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The Hagel, Kerry, and Brennan Senate Confirmation Hearings: U.S. Policy for the Western Hemisphere

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The United States Senate will soon begin the confirmation process for three key Administration positions: Senator John Kerry (D–MA) for Secretary of State, former Senator Chuck Hagel (R–NE) for Secretary of Defense, and White House Chief Counterterrorism Advisor John Brennan for Director of the CIA. Each must defend his qualifications for higher office and present a constructive vision for pivotal decisions that will affect U.S. relations in the Americas.

Why Latin America Matters.

With more than 550 million consumers, a rising middle class, and an aggregate economy of \$6 trillion, Latin America carries significant geopolitical weight. U.S. trade with the region supports millions of American jobs. Our exports to Mexico are double those to China. Three of our top five energy

suppliers (including Canada) are in this hemisphere. The U.S. has free trade agreements (FTAs) with 11 nations in the Americas that together account for more than half the hemisphere’s gross domestic product (GDP).

One in every six Americans has his or her roots in the region. Our 2,000-mile border with Mexico and extensive “third border” in the Caribbean have a daily impact on the security of the U.S. homeland. Globalization matters, but so does proximity.

The U.S. faces a complex matrix of economic and national security challenges in the region, from drug and human trafficking, transnational crime, and an epidemic of homicides and violent crime to controlling ungoverned spaces, shoring up weak institutions, and countering the effects of anti-American actors. Iran and Russia are working to expand overt and covert influence in the Americas. China’s commercial and investment footprint has deepened dramatically in recent years, especially in the Caribbean Basin where the Panama Canal’s soon-to-be-opened third set of “SuperMax ship” locks will enhance logistics for Chinese imports of commodities and exports of goods.

For these reasons, the Obama Administration needs a front-burner policy for the Americas. Given the growing diversity of interests in the region and current resource constraints, this policy should identify key strategic priorities: strengthening ties with Mexico; promoting democratic change in Cuba and Venezuela; building an agenda for economic freedom and opportunity; and expanding energy ties to achieve greater innovation, security, and sustainability.

Priority Attention to Mexico.

Mexico’s fight against organized crime has cast a doleful shadow over U.S.–Mexican relations. New Mexican President Enrique Peña Nieto promises to restore citizen security and continue overhauling Mexico’s police and judiciary. Often overlooked in the U.S. is Mexico’s emerging economic status—the world’s 11th largest economy and growing. If Mexico opens its energy sector to equity participation with American companies (with their advanced deepwater, fracking, and horizontal drilling technologies) and makes other serious reforms, it can reverse an alarming decline in its oil production and tap massive shale gas deposits.

The U.S. should continue to help Mexico fight organized crime with a

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continuation of the Merida Initiative, enhanced military-to-military ties, and serious attention to building real citizen security. The U.S. and Mexico need to act jointly in troubled Central America, particularly in the Northern Triangle (El Salvador, Guatemala, and Honduras) to combat trafficking organizations and shore up weak police and judicial institutions. Investing in border infrastructure, avoiding protectionist flare-ups, and exploring new cross-border energy alternatives can also cement a stronger U.S.–Mexico relationship. The U.S. will find it hard to project global leadership without a democratic, prosperous, and stable Mexico.

The Cuba–Venezuela Challenge. Transitions to a post-Castro regime in Cuba and a post-Chavez regime in Venezuela are likely to occur in the next four years. Both situations could have both political and humanitarian consequences. They will also demand a steady effort to inject democratic and free-market values into authoritarian environments.

While the first Obama Administration moved forward with extensive people-to-people engagement for Cuban-Americans and others, its policies failed to loosen the Castro regime’s authoritarian grip on ordinary Cubans. Under Raul Castro, the Cuban regime launched modest economic reforms yet preserved its machinery of political repression and monolithic controls on all political activity. The continued unjust incarceration of U.S. citizen Alan Gross stands as a major obstacle to improving relations.

U.S. policy must focus clearly on a genuine transition to an open, non-repressive, democratic, and economically free Cuba, not just a succession to Castro-less Communism. The U.S. can offer real policy changes in exchange for a right-to-rights

(freedom of information, assembly, speech, and travel) approach for all Cubans.

