

Latin America and the U.S. —That “Special Relationship”

Francis X. Gannon

When a new President is elected in the United States, Latin America is visited by visible tremors of expectation. On assuming office, each U.S. President or Secretary of State, whether Republican or Democrat, manages to refer to the “special relationship” that is said to exist between the two halves of the Western Hemisphere. The heavy overtones of paternalism often associated with this pattern do not appear to be an inherent feature of its contemporary forms.

In its relation with Latin America the United States has gone through contrasting cycles of disinterest and concern, aloofness and involvement, “benign neglect” and aggressive action. This pattern has been repeated at irregular intervals, and the advent of the Carter Administration has aroused new interest in Latin America about which way the pendulum will swing.

Current Latin American concerns have been shaped by the policies of the Nixon and Ford administrations of the past eight years. Initially, Latin American feelings were quite negative, but more recently, as the U.S. became less concerned with Vietnam and paid more favorable attention to its neighbors, these feelings have changed. Former Secretary of State Henry Kissinger set a negative tone early in the Nixon Presidency when he was said to have referred to Latin America as “a dagger pointed at the heart of Antarctica.” While this remark was purportedly made in jest, it did arouse suspicions in the Hemisphere about where U.S. policies were heading, suspicions that flared up in some quarters when the U.S. was faulted, rightly or wrongly, as the main party involved in “de-stabilizing” Allende’s Chile.

Latin America’s feelings toward the U.S. turned increasingly sour beginning in 1971 over broad economic issues: The U.S., reacting to the sudden change in the world financial and economic system and in order to redress an unfavorable U.S. trade balance, abruptly imposed a 10 per cent levy on most imports, regardless

of the country of origin. This measure struck other hemispheric nations as particularly unfair, since for years Latin America had used part of its surplus with the rest of the world to finance its trade deficit with the U.S. Unlike many other areas, Latin America had given support to the balance of payments of its northern neighbor.

The United States continued to raise hackles by, for example, downplaying the Special Consultation mechanism (CECON) that it had suggested be created in 1970 as an instrument for *advance consultation* and discussion on trade and other policies that might adversely affect OAS member states. These negative U.S. policies were reflected in various ways during the 1970’s as the U.S. suspended aid to countries that expropriated American firms without proper compensation and also vetoed Inter-American Development Bank (IDB) credits to these countries. Funds that the U.S. Executive branch had pledged for inter-American multilateral organizations the U.S. Congress appropriated slowly or not at all. And sanctions were written into the 1974 Trade Act excluding Venezuela and Ecuador from its benefits, since they belonged to OPEC. This measure proved particularly damaging to U.S. interests in the Hemisphere, for neither country was engaged in the oil embargo. While the State Department has since pledged to seek a repeal of this provision, most recently on Secretary Kissinger’s trips to Latin America, little relief has been in sight for either country. This has led some Latin American countries to attack the U.S. Congress for footdragging.

The U.S. action most favorably acclaimed during the Kissinger era was, of course, the decision to negotiate a definitive solution to the problem of the Panama Canal on the basis of eight agreed-upon principles—principles whose origins are found in initiatives of the Johnson Administration. For Latin American countries economic problems dwarf all other hemispheric issues, but they see the Panama question as the paramount political problem facing the Hemisphere.

American foreign policy at the end of Mr. Kissinger’s term of office had not really

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come to grips with the question of whether the U.S. should emphasize bilateral or multilateral approaches in its efforts to help Latin America resolve the major new development issues it now confronts. In general, Secretary Kissinger tended to give preference to bilateral approaches. Although this is an unexceptionable mode of dealing with the separate nations, most Latin Americans believe that the bilateral approach leads to further neglect of divisive regional problems, problems that can only be thrashed out and dealt with through multilateral efforts. In fact, there are any number of outstanding current questions that are being approached from a multilateral perspective and through multilateral regional forums, including such non-U.S.-linked institutions as the Latin American Economic System. These major questions include the challenges of "collective economic security" and a wide range of problems involved in establishing a new cooperative hemispheric framework for development. Such problems include the need to find new methods to transfer technology in appropriate ways and new instruments to deal with the problem of very large debt repayments bunched into 1977-80; to determine new development financing sources for a majority of Latin American countries, which, because they are middle-level developing nations, find themselves unable to qualify for concessionary lending from official development financing (reserved primarily to the poorest nations); to determine better means both to finance export development and to gain greater access to the U.S. market for Latin American manufactured products, so as to stabilize export earnings from basic commodities; and to encourage better sharing of information programs in such areas as energy and material resources.

