

DEFENSE POLICY
IMPLICATIONS OF
THE FREE TRADE
AREA OF THE AMERICAS

William Perry
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About the Project

The commitment made by the United States and the other nations of the Americas to forging a comprehensive Western Hemisphere free trade area by 2005 is a very important one for all concerned. Working out the specific details of such an arrangement—especially with the larger countries of South America—will be a challenging task. In addition, any such relationship raises significant security questions that require serious prior analysis. In order to adequately address this matter, CSIS, with the support of the Ford Foundation, has launched the *South America 2005* initiative.

South America 2005 will examine four overlapping themes in a series of workshops over the course of 1998 and 1999, culminating with a CSIS *Policy Paper* that will synthesize the discussions and set forth policy conclusions. This effort will be carried out by a small CSIS team, in collaboration with a larger Project Resource Group composed of industry, academic, and government experts from the United States and South America.

This paper summarizes the discussions from the first workshop, held in Washington during early June 1998. Subsequent sessions will address

- the role of civil society in defense policy;
- how Mercosur, as an economic arrangement and incipient political grouping, fits into the regional security agenda; and
- the relationship of U.S. security policy to the strategic objectives of the South American nations.

Overview

The overall domestic situation of most South American nations, relations among them, and their links to the remainder of the international community have greatly changed over the course of the past decade. In particular, they are now ruled by democratic governments and have implemented (to one degree or another) profound market reform measures—considerably enhancing economic performance during recent years, as well as greatly improving their future prospects. Past rivalries (with a few exceptions) have been replaced by a desire for cooperation, which has led to the rapid evolution of subregional integration efforts such as MERCOSUR and the Andean Pact. All of these countries accept the objective of an inter-American free trade association, including the United States—at least in theory. Moreover, there is a generalized recognition of the need to approach a new constellation of politico-security problems in a more collaborative manner, as well as growing recognition (in most countries) of the need to reform the roles and capabilities of local armed forces to meet the requirements of changed conditions.

Varying Attitudes Toward the FTAA

While recognizing the significant changes in attitude and policy that have allowed all the nations of

South America to embrace the need for a comprehensive Free Trade Area of the Americas (FTAA), it is important to appreciate that there are varying perspectives on this score. And these differences have been widening during recent years. There is frustration with Washington's inability to follow up effectively on its own initiative toward forging an all-embracing inter-American free trade area. Eight years after the concept was originally proposed (in June 1990), and four years into NAFTA, no other country has been formally added under this framework. In the wake of the U.S. Congress' recent failure to endow President Clinton with fast-track negotiating authority, immediate prospects for improved performance on this score appear dim. The fact is that the original U.S. preference of sequential adhesion of other nations (and discrete groups) to the existing North American accord as the path toward hemispheric trade integration is losing its credibility and appeal.

Chile has responded by forging its own network of bilateral agreements with virtually all other hemispheric nations. Brazil is now strongly putting forward an alternative, which essentially involves first expanding MERCOSUR to involve the rest of South America, followed by negotiations between that entity and the NAFTA group. This view is now gaining ground among Andean Pact countries, despite misgivings that such an approach could, in practice, result in the semi-permanent division of the hemisphere into two separate trade blocs.

The Politico-Security Dimension

Whatever the path chosen toward an FTAA (even if a formal accord proves impossible by the agreed-to target of 2005), the ever-closer economic relationship between the United States and the major countries of South America has significant politico-security implications. In practice, real reform of both local armed forces and broader inter-American security institutions have been modest—especially considering the greatly changed circumstances over the past decade and the ambitious nature of achievements and objectives in the economic realm (or compared to what has gone on in Europe and also within NATO over the same period).

There is a certain hesitancy to squarely confront the need to fundamentally rethink hemispheric security issues and related institutional mechanisms. Economic issues have dominated discussion over the course of the past decade. But this does not fully explain the comparative lack of attention to inter-American security issues. And such a partial approach toward hemispheric relations cannot be expected to address a new constellation of pressing questions now confronting the nations of the hemisphere. In fact, one could argue that failure to address security issues in a more forthright and effective manner undermines the political foundations of the free trade concept. Public opinion in the United States might be convinced of the economic benefits of inter-American free trade, with residual opposition still a potent force. But the inability to articulate the strategic fundamentals, to some degree anchored by various security concerns, brings out even broader isolationist and skeptical constituencies, who see in the FTAA a whole host of socio-economic threats.

