
THE INTER-AMERICAN SYSTEM: INTO THE NEXT CENTURY

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As the General Assembly gathers in San Salvador, we all pay tribute to [Salvadoran] President Jose Napoleon Duarte, a leader whose achievements embody the highest ideals of this organization. He is a man of vision and courage. He is a man who understands the challenges faced by the people of this hemisphere. He understands that peace requires both democracy and development. President Duarte is a man of justice. We salute him as we all did this morning.

This has been a decade of momentous developments. The most important is the democratic revolution: elected civilians have replaced almost all the military rulers in our member states; more than 300 million people have voted in 50 elections since 1980. But dramatic events have taken place in other areas as well: in defense of human rights, in economic reform, and in the search for social justice.

Sometimes, of course, our labors have seemed like those of Sisyphus, with new problems and crises appearing at every turn. But for all that, it has been a decade in which the ideals expressed in the Charter of this organization have found new hope of realization.

As the inter-American system approaches its centennial, it is, therefore, important to take stock of what we in the Organization of American States are, what we have accomplished, and what needs to be done in the period ahead. Progress achieved in diverse areas--narcotics, technical cooperation, human rights, democracy--is impressive. But our business is far from finished.

The challenges we face are becoming more acute. Changes in global political and economic relations portend new forms of cooperation and peaceful competition. We must prepare ourselves and our peoples for the next century. We must start by dealing successfully with the problems of today.

The Challenge of Democracy

This hemisphere is now a place of hope for most of its citizens. Tyrannies have toppled, and militaries have returned to the barracks. Over 90% of the peoples of the Americas enjoy the blessings of democratic government. For many OAS nations, the democratic transition is moving into its second generation. Today, parties alternate power within democracies and through elections. Power passes from one elected government to another.

We are seeing that process take place in the United States right now. As we move into the second generation of democratic governments, we still face many challenges--and some unique opportunities. The issues of debt, drugs, insurgencies, political violence, and deferred social needs will test our democratic systems.

But these issues can be addressed effectively. The time is right for a new diplomacy--a diplomacy based on democratic solidarity and on the aggressive advocacy of democracy by democratic states. Solidarity means mutual support. Sometimes it means going out on a limb to pressure nondemocratic neighbors to open up. The odd men out in this hemisphere know who they are; they are the states that are suppressing democracy and denying their people the freedom, openness, and liberty that the rest of us enjoy. We need to confront these states with a diplomacy by democracies, for democracy.

Democratic solidarity is not a strange notion to the OAS. Our Charter makes it the foundation of inter-American solidarity. If new democracies are threatened, we must rally to support them. The message must be crystal clear. No would-be coup plotters looking to overthrow a democratic government--whether they be of the left or the right, civilian or military--should count on our indifference.

I must be frank. This organization has not always been out front on issues concerning democracy. Too often it has been one step behind when it has needed to be one step ahead. As we challenge others to adopt democracy, we need to hold them to their promises and commitments. No one is fooled by empty promises. I need not remind members of this organization that commitments to a "pluralistic" political system were made by Nicaragua to this body as long ago as 1979. Those earliest commitments have not yet been fulfilled.

At Esquipulas in 1987, the Central American presidents committed themselves to advance democracy in their countries. They put an end to the notion that active support for human rights and democracy is somehow interference in internal affairs. Agreements exist; promises have been made. The dictators and the totalitarians must be told that they are not free to subjugate their peoples. A diplomacy of democratic solidarity must ensure that promises and commitments are kept.

The Challenge of Debt

The future of democracy in Latin America depends on more than the political will of its people. Consolidation of democratic government also depends on strong, growing economies and on the prospect of better lives for this and succeeding generations.

This decade has given us all cause for reflection about the impact of debt on economic growth. But it has also, I believe, given us tools with which to address the obstacles we face. Three considerations help define the problem.

First, the answer to debt is development and economic growth. We all know that growth requires investment. We all know that the more internal savings a country can generate, the better, because the only way we can have investments is savings. Savings, and the capital and equity flows from abroad to supplement them, will occur only if a country offers a proper economic environment. I'm just saying what is obvious.

A country can test itself on its progress. Do its own savings stay home, and are they applied to its own capital needs, or do savings end up as a terrible drain in the form of capital flight? Are investments made in needed infrastructure and productive sectors? Is private domestic capital returning from abroad rather than continuing to flee?