Old formulas and outmoded ideas will prove an inadequate guide in coping with these problems, since the Western Hemisphere has changed dramatically since the late 1950's and even the early 1960's. Latin America is already as large an economic force as the EEC was in 1950, and will be transformed in vast new ways by the year 2000, especially since its population promises to double from 300 to 600 million. This new Latin America may have to achieve a greater development effort in the next twenty-five years than it did during the entire 175 years of its history.

The Emerging U.S. Policy Outlook

What will the Carter Administration require if it is to build upon the reservoir of good will for new U.S. administrations that still exists in Latin America? Not so much largess from the public treasury or yet another grandiose hemispheric promise that, given the current shaky status of the U.S. and world economy, cannot be realistically fulfilled. On the contrary, a Carter Presidency will demonstrate that it is both in tune with the modern U.S. traditions and sensitive to the existing trade and development agenda of Latin America if it is able to come up with intelligent, well-reasoned, and broadly supported policies that respond to the genuine needs already set forth. These have been voiced by Latin America, however episodically and even haphazardly,

beginning with the Viña del Mar consensus statement given by Latin America's foreign ministers to President Nixon in 1969.

The comments made by Mr. Carter in the heat of an election campaign must be regarded as random statements rather than well-developed positions on Latin American affairs. They do not convey much information as to what actual U.S. policies will be under a Carter Administration. Perhaps the only serious problem created by the President's random comments was his suggestion that Brazil reexamine its nuclear deal with West Germany. Brazil's national oil import bill is now so high that the government is already considering the rationing of gasoline. Its coal has a high sulfur content. Faced with such dire energy prospects, Brazil will find it hard to back off from any nuclear commitments if it is going to continue its development process and economic growth. This may prove a blow to the Carter Administration, which has attempted to restrain Brazil's role in the nuclear field.

The Carter campaign statements, then, shed little light on what the new administration's Latin American policies will be, except that, as the new Secretary of State, Cyrus R. Vance, has indicated, the negotiations with Panama will continue on the basis of the already agreed-upon principles. On the other hand, Mr. Carter has not been operating in an intellectual or political vacuum during the past several years. On the contrary, he has obviously been formulating his foreign policy views on the basis of his own insights and experience and on those of the academic and quasi-academic expertise made available to aspiring Presidents by major U.S. research centers and projects like the Brookings Institution, Columbia and Harvard Universities, the Council on Foreign Relations, and, more recently, the Rockefeller-supported Trilateral Commission with which the President was personally associated. The emerging consensus within this foreign policy community demonstrates at best an ambivalent response toward Latin America, as evidenced by its views that:

- The United States should abandon any hegemonial pretensions toward Latin America.
- Latin America is far more interested in seeking to resolve newer global problems such as trade, food policy, mineral resources, and energy on a global basis rather than through any special hemispheric approaches with the United States.
- The United States should stress bilateral rather than multilateral arrangements with Latin America.
- The United States should have *no* special policy or special relationship with Latin America.

This emerging U.S. policy consensus seems correct in suggesting that the United States can no longer have pretensions of hegemony in the Hemisphere and that, if it desires to regain the good will of Latin America, the Panama question must be resolved in a definitive manner to the satisfaction of all parties. Moreover, this consensus is sensitive to the increasing Latin American role in world affairs, acknowledging a major change in the international outlook of these countries. But there is a



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negative side too, since these new U.S. foreign policy overtures fail to recognize the concern in a significant number of Latin American countries for a continuance of the "special relationship" with the United States, although on a modernized basis. This consensus is negative, too, when it unreflectingly concludes that so-called world problems, e.g., hunger and food, external financial assistance, energy and mineral resources, cannot be approached and resolved on a hemispheric basis. By emphasizing this "globalist" approach, such a consensus relegates the Organization of American States to a minor peacekeeping role rather than to the role of *the forum* of the Americas where the Hemisphere's common development future is debated and thrashed out. It is precisely in this forum that new modes of worldwide cooperation have already been initiated on a regional basis—as witness the International Coffee Agreement and the regional banks that, like the IDB, are reaching out for nonregional countries to join. In effect, the U.S. view seems to undercut, even to cast aside, the current Latin American position that cooperation for development today is the new name for peace in our Hemisphere; development viewed not just on a world basis but as a process of regional cooperation between Latin America and the United States.

