuban American travel to Cuba and engage in a dialogue with the Cuban government, and he won about 35 per cent of the Cuban American vote, a slightly larger share than his Democratic predecessors. But Obama handily won 51 per cent of the state's voters based on the strength of his appeal among other demographics, and in any event Florida's 27 electoral votes were not crucial to his convincing 365-173 win over Senator John McCain. In short, Obama has tremendous political scope to act on Cuba policy if he so chooses.

Still, Obama's campaign statements indicate an incremental approach, especially regarding the absurdly unsuccessful U.S. embargo, which he vowed to maintain when delivering his major Latin America policy speech before a group of influential Cuban-Americans in May 2008. There is little question that the three anti-Castro Cuban-American legislators recently re-elected to represent South Florida —Lincoln and Mario Diaz-Balart and Ileana Ros-Lehtinen— will work overtime to make sure he keeps this pledge. Indeed, it is far from clear that the strong Democratic majorities in the

111th Congress will herald much change on Cuba policy, especially since the Cuban American lobbies that favor the embargo actively gave hundreds of thousands of dollars in campaign contributions to both Republican and Democratic congressional candidates during the last election cycle.

If Obama fulfills his pledge to drop travel restrictions on Cuban Americans and initiate "direct diplomacy without preconditions" with Cuba, then this alone would be a radical break from the policies of the Bush administration.

President Obama reached the White House through a shrewd campaign strategy, rousing oratory, and his ability to tap into the hunger for change in the American electorate. His triumph represents the first real window of opportunity to fundamentally realign U.S.-Cuban relations to come along since the end of the Cold War in the early 1990s. An early move in this direction would undoubtedly please virtually all of America's allies, including Canada, which joined the 185 countries that condemned the embargo in a UN vote last October. The United States and Cuba have been locked in a cycle of hostility and retribution for more than a half-century, but Obama may yet prove to be the leader with the vision and skill to finally bring an end to the Cuba wars. 

Daniel P. Erikson is senior associate for U.S. policy at the Inter-American Dialogue and author of The Cuba Wars: Fidel Castro, the United States, and the Next Revolution (Bloomsbury Press, 2008).

Should Obama and Harper Talk About the Americas?

John Graham

The date has been set and President Barack Obama will meet Prime Minister Stephen Harper on February 19. Already the briefing files, if piled in the same place would give Ottawa a new ski hill. Understandably, the focus in recession-conscious Ottawa will be on the US-Canada trade, transit, energy and environmental issues.

With limited time and a heavy agenda, is there any value in including topics to the south of the U.S. border? In other words should Canadian-American economic and regulatory control issues consume the entire agenda for the first Harper-Obama meeting? Maybe. But it is arguable that the Prime Minister will have a better listener on his bread-and-butter issues if he is able to engage the President on a few internationally sensitive, but not exclusively Canadian concerns. If we can be helpful in areas of particular relevance to the huge majority of Hispanic Americans who voted for him, Obama is likely to be more attentive.

Underlying this approach is the expectation that the new president will value a friend who shares many of his objectives and most of his values, shares the pain of international commitment such as in Afghanistan, carries little inconvenient baggage, and can be an effective interlocutor

in bilateral and multilateral fora.

This is an interesting time. Two months ago the Cuban government was sending feelers to the President-elect. Many Americans will be looking at Obama's handling of Cuba—the longest standing foreign policy failure in U.S. history—as one of the

Continuing dialogue with the
American president will depend
on the extent to which we are
seen as effective players in the
region. We need to nourish and
burnish our credibility.

new president's litmus tests.

Obama's position on Cuba, while more open than his predecessors, is still locked in a contradiction. His position is that there should be no major changes in U.S. policy until political prisoners are released and the country has embraced an authentic democratic electoral process. The first results of such high speed democratization and accelerated dismantling of internal security would almost certainly be a large scale movement to the U.S. of Cubans seeking a higher standard of living. The difficulty is that American policy makers are as opposed to

a massive Cuban migration to the United States as they are enthusiastic about rapid democratization.