If the answers are positive, the country has begun its journey toward growth. If the answers are negative, the country should take a hard look at its domestic policies and ask: has economic reform been as thorough and comprehensive as possible? Are structural and regulatory rigidities still a stubborn reality? Are incentives to work, save, and invest adequate?

Second, reforms are essential, but they must also be realistic--a point that many of you have made. Neither debtors nor creditors should make the mistake of viewing adjustment programs as cost free. But if the immediate visible impact of changes in economic policy is hardship at home to keep up service on this debt, then that debt service can have the effect of a marginal tax on economic reform. Any effort taxed at 100%, or at any excessively high rate, will be discouraged and become politically difficult to sustain. So we have to ask ourselves: what is the marginal cost?

Third, and most fundamental, cooperation is essential. Creditors and debtors are in this together. Private and public lenders have a role, as do governments through bilateral and multilateral lending.

Creditors and debtors alike need to understand that adjustment takes time. In the early stages, while the pain of reforms is often only too visible, the benefits of essential reforms are often hard to see. At such times, the goal of debtors and creditors alike must be to work together to ensure that both the domestic and the external environments support reform efforts.

For our part, recognizing that external factors play a vital part in the growth equation, we intend to continue to keep our markets open for the goods and services of expanding Latin economies. From the onset of the debt crisis, the United States has imported \$43 to \$50 billion in goods and services from this region each year. Latin America has maintained a trade surplus with us of between \$13 and \$21 billion a year.

The new Trade Information Service of the OAS is an important initiative for getting the most out of our trade relations. Stimulated by a million-dollar grant and gift of equipment from IBM, the service uses computers and satellites to transmit current information about trade opportunities and regulations to businessmen, chambers of commerce, and governments throughout the hemisphere.

This new OAS service should be implemented rapidly and expanded to include trade rules and regulations for all the major trading countries--Europe and Japan as well as all OAS members.

The more open our markets--not only our market but your market--the more useful this information will be. All of us have a stake in the success of the Uruguay Round of multilateral trade negotiations; we must all commit ourselves to a gradual but meaningful opening of our markets and more liberal trading rules.

There is no quick fix or single grand solution to the problem of debt and growth. The Mexican/Morgan Guaranty bond plan and the Brazilian bank package--just referred to by the Brazilian Foreign Minister--are innovative approaches to meeting financing needs. The menu of options enables debtors and creditors to develop alternatives ranging from innovative new lending to voluntary debt conversion techniques to meet diverse needs.

The United States will continue seeking to help debtor countries to manage the debt and implement needed policy changes.

The Drug Problem

Even as societies turn to democracy, reform their economies, and deal with their debt problems, they are beset by the growing danger of drugs. The consumption of illegal drugs is a pervasive evil, poisoning public and private life throughout our hemisphere. Drug trafficking is international. A vast network links growers on the slopes of the Andes with users on the city streets in North America. It is an evil business that undermines law and democracy and human dignity wherever it touches.

The answer begins at home--I'm talking about the United States now. The omnibus drug bill that became U.S. law last month embodies a new level of commitment against illegal drugs in the United States. As the largest single market for illegal drugs, the United States has a special responsibility in this struggle--a responsibility fully as great as that of the producing countries.

Our First Lady, Mrs. Nancy Reagan, made this clear last month at the United Nations when she said: "It is the United States which bears responsibility for its own drug problem. I am not blaming other nations for America's drug problem. While most of the illegal drugs are imported, the drug users are home grown There can be no substitute for focusing on the user, which is also a loser."

Individuals must say "no" to drugs. So, too, must nations. International cooperation is essential. All of our nations will participate in the upcoming conference in Vienna to negotiate a convention against drug trafficking. We must negotiate a strong, effective treaty that will defeat the drug traffickers by principled and concerted action.

Other forms of cooperation can also work. In August 1988, 29 Latin American and European nations teamed up to crack down on drug cartel operations. In 1986, the OAS approved a program of action against drug trafficking and abuse. We created the OAS Drug Commission (CICAD) to provide member states with basic information on drug abuse and trafficking and to heighten popular awareness of the dangers of illicit drugs.