Within the past few months the new consensus on U.S. foreign policy toward Latin America has been expressed in a variety of ways. Henry Owens, director of the Brookings Foreign Policy Study Program and former chairman of the State Department's Policy Planning Council (1966-69), stated on the radio program "Overseas Mission," sponsored in cooperation with AID, that "the whole notion of a separate hemispheric policy has been a fraud and a delusion" because the issues involved must be approached globally rather than bilaterally with Latin America, identifying such issues as "international grain reserves, energy policy, the transfer of resources to the poor countries [and] trade negotiations."

Similar but more systematic reflections were made in the October, 1976, issue of *Foreign Affairs* by Abraham F. Lowenthal, formerly director of studies for the Council on Foreign Relations:

The first step toward an improved Latin America policy would be to realize that for most purposes we probably should not have a distinct Latin American policy at all. The main problems the United States will face in the Western Hemisphere over the next decade are not regional but global questions: making more fair and secure the terms of exchange between producers and consumers of primary products; expanding food and energy production and improving their distribution; using and conserving world resources (of the earth, space and the oceans) efficiently and equita-

bly; curbing the diversion of funds for military purposes; limiting pollution and dealing with its consequences; improving the welfare of individuals and communities; protecting fundamental human rights; trying to end state and antistate terrorism in all its forms; assisting the victims of natural disasters and avoiding man-made catastrophes; and building more effective structures of global decisionmaking. The United States could better its relations with Latin America most by focusing seriously, and in a sustained way, on these critical issues.

The primary aim of U.S. policy toward the countries of Latin America and the Caribbean should be to secure their active cooperation in dealing with this broad global agenda. Their cooperation should not be sought, nor will it be extended, because of special regional ties or bonds of traditional friendship.

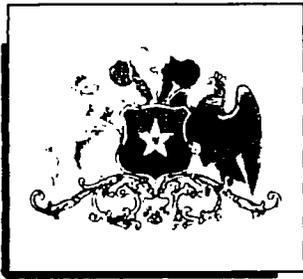
In dealing with this global agenda, special sensitivity by the United States to the impact of its actions and inactions on its closest neighbors makes good sense; special regional policies for universal problems do not.

There may be considerable sense in these views, especially where future political and strategic relationships between Latin America and the United States are involved. Partnership and mutual cooperation must replace paternal overtures or attitudes that no longer have any meaning or application in the Western Hemisphere. Also, of course, Latin American countries are now major actors on the world scene, witness Venezuela's previous role in OPEC and Mexico's promotion of the plan for "a New International Economic Order" at the United Nations. But to leap from these realities and to conclude that major new issues like food policy, the transfer of technology, energy and minerals production, and external financial assistance can be approached only on a global basis may be to misunderstand what is going on in the world forums and in the American region.

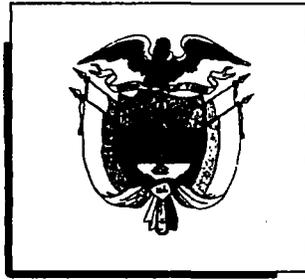
Inter-American Realities vs. Theoretical Globalism

One of the recurrent features of inter-American life is that regional developments do not often fit the prescriptions of the theorists on international and hemispheric affairs. This is perhaps made most evident by the fact that the concept of "collective security," which has worked in the Western Hemisphere, has been largely discounted as a sound principle by many leading writers on international affairs.