Preliminary Considerations

Of course, a clear distinction needs to be made between the nations of the Southern Cone and those

of the Northern Tier. Argentina, Brazil, and Chile all possess relatively sophisticated armed forces which played a defining role in local politics in recent decades, but who turned over power to civilian elites during the 1980s. Moreover, the traditional threats that they faced—subversion and the prospect of conflict among themselves (or with Great Britain, in the case of Argentina)—now seem in abeyance. Thus, a process of significant reform of missions and structures, based upon the new situation in which they find themselves, would seem highly recommendable. But there have been only limited achievements because of the difficult legacy of civil/military relations within these countries.

In the Northern Tier, on the other hand, the situation is less stable and threats continue to exist that must be dealt with as these countries evolve toward new positions on national and inter-American security policy. Ironically, Venezuela and Colombia possess the longest traditions of military subordination to civilian authority (while Peru is more reminiscent of the Southern Cone). Venezuela has experienced unprecedented amounts of unrest within its armed forces (punctuated by two coup attempts in 1992) and a prominent military dissident, Hugo Chavez, is now a significant protagonist in the 1998 presidential race. The security forces of Colombia and Peru have been heavily involved in struggles against powerful guerrilla and drug trafficking elements. And dissatisfaction is evident within the ranks of Colombia's long-apolitical military (as evidenced by the candidacy of the recently dismissed Army chief, Harold Bedoya, in this year's election)—while the Peruvian armed forces have become a significant pillar of support for the government of President Alberto Fujimori.

The common thread is that Latin America's corporatist traditions have long separated the armed forces from other institutions of society—allocating to them great internal autonomy and almost exclusive primacy in consideration of national security policy. Civilian elites have generally known and cared little about these matters. In fact, they have tended to be suspicious of even discussing security questions because of their potential for justifying military interference in politics and/or an overweening, intrusive role in local affairs on the part of the United States. Also, efforts by civilians to address these themes tended to reveal their ignorance—while at the same time ruffling military feathers, in the context of still difficult relations between them.

Civilian governments have often shown the tendency to principally concentrate on maintaining authority by confining the armed forces to professional duties, limiting the government's interference with historic prerogatives, and constraining the scope of military activity by limiting the amount of money available to them in the budget. This approach is no longer adequate. Regional armed forces now require genuine internal reform to meet greatly altered circumstances and an entirely new constellation of threats. Processes of this nature should be carried out on a rational basis, involving broad participation by the executive and legislative branches of government, the uniformed services, and civil society more generally. This means that the military must be willing, and the civilians able, to participate in such an effort.

The full gamut of new-age security issues ought to be on the table, including:

- conventional national defense requirements;
- insurgency, terrorism, and internal security;
- drug trafficking and other forms of criminal activity;
- illegal immigration and refugee issues;
- safeguarding of democratic institutions;
- civil/military relations;

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- defense production, acquisition policies and foreign assistance;
- standardization of equipment and practices;
- arms control, confidence building, and conflict resolution;
- inter-American security cooperation; and
- peacekeeping within and beyond the confines of the hemisphere

Addressing these issues will require fundamental changes in the areas of mission, force size, structure, organization, equipment, and budget. Some of this is under way (Argentina is one example), but the overall scope of change remains limited.

A similar situation continues to exist with respect to traditional structures of inter-American politico-security cooperation—especially the Organization of American States, the Rio Treaty, the Inter-American Defense Board, and the Inter-American Defense College. An essentially new situation has arisen in terms of threats, politico-economic relationships, and possibilities for collaborative efforts toward reform of these institutions. Despite some evident changes and some institutional tinkering (the Center for Hemispheric Defense Strategy at the National Defense University is one example), no fundamental rethinking has been done about how these long-established entities can be most effective in an era of increased economic cooperation in the hemisphere. And, if their reform does not prove possible, the burden of maintaining peace, order, and democracy may fall to sub-regional entities or the apparatuses forming around the now regular meetings of hemispheric presidents and/or defense ministers. One may even envision a paradoxical situation where what are predominantly economic and trade mechanisms, as embodied by the FTAA process, would by default acquire a quasi-security policy role for which they are currently ill-prepared.

About the Author

William Perry is a senior associate of the CSIS Americas Program and president of the Institute for the Study of the Americas and William Perry and Associates. Mr. Perry has an extensive track record of involvement in Colombian, Venezuelan, Argentine, Brazilian, and Southern Cone affairs and the analysis of elections there and in other Latin American countries. He has also served as a senior Latin American specialist for the Senate Foreign Relations Committee, director of Latin American affairs at the National Security Council, and chairman of the Latin America Policy Working Groups for the Bush-Quayle Campaigns of 1988 and 1992. He holds undergraduate and graduate degrees from the University of Vermont and the University of Pennsylvania.