A more measured normalization of U.S. relations with a still socialist Cuba would yield enormous benefits for the U.S. image throughout Latin America and the Caribbean and benefits for Canada, if our experience is used to steer the new American administration away from the Ceausescu-like hazards of pushing the Cubans into premature elections. It also might not lose the baby with the bath water—the baby being Latin America's best education

standards and a degraded but still good health system.

Are there more compelling reasons to put other non-strictly US-Canada issues on the agenda? Yes. Stability in Latin America and the Caribbean is essential for the high levels of both U.S. and Canadian investment. Canadians tend not to recognize that our investments in this area (when last counted) are greater than our investments in the Asia-Pacific region.

The President can be expected to put Mexico at the top of any Americas agenda. In many areas, particularly Mexico, but also the Carib-

bean islands and Central America that stability is increasingly eroded by narcotics empowered organized crime. The Americans are active, particularly on drugs –with little success– but neither the U.S. nor Canada is pulling its weight in an ongoing battle that affects vital interests in both countries. Canada's share of this load is not remotely proportionate to our exposure. It is difficult to exaggerate the gravity of this problem in Mexico because the actual statistics are so dramatic. There is space here for increased Canadian-U.S. engagement with local authorities in security, aerial reconnaissance, intelligence and forensic work. These are also sectors where a trilateral framework with Mexico and the United States can be strengthened.

Another and more specific opportunity for much needed and potentially productive collaboration is the next Summit of the Americas set for April 17-19 in Port of Spain, Trinidad and Tobago.

Globally, Summits have become almost a plague. Yet, I think this one should take up space on presidential and prime ministerial agendas. For the U.S. president it will be the first post-election encounter with 32 elected heads of state and heads of government.

The challenges for U.S. image and self-interest in the region have never been higher. The stakes have not been greater since this Summit process began in Miami 14 years ago. For both the U.S. president and the Canadian prime minister these summits provide the only institutional forum at that level for collective interaction within the hemisphere. Apart from Miami in 1994 and Quebec in 2001, the other Sum-

mits have been mediocre or failures. Part of the problem is that while this process is very important for Canada and the US, the same cannot be said for the Latin Americans. They have other summit fora – the Spanish-led Ibero-American Summits and the exclusively Latin American Rio Group. And the Brazilians are organizing a Caribbean-Latin American Summit next year to which neither the U.S. nor Canada are invited. The exclusion of the U.S. has become a plus for many of the participating countries.

These difficulties are exacerbated for the Trinidadian Summit by other problems: a tired, anodyne agenda; a lack of focus on using the Summit to bridge-build between Latin America and the Caribbean in key areas such as security and health;

and by a huge disinterest in the Summit –so far– on the part of the Latin Americans.

Over the past two decades both Canada and the U.S. have played important roles in supporting the advance of democratic governance throughout Latin America. Notably, with Chavez's systematic removal of checks and balances, there has been slippage. However, nothing in the past ten years threatens to reverse these gains as much as the cooked election in Nicaragua on November 11. Blatant fraud on this scale has not been seen since the time of the Somozas. Nicaragua will not be top of the agenda, but implications of a backsliding precedent on democratic governance should be discussed. Focus should be on forms of leverage, the Organization of American States, and the rebuilding of a coalition to defend democratic gains.

Some observers have already concluded that the only way this

summit can be salvaged is to work with the new president and his staff. As it will be close-up on his calendar and because his approach will be carefully watched by his largest ethnic minority, I expect that the new president will be especially open to dialogue with us.

If all goes well, the first meeting should be the beginning of an ongoing dialogue on broad hemispheric as well as US-Canada topics. The Canadian government has given high priority to the Americas—an area where, unlike most other parts of the world, Canada has the potential to make a difference. However, while this is an excellent policy direction, as yet it is almost invisible in most of the target countries. Continuing dialogue with the American president will depend on the extent to which we are seen as effective players in the region. On this point we need to nourish and burnish our credibility. 