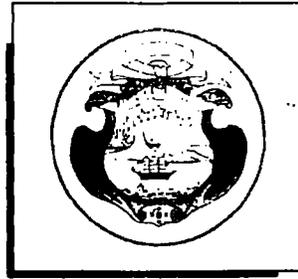
Collective security is generally considered a system under which unlawful use of force by one nation against another will be met by the combined forces of all other



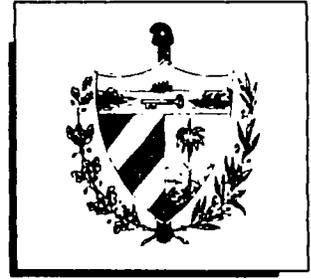
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nations. In the contemporary international community it is clear that such a system is not possible on a global basis, and, consequently, most students of international affairs and political leaders, having set up impossible criteria for collective security, then turn against it as an unworkable system in practice. A classic rejection of collective security is that of Hans Morgenthau in *Politics Among Nations*: "What collective security demands of the individual nations is to forsake national egoism and the national policies serving them . . . [and thus it requires] a moral revolution infinitely more fundamental than any moral change that has occurred in the history of Western civilization."

Almost as if to defy the entire body of international relations theory, the United States and Latin America in 1947 tried to effect the unthinkable through a pact of "reciprocal assistance" that established the Organization of American States. The objective of this agreement was to set up a system of regional collective security whose purpose would be "to assure peace, through adequate means, to provide for effective reciprocal assistance to meet armed attacks against any American State . . . and to deal with threats of oppression against them." This Inter-American Treaty of Reciprocal Assistance (Rio Treaty) has been invoked on some twenty occasions since 1948 to stop actual or threatened hostilities. Most recently it was successfully invoked in August, 1976, to restrain further hostilities between El Salvador and Honduras. Of course, the Rio Treaty may still require some improvements, a fact that first became clear when Cuba abandoned its provisions.

In practice, then, the Americas have developed a region that is the most peaceful on the globe, relying on a system of collective security the prevailing postwar currents of international political theory insist cannot work. There are reasons for the success of this system, and these have lain outside the purview of political theory. Briefly, the collective security system works in the Americas not because it fulfills the idealistic, theoretical assumptions of contemporary political analysis but because it is responsive to the practical political needs of the nations that participate in it. On the one hand, the United States receives the benefit of living in a stable and peaceful hemisphere, an objective it tried to achieve through military force rather than through reciprocal assistance in the first three decades of the twentieth century. And on the other hand, Latin American nations benefit from the Rio Treaty, since their national sovereignty and political independence are preserved against threats both from without and within the region.

During the past several years, however, there have been strong efforts to improve this collective system in the Americas so that it would address not only military

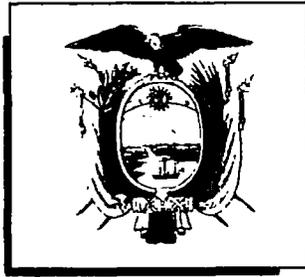
threats to peace but also economic ones. In this clamor for charter reform a new principle has gained considerable acceptance: The new name for peace in the Americas is development—political, economic, social, cultural, and personal. This principle still needs to be clarified, but it nonetheless has currency as a guideline for the path that the updating process of the OAS charter might take. The principle is rooted in the idea that the new hemispheric development agenda should be approached within a regional framework and through joint mutual efforts of the United States and Latin America.

Task Force of the Trilateral Commission. This inter-American principle and proposed system diverges considerably from the current mainstream of opinion, which insists that global rather than regional solutions must be found for such newer global problems as energy, the environment, trade and financial mechanisms. Perhaps the strongest statement of this globalist position appeared in a June, 1976, report of the Trilateral Commission's Task Force on International Institutions, a group with a mostly European, U.S., and Japanese composition. This Task Force recommended that new international institutions were needed to govern foreign direct investment and multinational enterprises, to regulate several aspects of the oceans, and to deal with commodity trade. It also suggested reform of several existing international institutions, including the General Agreement on Tariff and Trade (GATT) and the International Monetary Fund (IMF). The underlying principle of this report was that "functionally specific international organizations succeed far better than multipurpose organizations in accomplishing concrete tasks such as organizing technical cooperation among nations and negotiating specific arrangements such as trade liberalization and international monetary rules." The IMF and even OPEC were said to be representative of the kinds of functionally specific organizations that succeed "when compared with the broader UN agencies," even though the broad international organizations were recognized as being "better than functionally specific groupings for legitimizing broad new concepts."