In Venezuela, President Hugo Chavez’s incapacity or death will force a new presidential election. It must be free and fair. The U.S. also needs to be resourceful in supporting civil society, non-governmental organizations, and others in Venezuela who attempt to safeguard individual rights, preserve media freedom, and demand accountability and transparency.

The dispatch of a new U.S. ambassador should be undertaken only with firm assurances from Venezuela’s leadership that it is ready to cooperate in combating drug trafficking and terrorism and in supporting an end to insurgent-criminal conflict in Colombia. Finally, as Iran’s most active ally in the Americas, Venezuela’s behavior must be closely scrutinized in accordance with the recently enacted Countering Iran in Western Hemisphere Act.

An Economic Freedom and Opportunity Agenda. In general, the Obama Administration should encourage Latin American governments to continue to liberalize their economies and dismantle expensive bureaucracies and habits of over-regulation, as well as seek to attract more job-creating private-sector domestic and foreign investment. The State Department should also promote stronger protections for property rights and urge strenuous, ongoing efforts to fight against the age-old problem of official corruption. Private entrepreneurs must be able to make new investments in their businesses without fear of government confiscation.

Inefficient, costly, and crony-corporatist-promoting state-owned enterprises (especially in Argentina, where President Cristina Fernández

de Kirchner’s retrograde policies are harming that country) should be privatized in as fair and transparent a manner as possible. Greater private sector–fueled economic growth and job creation will help those countries to expand the middle class and thus stabilize their democracies.

With its National Export Initiative and the belated passage and implementation of free trade agreements with Colombia and Panama, the Obama Administration has advanced our trade agenda. It should move swiftly to complete the Trans-Pacific Partnership to increase growth and job creation for Americans without demanding unrealistically stringent labor rights and environmental standards. It can also further harmonize trade among the 11 U.S. FTA partners and with Brazil, which alone accounts for more than half of South America’s GDP and desires access to the U.S. market. Efforts must be made to leverage mutually advantageous deals with bilateral tax treaties and market access agreements.

A Free-Market Energy Policy. Energy pessimism in 2008 has given way to more optimistic scenarios in 2013. Rising proven reserves in the Americas, new recovery techniques, and “the shale gas revolution” are fundamentally altering the global energy balance. They offer the prospect of a favorable shifting of the axis of energy production toward the U.S. and the Americas and a chance for the U.S. to better control its energy destiny by lessening geopolitical dependence on volatile Middle East imports.

Building upon the modest Energy and Climate Partnership of the Americas, the second Obama Administration needs a dynamic policy process and forum to focus on broad, regional energy

opportunities. Access to the U.S. market for Brazilian ethanol could bolster ties with Brazil and help end wasteful domestic U.S. subsidies for corn ethanol. The U.S. should advance sustainable, free market-based policies to promote energy investments and cooperation as well as sharing cutting-edge technology. Developing critical infrastructure such as pipelines (notably the U.S.–Canada Keystone XL pipeline), refineries, trans-border electrical grids, and ports is also critical to U.S. and global economic interests and should be pursued when supported by sound economics.

Time for Clarity and Guarantees. The Senate should seek to get clear guarantees from Senator Kerry that he will:

- Prioritize relations with Mexico by continuing support for efforts to fight transnational crime, support capacity-building, and improve citizen security.
- Stand firmly for democracy, human rights, and the end

of repression in Cuba and Venezuela.

- Advance a free-market, job-creating, economic freedom-oriented agenda to maximize free trade and market access opportunities in the Americas.
- Boldly support a long-term, free-market approach for energy abundance in the Americas.

The Senate should seek a clear guarantee from Senator Hagel that he will:

- Direct U.S. Northern and Southern Commands to forge stronger military-to-military ties with special attention to Brazil, Chile, Colombia, and Mexico.

The Senate should seek a clear guarantee from Mr. Brennan that he will:

- Closely monitor the activity of Iran and its terrorist surrogates in the Americas.

Promoting Economic Opportunity in the Western Hemisphere. The U.S. requires an active strategy that defends our national interests and advances democratic values in the Americas while promoting economic opportunity for all and defending the security of the Western Hemisphere. U.S. policy success will be measured by the readiness of the second Obama Administration's leadership to expend political capital and win bipartisan support for issues conducive to strong and successful relations in the Western Hemisphere.

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