John Graham is the Chair of the Board of Directors of the Canadian Foundation for the Americas (FOCAL). This article is condensed from a paper prepared for the Carleton University Canada-U.S. Project: A Blueprint for Productive Canada-U.S. Engagement. www.cptl.ca-conferences-Canada-US-Project-2008.htm.

Common Partners, Common Interests: Why We Must Develop a Social Agenda for Latin America

Barry S. Featherman, Esq.

The presidential inauguration of Barack Obama in the United States and his interest in strengthening relations with Latin America will benefit both Canada and the US. Latin America is a key and natural ally for both nations. It is close, most of its governments are democratic, and it is dynamic.

Yet, for most of the last eight years it has also been, to a large extent, forgotten by the U.S., although things have improved significantly since Tom Shannon was named Assistant Secretary of State. Moreover, this vacuum was filled to some degree by the Canadian government as illustrated by Prime Minister Stephen Harper's visit to the region and Canada's pursuit of its own bilateral trade agreements.

In many respects, the challenges that America faces in Iran, Iraq, Afghanistan, the Middle East, North Korea, etc., will not disappear in the short-term. These problems have overshadowed other important issues that we confront including those in Latin America. However, the United States can no longer allow its relationships in Latin America to languish.

As a global power, I believe that America has the capacity to widen

its international vision to include Latin America. Latin America matters for the U.S. and consequently for the global economy consider just a few of these facts: Latin America is a source of a third of U.S. oil imports, It's the source of half the foreign-born residents in the U.S. and it represents a fifth of America's overseas trade. These linkages are

I believe that trade in and of itself is not the sole remedy that can cure the ills that afflict Latin America. Trade is not enough.

ones that necessitate constant vigilance. Indeed, whilst the global financial crisis continues, we must be cognizant that Latin America is feeling its effects and consequently that could have an enormous impact on the U.S. and Canadian economies and investors. I can go on and on but this gives you just a flavor of why we cannot forget about the region.

I want to see our relationships strengthened where they can be, re-crafted where they should be and create an environment in which North America is a partner for growth and development where we must be. All of this must be done within the context of freedom and democracy, where human rights are protected and liberties are respected. These

are core American and Canadian values and we are right to promote them. It is also important that all segments of society in Latin America have the opportunity to experience the benefits of democratic governance and we can be an important part of making that happen. During the 2000 General Assembly of the Organization of American States in Windsor, Ontario, the Canadian government set the theme as "Human Security." Yet, following Windsor, other events

got in the way and some nations fell off track. We cannot waste time. Failure to ensure that these benefits are felt and experienced by everyone can have negative consequences for us all.

Bilateral trade has formed the centerpiece of the North American policy agenda toward the region, forsaking in large measure other key

considerations in these critical relationships. Whilst I believe in the promise of free trade, I have always held the belief that trade in and of itself is not the sole remedy that can cure the ills that afflict Latin America. Trade is not enough.

We must support responsible trade that is directed not just on liberalizing commercial relationships but more importantly on how we can best utilize foreign assistance and work in concert with our Latin America partners to better use their resources to get people out of poverty so that they can actually purchase the products that we export. That is a real agenda. Trade needs to be looked at in a broader context

by taking a fresh look at multilateral arrangements taking into account contemporary realities.

Within the context of a new U.S. Administration, I think we need to determine how we get from point A to point B. Recently President Leonel Fernandez of the Dominican Republic stated that although we live in the 21st Century with all of the modern conveniences that that entails, we must also recognize that many people in the region are still living in the 19th Century.

There are two key areas for a regional development agenda. One is fashioning a Social Agenda for the Region designed to think long-term on how to move people out of pov-

erty and improve their standard of living. In other words, how do we create an enabling environment for the developing nations of Latin America to achieve Organisation for Economic Co-operation and Development (OECD) status. The other critical component of any social agenda must include social mobility. When I think of the great majesty of America and Canada it is that one can be born in any economic and social class and still have the capacity to achieve a high standard of living. This is a great gift that we can share with our neighbors. Indeed, we need to focus on this enabling environment as a baseline of any social development scheme.