As for regional organizations, the Task Force allocated to them the role of fostering "the evolution of constructive global arrangements," noting that they had to "maintain an outward-looking orientation if their role is to be positive and to avoid delay in the evolution of desirable global arrangements." The dilemmas created by this dual role "can only be resolved," the report concluded, "by regarding regional (and other limited-group steps) as precursors of wider arrangements rather than as ends to themselves." The final nail placed in the coffin of overweening and unspecialized multipurpose regional agencies was the conclusion that "history had demonstrated that it is unwise to pursue



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coordination by locating functionally specific issues under a single institutional roof."

It may be unwise to attach too much significance to such admittedly preliminary findings. Whether international policies will be molded either within the United States or elsewhere on the basis of such recommendations is at best uncertain. But this report, which was developed with extensive consultation in the United States, is the kind that has a substantial influence among foreign policy-related institutions in this country. And its premises, conclusions, and recommendations are those increasingly reflected in the views of scholars and thinkers associated with such bodies as the Council on Foreign Relations, the Brookings Institution, and the Public Agenda Foundation. Since key figures from this foreign policy community are now the major U.S. foreign policy administrators in the Carter Administration, there will no doubt be a general effort to produce global rather than regional approaches to the major trade and resources issues with which the United States is confronted in both international and hemispheric policy areas. This emphasis would, in turn, lead to a further downgrading of U.S. relations with Latin America, as various authoritative voices already recommend, and to the reduction of a multipurpose regional institution like the Organization of American States to a peripheral role in dealing with the major development, resource, and trade questions.

That the Trilateral Commission's views have considerable currency even among U.S. groups specifically concerned with Latin America was made evident most recently in the December, 1976, Second Report of the Commission on United States-Latin American Relations, a commission chaired by Sol M. Linowitz, former U.S. Ambassador to the Organization of American States and current co-negotiator of the Panama Canal issue. This report argued correctly that the United States should abandon any hegemonial pretensions in the Americas, but it seemed to confuse matters somewhat when it urged an avoidance of the rhetoric of "special relationship." The Commission added that since its previous report in 1974 the "perspective of the global approach toward Latin America we advocated, in contrast to a more traditional regionalism, has acquired greater validity in light of intervening developments." The Commission's central premise has been that the "United States cannot, by and large, have one policy for Latin America and another policy for the rest of the world."

To a significant degree the Commission's views appear quite sound: The major issues of the transformed world agenda today—energy, natural resources, transfer of technology, commodity problems, and external debt—are global in scope. Yet there is another side to

this question. What Latin America seems to have gradually discovered is that, although the major problems are global in scope, the solutions for these are often found not within a global but within a regional framework. In turn, this realization requires that the traditional "special relationship" between both halves of the Western Hemisphere must be updated and modernized so that Latin America can work in practical ways within a special cooperative regional framework with the United States to wrestle with this newer development agenda. Some signs of this regional approach and collaborative actions are evident in such areas as:

The Transfer of Technology: Since 1971 an important segment of the global discussion on the question has been generated from within Latin America and through the OAS specifically. A special OAS pilot program, concluded about a year ago, sought to provide guidance for dealing with this complex question; since then some coordination between ongoing national efforts has been provided by the OAS and its program for Science, Education, and Culture. The shape of the future for these hemispheric activities is currently uncertain in view of Venezuelan suggestions for a regional institute on technological transfer and in light of extensive U.S. recommendations made at last June's OAS General Assembly. At that time the United States offered to open an exchange service for Latin America to provide information on U.S. programs relating to technology flows, to explore cooperative ventures between small and medium-sized U.S. and Latin American firms, to help establish a consultative group under the OAS, and to support OAS attempts, in line with the UNCTAD IV consensus, to create a regional center on technology.

Resources Bank: At UNCTAD IV in Nairobi, Kenya, in the spring of 1976 the United States proposed machinery to increase the flow of new investment for resource production in the developing countries, including an International Resources Bank. This proposal was defeated when ninety nations abstained or were absent. Subsequently, in June at the OAS meeting in Chile, the Dominican Republic brought the U.S. proposals forward in the more limited area of commodity development. In a related forum the U.S. suggested regional consultative mechanisms on commodities under the aegis of the OAS to "precede or at least supplement those established with a global mandate," and special cooperative attention to global solutions for commodities important to the Western Hemisphere. Stressing that "if global solutions are not possible, we are willing to consider regional mechanisms," the United States recommended that the regional consultative group "take a new look at the problem of insuring adequate investment in commodities in this hemisphere under circumstances that respect the sovereignty of producers and provide incentive for in-



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vestment." In other words, the proposed International Resources Bank might better be established as a regional facility.

