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# Vision and Foreign Assistance Priorities for the Western Hemisphere

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The Americas are on the cutting edge of transformational political and economic change in the world. Unlike other regions, the Americas have already completed, with one exception, the first and most dramatic stage of such change: moving from authoritarian regimes to democratically-elected governments, and from centrally controlled, closed economies to open, trading economies that link to global markets. Today, the 34 democratic states of our hemisphere face the next generation of transformational challenges: how to build enduring democracies and market-based economies that can address a regional social agenda dominated by poverty, inequality, and social exclusion.

The Americas, through the Summit process, the institutions of the Inter-America system, and the Inter-American Democratic Charter, have committed themselves to addressing their fundamental social and economic development challenges through democratic means. In the clearest terms, the Americas have asked the following questions:

- Can democracy deliver the goods?
- Can democracy provide the benefits and services required by its poorest and most vulnerable citizens while protecting the rights and liberties of all its citizens?

By answering this question affirmatively, the Americas have expanded our understanding of citizenship and democratic participation beyond voting and political activity to include participation in the economic and social life of our nations. It is no longer enough for our citizens to have a voice in determining our national destinies. They also need to have access to the economic opportunity, the individual capacity-building, and the security to become agents of their own personal destiny. In short, democracy in the Americas becomes the means by which individual freedom and human dignity is asserted and made manifest.

This understanding of democracy has created what President Bush has called a “revolution in expectations.” In a speech he gave in Brasilia, Brazil, in November 2005, the President asserted,

In free societies, citizens will rightly insist that people should not go hungry, that every child deserves the opportunity for a decent education, and that hard work and initiative should be rewarded. And with each new generation that grows up in freedom and democracy, these expectations rise, and the demands for accountability grow. Either democracies will meet these legitimate demands, or we will yield the future to the enemies of freedom.

Meeting these “legitimate demands” has presented a challenge to many national governments. Weak institutions in some countries, and the political difficulty of effecting the micro-economic and national changes necessary to extend the benefits of democracy and free markets to all people, has generated impatience and frustrations. It has also created an opportunity for the emergence of a competing vision of development in the Americas. This competing vision harkens back to earlier

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development models in the Americas, and is based upon centralized, commodity-based economies, authoritarian political leadership, and the assertion that the demands of social justice and the intent of the majority trump respect for individual rights and liberties. This vision did not succeed in the past, and we do not believe it will succeed today.

As these differing visions compete for influence in the Americas, it is important to remember two things:

- First, these visions will compete on political terrain, within democratic processes and institutions, and the victor will be determined by results and not by ideology or rhetoric.
- Second, although this competition will express itself in some countries through political dispute and conflict, it is an expression of a more fundamental struggle: how to address poverty, inequality, and social exclusion. In this regard, we should not underestimate the volatility created by growing social resentment and bitterness among the poorest and most vulnerable sectors of the Americas.

The United States is committed to helping our partners in the Americas successfully take the next step in this hemispheric process of transformational change. Our policy engagement, our diplomacy, and our foreign assistance is aimed at drawing the link between democracy and development, and showing that democracy can deliver the goods. Our activities in the region focus on the following.

### **Consolidating Democracy and Promoting Prosperity**

U.S. policy offers a positive vision based on the benefits of representative democracy, economic integration, and faith in the transformative power of freedom in individual lives. The United States recognizes that the inequality of income and wealth that characterize much of the region make it difficult for democracy to thrive. Sustainable economic growth and political stability are only possible if governments provide access to the political system, economic opportunity, and social justice to all citizens, especially the poor and marginalized. We will continue to lead hemispheric efforts to catalyze private sector investments, reduce the cost of doing business, and expand access to microcredit.

### **Investing in People**

Our policy aims at inclusion. All citizens, not just elites, should benefit from the opportunities of democracy. For citizens to realize their full potential in freedom requires deepening investments in health care, education, and rural development. We will help to combat illiteracy and improve the quality of and access to education; strengthen health systems to treat and prevent infectious diseases, including HIV/AIDS, and improve maternal and child health.

### **Protecting the Democratic State**

In recent years, the United States and our regional partners have fundamentally transformed the security agenda of the Americas and forged a consensus on the vital link between security and prosperity. Today's challenge is confronting nontraditional, multidimensional threats such as organized crime, terrorism, gangs, natural disasters, and pandemics. By protecting the people of the Americas from those who operate outside the law, we strengthen democracy, promote social justice, and make prosperity more likely.

As we work toward these goals, our diplomacy will be guided by the following principles:

- Maintain our political and commercial engagement in the region

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- Continue a positive agenda focused on engaging our hemispheric partners to support their efforts to consolidate gains
  - Articulate our policies in terms of development and economic well-being
  - Use multilateral institutions, regional trade agreements, and the Summit process to promote integration, and build cohesion
  - Develop strategic partnerships to promote our goals in the hemisphere

To accomplish our goals, and underscore that we remain an indispensable partner to countries intent on being successful, we have established foreign assistance priorities that are reflected in our budget request. Emblematic of those priorities are the following.