Closing Guantánamo Bay detention centre stirs Khadr controversy in Canada

On January 22, U.S. President Barack Obama signed an order for Guantánamo's military prison to be closed within one year. Opened in 2002 to house suspected terrorists, the facility still holds approximately 245 prisoners. Amongst those prisoners is one Canadian citizen, Omar Khadr.

The story of Omar Khadr, incarcerated in Guantanamo at the age of 15 for the alleged killing of an American army medic during a fight in Afghanistan, has been a lightning rod for controversy. While the Canadian government under Prime Ministers Stephen Harper and Paul Martin never attempted to have Khadr repatriated to Canada or removed from Guantánamo, Obama's decision to close the prison places the Canadian government under greater pressure to assume responsibility for Khadr.

The Bush Administration had declared approximately 60 of the prisoners safe for release. However, these prisoners are often unwanted, both in their countries of origin and elsewhere. For those who are still awaiting trial, including Khadr, the most practical proposal thus far seems to be trying them within the American legal system. However, the extraordinary nature of the charges brought against the alleged terrorists, as well as the sensitive methods used to obtain potentially incriminating evidence, renders it unlikely that many would be convicted under the standard American justice system.

While there is a strong resistance south of the border to the presence of any alleged terrorist on American soil, a recent poll indicates Canadians support Khadr standing trial for his crimes in Canada. The Canadian Press and Harris/Decima survey registers significant support for Khadr being returned to Canada, but a spectrum of opinions on the issue remains. Some would prefer to see Khadr face American justice, while a small minority supports the more lenient option of a rehabilitation program.

Despite the divisions of opinion, Obama's decision will require the Canadian government to take action on Omar Khadr. A relatively small task compared to the 244 prisoners whose fates will be decided by the Barack Administration.

Canada has been and remains a leader in advocating a social development agenda for the hemisphere. This enabling environment needs to also look at current policies and programs that can facilitate development. We should look at programs being sponsored by Japan, the United Kingdom, and the European Union, amongst others to see how we can knit together a complementary development program that does not duplicate efforts. It also involves open communication with both China and Russia about their agendas and intentions in the region. Moreover, it involves developing a regime that promotes property rights in the region in concert with ideas developed by Peruvian economist Hernando de Soto in his books, *The Other Path: The Invisible Revolution in the Third World* and *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*.

Finally there are serious issues that we need to tackle now, including food security, health care, financing development, immigration reform, energy security, narcotics trafficking, the fight against crime, the rights of indigenous communities, terrorism, technical cooperation, capacity building. We also need a framework for developing a trade agenda that takes into account human and workers' rights as well as environmental protections. This approach is much more holistic than that previously contemplated, but I think it is achievable and something that can be developed in concert with our neighbors.

That said, I believe that fashioning a social agenda starts with deepening economic and commercial ties with the region's financial lead-

ers most notably Mexico and Brazil. In the case of Mexico, we need to provide immediate assistance in the fight against drug cartels including curtailing the flow of weapons from the U.S. into Mexico. We also need to hammer out an immigration deal for North America. Also as we must look at the overall issue of the drug trade and start focusing on policies that reduce consumption.

We should increase our collaboration with Brazil on the development of bio-fuels including ethanol and make joint investments into more environmentally-friendly energy sources. We should also focus on a new trade agenda and look for areas of greater collaboration with Brazil as a key partner within Mercosur.

Cuba and Venezuela always figure prominently in any discussion about the region. In terms of Cuba, we all know that the objective of the U.S. government for over more than 40 years has been regime change in Havana. I share this idea, but I'm also cognizant of the fact that if you have tried something for nearly 50 years and it has not worked, you should consider a new course to reach your objective. I believe liberalizing travel with Cuba and educational exchanges will provide a path toward exposing Cuba to core values of freedom, democracy and human rights. Such liberalization, including exchanges and trade, will accelerate the process of reform in Cuba. In this respect the Canadian model is one that can be emulated.