External Financial Mechanisms: During the past few years the World Bank, the IDB, and the U.S. Agency for International Development (AID) have concentrated on providing concessionary financial assistance primarily to "poorer countries" whose per capita income is below a certain threshold. This has created difficulties for most Latin American nations. They are ranked now—aside from Bolivia, Haiti, and Honduras—on the middle levels among the world's developing nations and do not qualify for concessionary international assistance, especially for infrastructure development: roads, ports, highways, and communications. At the same time, most Latin American countries believe that present conditions put restraints on their ability to move fully into a process of ongoing industrialization and self-sustaining growth and that they need access to financing better tailored to their needs than that now available from existing official and private sources. For these reasons Latin America is seeking to establish new regional financing mechanisms, with U.S. support, that are sensitive to their financial assistance requirements, which are not being met from world financial organizations.

Agricultural Food Production Policies: When the world hunger crisis and concern erupted in 1973 and 1974, Latin America participated fully in the global forum. This region is slow to exploit its agricultural potential. Even though it is a net exporter of food and agricultural products, 75 per cent of this originates in only four countries, thereby indicating the great structural imbalances that exist. What hemispheric countries discovered at the world food forums, however, was that while attention was focused on the needs and resources of other global regions, Latin America's special problem and contributions were being neglected. As a result, the Inter-American Development Bank took the initiative to form and house the International Group for Agricultural Development in Latin America with U.S. cooperation. IGA's purpose is to deal with the region's food and agricultural issues. Primarily, this group is focusing on the acceleration of regional food production, increasing agricultural exports, and improving rural incomes, efforts made essential when global arrangements did not adequately attend to regional realities.

Movements Toward Regional Integration: Movements toward social and economic integration within the region have been a growing, if uneven, aspect of hemispheric life during the past twenty-five years. Currently, there are four regional groups: the Latin American Free Trade Association, the Andean Subregional Grouping, the Central American Common Market, and the Caribbean Community. Governments are generally commit-

ted to these groups in theoretical ways, but in practice their potential is hamstrung by economic and political restraints.

But if the integration plans and mechanisms are handicapped by divisive tendencies and counterwinds, there is considerable progress both within and beyond the formal integration programs in the fields of regional trade, production, physical infrastructure, border integration, and natural resources. And while the timetable for reaching original objectives has been set back by more realistic assessments and experiences, the regional integration process itself is clearly an irreversible forward tide. From the perspectives of the United States, a unified Latin America presents possible difficulties, of course, unless both halves of the Hemisphere can discover how to modernize their traditional relationship so that the benefits and responsibilities under the new development agenda apply equally to all countries.

Promoting Latin American Exports: During recent years Latin America has paid much attention to boosting efforts as a strategic basis for development. In this strategy there is a critical need for short-term financing for exports. Several actions have now been taken to step up this process, including a scheme to open a market for Latin American banker acceptances in New York and the endorsement by governors of Latin American central banks to study a proposal to establish a consortium bank for regional export promotion.

Whatever the outcome of these and related proposals, it seems probable that financial and other mechanisms created to promote exports in the Hemisphere will be linked to the United States and to U.S. institutions, public and private. There will be a number of reasons for this, including the growing volume of U.S. private capital investment in the Hemisphere and the special marketing potential that exists in the U.S. both for commodity and industrial products from Latin America.

Energy Resources Cooperation: A variety of factors are putting pressure on both the United States and Latin America to promote greater cooperation on energy programs for the benefit of the Hemisphere. Latin America's population will double over the next twenty-five years from 300 to 600 million. There will have to be new employment opportunities, health and housing facilities, and new regional cities away from the present metropolitan areas.

Energy will be central to this economic and social transformation. Historically, there has been a close relationship between energy use, national growth, and jobs in every industrialized society, and there is little reason to presume that Latin America, in its pursuit of industrialization and development, will not also require vast increases in energy.