### **Colombia**

A successful Colombia will change the face of South America. The U.S. has committed over \$5 billion since 2000 to support Colombia's comprehensive approach to fighting the intertwined threats of narcotics and terrorism and improving the lives of the Colombian people. Colombia itself has paid the majority of the costs and continues to increase its defense and social spending. Challenges remain, but under President Uribe's leadership, Colombia is a success story for transformational diplomacy. For the first time in over a generation, Colombians can envisage the possibility of real peace, and the Colombian government is poised to make it a reality. We have developed a plan for U.S. support of Colombia's consolidation strategy to lock in this progress and take advantage of Colombia's new realities. The Colombian strategy puts increased emphasis on consolidating state presence through access to social services and on development through sustainable growth and trade. Our success will depend on maintaining U.S. assistance while we equip Colombia to assume responsibility for programs we are now funding.

### **Haiti**

Haiti just completed local elections, finishing a year long cycle of voting that has put in place democratically-elected leaders at all levels of government for the first time in a decade. We now face an implementation challenge as we seek to build a stable state and create conditions for economic growth. The U.S. is Haiti's largest donor, providing over \$600 million between 2004 and 2006. The President has requested \$223 million for Haiti for fiscal year (FY) 2008. U. S. assistance will strengthen governance and the rule of law, improve security, foster economic growth and address humanitarian needs. Western Hemisphere Affairs will engage with international partners to secure their long-term commitment and robust support for Haiti, including through the U.N. Stabilization Mission in Haiti (MINUSTAH). Fourteen Western Hemisphere contributors provide approximately half of MINUSTAH's strength.

Together, Colombia and Haiti account for 56 percent of our FY 2008 budget request, or \$813 million. When combined with other priority Andean countries, Bolivia, Ecuador, and Peru, these five countries account for 72 percent of our budget request. This represents an important shift in funding over the last fifteen years. The same five countries accounted for only 20 percent of our FY 1992 foreign assistance budget, and only 62 percent of our FY 2006 bilateral allocations. We will continue to target our assistance strategically to areas where it will have the greatest transformational impact.

### **Cuba**

The U.S. Commission for Assistance to a Free Cuba detailed in July 2006 steps for the U.S. government to increase the flow of information to the Cuban people, to step up enforcement of economic sanctions, and to increase support to civil society and the opposition through \$80 million

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in assistance programs in FY 2007 and FY 2008. We believe that this assistance can be a catalyst for democratic change in Cuba. We are prepared to increase diplomatic outreach and have prioritized \$45 million for our efforts in Cuba in our FY 2008 budget request.

### **Free Trade Agreement**

We have already completed free trade agreements that cover two-thirds of the hemisphere's gross domestic product (GDP) and are working to sustain forward momentum on trade by empowering the private sector to take full advantage of the existing FTAs, link U.S. and other development assistance to building capacity for free trade, and highlight the benefits of free trade for workers and the environment. We have signed our trade promotion agreement with Peru and announced our intention to sign the trade promotion agreement with Colombia. We plan to continue discussions with Panama. We also need to help FTA partners like the Dominican Republic and Costa Rica conclude the final steps toward bringing Central America Free Trade Agreement into force in those countries. We prioritized \$40 million in regional funds for labor and environment capacity building in the CAFTA-DR countries.

Overall assistance levels to the region have nearly doubled since the start of this administration, rising from \$862 million in FY 2001 to a FY 2008 request of \$1.47 billion. Funding from the Millennium Challenge Account will continue to complement other U.S. government assistance programs for years to come as the Millennium Challenge Corporation (MCC) provides a total of \$866 million in Compacts to Nicaragua, Honduras, and El Salvador, and builds upon a Threshold Country Program in Paraguay. We expect MCC projects, which aim to reduce poverty through sustained economic growth, to magnify the impact of our foreign assistance programs. This mutual reinforcement will pave the way for future growth opportunity.

The President's vision for this hemisphere is rooted in partnership. In March 2007 I traveled with the President on his eleventh trip in the Americas with stops in Brazil, Colombia, Guatemala, Mexico, and Uruguay. The President's visits reaffirmed his commitment to furthering political, economic, and social advancement in these countries and strengthened his relationship with the democratically-elected leaders of these nations. Together, with these partners and the visionary leadership of the Organization of American States and the Inter-American Development Bank, we will link democracy with development, generate broad-based growth through freer trade and sound economic policies, invest in the well-being of people from all walks of life, and make democracy serve every citizen more effectively and justly.