In Venezuela it is important that the democratic institutions and the instrumentalities of democracy including a free press are protected. It is critical that we keep open lines of communication open with Venezu-

ela and provide an avenue for a frank exchange of ideas. Greater collaboration between the U.S. and Canada in this respect will be important.

These are obvious issues in which we must be involved. However, the broader area of developing a social agenda should also focus on bringing together policies that are mutually beneficial for Canada, the U.S. and for the region. The first step is defining a path of helping our partners achieve the UN Millennium Development Goals and to put ourselves on a path to enabling the region (country by country) to achieve OECD Status. 

Barry S. Featherman, Esq., is the President of the Inter-American Economic Council.

Plummeting Oil Prices and Indefinite Re-Election Referendum Put Pressure on Venezuelan Democracy

Lesley Burns

Critics have long theorized that a drop in oil prices would trigger the end of Venezuelan President Hugo Chávez's leadership. He has used a windfall of oil money to facilitate the Bolivarian Revolution. Oil revenue accounts for over 90 per cent of Venezuela's export earnings; this suggests that a drop in oil prices could have a significant impact on the government's ability to maintain current spending levels and, in turn, power.

In 2009, this theory may be put to the test as the economic crisis unfolds and Chávez makes a bid to hold a referendum to end presidential term limits in Venezuela. Although Chávez's position as leader is not under direct threat from the referendum, the same cannot be said for Venezuela's democratic institutions.

February 2, 2009 marks one decade since Chávez's presidential inauguration. The recent victory of his allies in the November 2008 regional elections demonstrates that support for his reforms still appears strong. To accelerate the reform agenda, his government is set to hold a constitutional referendum on February 15 to solicit popular support for indefinite reelection for nearly all elected positions, including the presidency.

Chávez was first elected on an anti-corruption platform that promised to overhaul a corrupt, elite-dominated, political system. Chávez has proved resilient against many

opposition attempts to challenge his power, including a 2002 coup, a 2004 recall referendum, and countless accusations of corruption. Chávez's popular appeal is evident in his track record of electoral success—his allies have won 13 of 14 elections and referendums since he was initially elected in 1998. Despite a recent 75 per cent drop in oil prices, Chávez's popularity was once again affirmed in the November 2008 regional elections when government allies won 17 of 22 governorships.

The Chávez administration has successfully dissolved the old oligarchic institutions and engineered the creation of new ones. However, beyond securing Chávez's leadership, the revolutionary institutions have not proven sustainable without Chávez's personal popularity. To its credit, the revolution has increased access to health care, education and community development programs targeted at improving the living standards of the poorest segments of society. Chávez's popularity comes not only from his charisma; these programs have earned him support from the poor masses who continue to hope for further improvements in their lives. Reforms only slowed when the electorate narrowly defeated constitutional reforms in a December 2007 referendum. This was the government's first, and to date only, electoral loss.

The opposition also celebrated electoral success because they re-

gained a voice and an increased role in formal political institutions, having won the governorships in five states, including two of the most populous. Opposition supporters point to the additional importance of winning the mayoralty of Caracas and winning in Sucre—a district within Caracas where some of the city's poorest people live—suggesting that some of Chávez's most loyal supporters voted against his allies.

These opposition gains are more significant when we consider that a boycott of the 2005 parliamentary elections resulted in a landslide win for candidates allied with the government, essentially eliminating opposition representation in the legislature. Instead of discrediting the election as undemocratic, as the opposition had hoped, the opposition's absence from formal political institutions aided the revolution.

However, the December 2007 referendum loss was only a temporary obstacle in the revolution's path, although the response signaled a threat to Venezuela's democratic institutions. Thwarted by the lack of popular support for the reforms, Chávez resorted to executive decree—a power that had been granted to him by Congress—to pass a package of 26 laws that resembled the rejected constitutional reform. Passing the laws in this way fueled suspicion among political analysts about the role of political institutions. Why hold a referendum if the outcome is

not going to be respected?