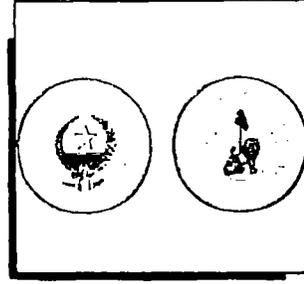
Some Latin American nations such as Mexico, Ven-



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ezuela, Trinidad and Tobago, and Ecuador will have more than adequate oil supplies to fuel their national growth well past the year 2000. Most countries, however, are net oil importers, including larger nations like Brazil and Argentina. Since only Colombia has so far found rich coal reserves with low sulfur content, coal will not play a major role in hemispheric energy-supply systems.

This leaves only nuclear energy as a realistic alternative to imported oil to fuel immense national employment and growth requirements. Three nations—Brazil, Argentina, and Mexico—are already firmly on the nuclear road and will no doubt continue on their way. Various other nations, though, cannot even take this path, no matter how essential to their development, since the billion dollar costs and enormous technological and safety requirements for a nuclear power plant place this energy system beyond their capacity and means. In consequence the OAS has been devoting attention to determining how nontraditional energy sources such as tidal power, wind, solar, biomass, and geothermal energy can play a greater role in meeting the Hemisphere's energy needs.

The Hemisphere's energy situation will require considerable regional cooperation on energy development in ensuing years, something found only in limited forms at present. Lacking such regional efforts, development may encounter severe difficulties, especially since transnational increases in current energy-sharing activities within the Hemisphere, which are found now especially in the hydroelectric field, will not be stimulated further by global cooperation alone.

Global and/or Regional Approaches?

The tide of opinion in the United States is that global solutions must be found for world problems rather than referring the search for solutions back to regional agencies. On the other hand, the actual situation in the American region is that Latin America and the United States, at times separately but in most instances together, are finding that regional solutions, even to global problems, may be more appropriate at this stage of the Hemisphere's development. This emerging hemispheric position is built upon the long and deep experience with regional institutions with which the Western Hemisphere, alone of the developing regions, has had long and successful experience. What this experience has indicated is something like the following:

- There is rarely a need for an extensive bureaucracy at either international or regional levels to carry out new programs whenever there appear major new issues or crises, such as the environmental or the

hunger crisis. Rather, the central need is to establish mechanisms that encourage international agencies to react more responsively to the priorities set by the nations and by specific regions.

- A sound, strategic way to approach a new major issue is to promote greater horizontal cooperation within a region among the countries.

- Regional institutions, which are frequently linked more closely to their member states than are international agencies, are usually better able to diagnose local development needs and to respond more directly to them.

- Efficient methods should be devised whereby global and regional agencies can from the beginning divide their labor and resources between the national needs being addressed.

- The world does not move broadly toward an undifferentiated globalism even when new crises and issues erupt, but after tending to reach out for strong global solutions the separate regions discover that more practical solutions are frequently found on a regional basis. This is reflected in such instruments as the designation of the long-functioning Pan American Health Organization as the Western Hemispheric arm of the United Nations World Health Organization; the Lome Convention between the EEC and eighteen African and Caribbean nations, which seeks, inter alia, to stabilize export earnings for a limited number of commodities for a group of forty-six countries; the Central American Common Market, which, even though the Regional Integration Movement has been at a standstill since 1969, has stimulated intraregional trade to increase at a rate deemed impossible fifteen years ago; the Inter-American Coffee Agreement; and the Inter-American Development Bank. Such regional programs may violate the classical teachings of the economic textbooks, but they may actually be building blocks improving the world trade system.

- In certain specific fields, e.g., finance or health, functionally specific agencies, whether international or regional, may succeed far better at providing solutions to new challenges than multipurpose agencies, but this is neither a necessary nor a proven assumption in many instances. Rather, the reality is that multipurpose agencies, if efficiently administered, are often able with greater flexibility to address new problems as they arise.