The OAS must continue to make a strong contribution to the overall fight against drugs. For two years, the United States has made voluntary contributions to this program; we hope the organization will intensify its efforts and increase their effectiveness. We would urge that cabinet-level ministers meet as soon as possible this coming year to energize this narcotics effort.

A History of Cooperation

Now let me speak about the inter-American system, particularly looking ahead to the next century. The record of inter-American cooperation--on issues as profound in their day as drugs and debt--is one of achievement.

- In 1903, we organized the Pan American Sanitary Bureau, which became so successful it served as the model for the World Health Organization.
- In 1935, we launched together a new trade policy that helped bring the world out of a deep depression. And we united in the face of external aggression.
- After World War II, the OAS provided a model for the United Nations. And the [1947] Rio Treaty provided the precedent for NATO.
- In the late 1950s, through an initiative in the OAS, we created the Inter-American Development Bank.
- In the 1960s, we launched an innovative concept important to worldwide trade expansion --namely, the generalized system of trade preferences.
- At Tlatelolco in 1967, Latin American countries negotiated the first regional obligation to restrict nuclear weapons.
- In 1969 and throughout the 1970s, OAS peacekeeping missions helped end the conflict and maintain peace between El Salvador and Honduras.

- Today, a network of organizations is at work to make democracy and human rights an enduring achievement--namely, the Inter-American Commission on Human Rights, the Inter-American Court, the Human Rights Institute, and the Center for Electoral Assistance and Promotion.

This record makes clear that we are united by far more than the accidents of geography. The vision that has guided our system of nations through the first century of cooperation must continue. We must bring to the contemporary challenges of democracy, debt, drugs, hemispheric security, development, and social justice the strength of purpose and commitment to progress that have characterized our efforts in the past.

The Challenge Ahead

We must also recognize that the cumulating changes that are a central fact of the modern world will also shape our efforts in the future. The pace of change is accelerating constantly. Many new groupings--the Caribbean Community and Common Market, the Andean Pact, the Organization of Eastern Caribbean States, the Group of Eight--have emerged in the past generation. Subregional cooperation is entirely compatible with the ideals of the OAS. It reflects the changes taking place all around us, and it enables us to improve regional and global cooperation as well.

To work, and work well, into its second century, this organization, too, must change. My government intends to work closely with Secretary General Baena Soares to revitalize the OAS. I believe a task force of foreign ministers could help us to define the priorities of this organization and give the member governments the incentive to provide the resources to achieve those priorities.

We have in the OAS the instrument to define a framework of our relations. We must use it. This General Assembly should not compete with the General Assembly of the United Nations. They're going out at the same time. In fact, our regional organization should complement and even help shape our participation in the world organization. That implies, to give an example, that this assembly might be more effective if it were to meet in the second instead of the fourth quarter of each year.

Our hopes and plans for the OAS depend on adequate funding. As Secretary of State, I have sought full support for the OAS in our government and Congress. The United States will continue to try to do its part. We will ask in the President's budget for full funding of our assessed contribution to the OAS in 1990.

From the start, the OAS has been part of our efforts to make freedom, peace, and development lasting conditions of life in the Americas. It has sought to realize the promise inherent in the discovery of the "new world" 500 years ago: a refuge from tyranny and a place of hope and opportunity.

Today, we are on the threshold of another "new world" created by discoveries in science and technology. This new world promises changes as great and momentous as the earlier discovery of the Americas. We can find freedom and opportunity in those changes if we are responsive to the challenges that stand before us.

Working together, we can advance together.

- Proud of the progress of human rights and democracy, we cannot take them for granted and must sustain and widen them until they are enjoyed by all.

- Aware of the burdens of debt, we must redouble our cooperation to make the reforms needed to restore growth.

- Conscious of the dangers of drugs, we must fight them without quarter from the city streets to the most isolated of rural hamlets.

- Awake to the potential for cooperation among free nations, we must revitalize the OAS and regional and subregional efforts generally.

- Above all, mindful of the hope for social justice, freedom, and liberty that motivates our peoples, we must keep these grand objectives at the center of our agendas.

Never before have we been as close to achieving the historic mission of the Americas: "to offer to man a land of liberty, and a favorable environment for the development of his personality and the realization of his just aspirations." Hard work remains, but we are up to the challenge.