Such action undermines the establishment of sustainable democratic institutions. It further strengthens the case of critics who have accused Chávez of establishing a cult of personality in order to solidify a power base outside of democratic institutions. Despite near total domination of the legislature and the judiciary by individuals loyal to the revolution, Chávez insists that the revolutionary agenda can only be completed by him, hence his determination to remain in office. By putting the indefinite re-election law originally proposed in the failed 2007 referendum to a popular vote this February, Chávez does little to put these critics' fears to rest or demonstrate his commitment to a democracy that would require him to hand over power to an elected successor.

A successful outcome for the revolution in this referendum would allow Chávez to be re-elected when his term expires in 2013. Yet, such a victory might be short-lived, if Venezuela does not respond to its economic troubles. The revolution's expansion is threatened by looming economic problems. Venezuela currently has the highest inflation rate in Latin America, a black market in foreign currency, and sporadic food shortages. The Economist Intelligence Unit expects Venezuela's Gross Domestic Product to contract more than any other in Latin America. This contraction, coupled with forecasted increase in inflation, suggests difficult fiscal times ahead for Venezuela.

Venezuela's response to these problems is mixed. To cushion the impact of falling oil prices, Chávez removed US \$12 billion from the \$42 billion held in foreign reserves in the Central Bank of Venezuela. This was done to reach what the government has termed to be the "optimal level" of foreign currency. The money was transferred to a development fund

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that the president controls. This withdrawal has led some to question its transparency, while financial analysts argue that this will lead to devaluation of Venezuela's Bolívar Fuerte and may increase inflation.

Members of the business community are concerned that the government will compensate for lost oil revenue through nationalizations. The 2007 nationalization of oil fields was intended to boost the government's share in revenue, but falling oil prices and a decline in production have hampered this plan. In order to ensure that profits continue, the government is again soliciting bids from U.S. and European companies with the hope of leveraging

their technical skills to improve production. With a looming global recession, any nationalization program would require an intricate balancing act.

Aside from the economic crisis, the other big risk is political unrest, sparked by a poor economic response and by Chavez sidestepping democratic institutions in order to push through his policies. Political unrest and protests have been motivated by accusations of a misuse of power and the absence of a consistent and predictable application of the government's own rules. This situation has left many Venezuelans stating that they have no means by which to hold the government accountable for its actions.

Combined, the economic crisis and political unrest pose significant challenges for Chávez's revolution and the credibility of the government's claims to be fostering sustainable democratic institutions.



Lesley Burns is a Doctoral Candidate in the Department of Political Science at the University of British Columbia, Canada. leburns@interchange.ubc.ca

ANNOUNCEMENTS

CanAFRO adds 100 new papers on Afro-Latinos in the Americas to its free, online archive

FOCAL is pleased to announce that more than 100 new papers on Afro-Latinos are now available for free download on CanAFRO (canafro.iglooprojects.org). CanAFRO is a clearing house for publications, news, event information and announcements by and about Latin America's black population. Estimated at 30 per cent of the Hispanic population, Afro-Latinos bear a disproportionate poverty burden. FOCAL's CanAFRO project seeks to raise awareness of this insidious challenge to equality and democratic governance in Latin America, as well as to highlight the efforts of researchers and agents of change.

Inter-American Foundation announces scholarships

The Inter-American Foundation is calling for applicants who want to build their skills in local sustainable development to apply for scholarships. The funding would allow successful applicants to participate in training provided by DelNet, part of the International Labor Organization's international training centre. While all applications are welcome, applicants from organizations that receive IAF funding will receive preference. For more information on the scholarship and how to apply, email delnet@itcilo.org or visit www.itcilo.org/delnet.

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FOCAL

Canadian Foundation for the Americas
Fondation canadienne pour les Amériques
Fundación Canadiense para las Américas
Fundação Canadense para as Américas

1, rue Nicholas Street

Suite/Bureau 720

Ottawa, Ontario

K1N 7B7 Canada

Tel/Tél: 613.562.0005

Fax/Téléc: 613.562.2525

Email/Courriel: focal@focal.ca

www.focal.ca