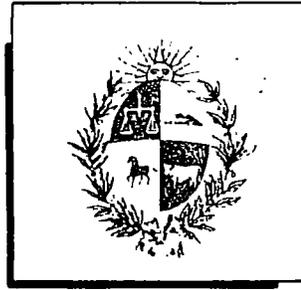
- Both multipurpose and functionally specific agencies require continuous reevaluation if they are to remain efficient and adaptable to new circumstances. In theory international agencies are better positioned to carry out evaluations of regional institutions than vice versa. In practice, however, this does not follow, since the regional bodies are usually more political in



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nature—chiefly because of their stronger links to member states—than their international counterparts, which would therefore be tending to conduct such reviews on the basis of inapplicable criteria.

There are serious problems that arise in regional agency programs. These are brought on by a combination of factors, including a frequent inability to sustain interest in establishing priorities and between competing regional development objectives; a latent wariness on the part of smaller states about whether the interests of the larger countries coincide with theirs; and the proliferation of competing financial and technical assistance from international agencies that at times tends to focus attention on secondary priorities within the region.

These conclusions, grounded in decades of inter-American experience with regional as distinct from international approaches to problems, suggest that, with important exceptions, the primary international need at present is not the creation of new international institutions to help resolve problems clearly of interest to all nations. Rather, as a commentator observed in the *Journal of the Canadian Institute of International Affairs* in Autumn, 1965, the need is to find "a more efficient method . . . to delineate the complementary functions of each global and regional agency *ab initio*, arriving at a division of labour between global and regional functions which would be clearly stated and observed in a federal structure of international agencies. This would mean a reordering of the United Nations' operations to make the regional entity its principal executing agency for development programmes." A successful illustration of these principles in operation is the arrangement whereby PAHO (the Pan American Health Organization) serves as the arm of WHO (World Health Organization) for the Western Hemisphere, and the charters of both organizations incorporate their regional division of responsibilities. In other cases the OAS already serves as an executor of such U.N. programs as disaster relief.

It seems clear that some of the principal prescriptions coming from what Leslie Gelb of the *New York Times* has described as the new "foreign policy community" in the United States have not been subjected to the test of regional experience, whether from the inter-American system or elsewhere. In fact, the experience of the Hemisphere suggests that contrary to this prevailing U.S. opinion the American nations are determining that while the major issues on the world agenda are global in scope, solutions to them will be found through a mixed global/regional approach, with the regional emphasis prevailing.

What is of some interest in the appearance of this new globalistic thinking in the United States, moreover, is

that it tends to ignore the natural links of trade, commerce, and culture that increasingly bind specific U.S. regions such as New Orleans, New York, and Miami with Latin America. This has recently led to an OAS program for holding an inter-American trade fair with the city of Miami.

Perhaps of more significance in much current U.S. thinking about Latin America is that it tends to focus on three problem areas: the Panama Canal, Cuba, and human rights. There is no denying the critical importance of these political problems, but there is a growing risk that the longer range development issues, which are of fundamental significance for the future of hemispheric relations, are at present being obscured. Somehow this situation must be overcome by U.S. foreign policy makers in 1977 or the new U.S. administration may find that its expressions of good intentions toward Latin America are falling on deaf ears.

It is no doubt true that the inter-American system has not yet evolved the kinds of regional deliberative and administrative mechanisms required to handle effectively all of the problems of the Hemisphere's agenda, whether energy, trade, or concessionary lending. However, recognition of this reality has led to a variety of proposals for modernizing the "special relationship" that exists between the United States and Latin America, especially proposals for reforming the OAS charter to provide for "collective economic security" or "collective security for development." While the academic circles related to the Brookings Institution, the Council on Foreign Relations, and the Trilateral and Linowitz Commissions have not given much attention to the problem of updating this special relationship, other informed observers have pointed to the urgency of this challenge. Jonathan Kendall of the *New York Times* put this challenge in perspective when he observed last December:

Because of the special relationship that has traditionally existed between the United States and Latin America, Mr. Carter may find that the understandings reached with these countries on this whole range of economic issues could lay the groundwork for similar progress with the rest of the third world.

In 1977 and beyond, a new opportunity may arise for establishing these needed mechanisms through a Special Assembly on Cooperation for Development. Whether the OAS member states will have either the vision or the judgment to establish these mechanisms is at present indeterminable. But if they do, the Western Hemisphere may be able to achieve for the world development agenda what it did for the world's postwar security agenda in 1947: provide a revolutionary breakthrough by helping not only the American region but the entire globe take a giant stride toward peace.