On Monday, May 15, 2006, The George Washington University School of Business and The Center for Latin American Issues (CLAI) welcomed the Assistant Secretary of State for Western Hemisphere Affairs, Thomas A. Shannon, to speak on “The State of U.S. Relations with Latin America.” CLAI Director James Ferrer welcomed the audience and his former co-colleague, Thomas Shannon. Dean Susan Phillips of the GW School of Business introduced the speaker, noting the timeliness of his presentation. The diverse audience that attended the program included many ambassadors from the region; government officials; military officers; members of the press; professionals from private and multilateral organizations; and of course, GW students and faculty.

Secretary Shannon focused his presentation on working together regionally as “the Americas.” He stressed the importance of addressing relationships in the hemisphere, rather than looking at United States relations with Latin America alone. He emphasized the need to factor Canada into any assessment of regional relations.

Secretary Shannon discussed the achievements of the region through its participation in the Summit of the Americas process and, more specifically, since the Quebec Summit of 2001. He lauded the consensus around political values and an economic model that the hemisphere has been able to develop. The Quebec Summit was President Bush’s first, and he worked together with other regional leaders on four major issues: consolidating democracy; promoting prosperity; investing in people; and protecting the security of the democratic state. The Secretary detailed the concept of “investing in people” as creating capacity so that people in the region can take advantage of opportunities. He said that the 2001 Summit of the Americas was a unique moment of unity in the history of the Americas. “What happened to this magic moment?” he asked.

The Secretary explained that commitments made at the 2001 Summit set a common agenda. However, this did not necessarily mean that all countries would meet their goals, as some of their institutions are too weak to deliver needed services. Weak institutions, he continued, have allowed for the “natural phenomenon” of populism to grow in the Americas. He stressed that the Americas have the resources to “help countries get through this.”

Shannon rebuked the assumption of some
Americans that the United States was distracted from the region following 9/11. He noted that during President Bush’s time as President, he has visited the region eight times, participated in three Summits of the Americas, and hosted the Organization of American States’ General Assembly. Secretary Shannon noted that the President and Secretary Rice are rethinking foreign assistance programs. Some are outdated and need to be changed to meet the needs of the region today. Shannon emphasized that the intent of such programs is to “create capacity, not dependency,” as dependency can lead to resentment.

The Secretary also discussed the work of the Millennium Challenge Corporation (MCC), created in 2002. The Millennium Challenge Account (MCA), established to fund Millennium Challenge development programs, has supported countries exhibiting “good governance,” such as Honduras and Nicaragua. The MCC is currently negotiating with El Salvador and hopes to negotiate with Bolivia. In addition, Paraguay and Guyana are members of the “Threshold Program,” a program for countries not yet qualified for MCA Compact funding, but which have demonstrated a significant commitment to improve their performance on the eligibility criteria for MCA Compact funding. Shannon’s example of the MCC’s efforts in the region demonstrated the current administration’s attention to the region.

Secretary Shannon also discussed larger resource flows in the region made possible through trade agreements, and especially those negotiated through the trade promotion authority, approved by Congress at President Bush’s behest. The United States has signed trade agreements with Chile, with the countries of Central America and the
Dominican Republic (CAFTA-DR), with Colombia, with Peru, and is currently negotiating agreements with Panama and Ecuador. Secretary Shannon added that since President Bush came into office, the Peace Corps increased the number of volunteers in the region by 1,000. Shannon said that by looking at foreign direct investment, free trade agreements, and promotion of investment in the private sector, it was clear that the U.S. administration had committed itself to the region.

Shannon explained that we need a new understanding of the Americas to address the fundamental problems that have slowed the region down in recent years. He maintained that countries of the region need to provide an environment in which people are not just political citizens, but also economic and social citizens. With competing economic models, the Secretary urged that we “avoid falling into the logic of confrontation.” He assured the audience that he who “delivers the goods,” that is to say, he who provides the services required by his people, would prove successful. He added that seeing the region as a south with a hegemonic north was “a terrible mistake” and that as members of the same hemisphere we must “find points of convergence and not of divergence.” Secretary Shannon concluded by saying that the people of the Americas need to become agents of their own destiny, and that it is here where “the greatness of the Americas will be found.”

Secretary Shannon’s presentation was followed by challenging questions from the audience. Responding to a question about new U.S. sanctions imposed on Venezuela, the Secretary explained that the U.S. took this course of action because: Venezuela had not been cooperating in the global War on Terror; it had strengthened relations with Cuba and Iran; and it had contact with foreign terrorist organizations operating in Colombia. He added that there were four areas on which the US was focused vis-à-vis Venezuela. On energy and on commercial issues, relations between the United States and Venezuela are generally positive. However, on questions of counter-drug activities and counter-terrorism, relations between the two countries are more tense. He stressed that the process of certification carries with it a possibility of change. Accordingly, Venezuela and the United States have the opportunity to change the nature of their relationship.
Another guest stated his perception that the US. approach to world affairs is that “you are with me or against me.” The Secretary stated that this was not this administration’s approach. He added that the President’s goal was collaboration and cooperation in the region and reiterated his point that the United States is committed to the Americas as a hemisphere.

The final question addressed the energy sector. Secretary Shannon stated that as the price of petroleum climbs, this affects fiscal stability as well as political stability. He maintained that the United States needs to take a closer look at what happens to small countries when there are spikes in energy prices. He stressed that countries need to be able to maintain stability even when prices of energy are volatile.

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