



The OAS and the Advance of Democracy

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The Organization of American States (OAS) is not only, I hope, the most important, but the oldest functioning multilateral organization in the Americas and the world. Actually, the OAS will be 60 next year. It is the successor of another institution called the Pan American Union founded at the end of the 19th century and therefore we have been working with the issues of inter-American relations ever since then. There were only 20 republics in the Americas—the United States and the 19 republics of South America, Latin America. Since our charter was drafted in 1948 we were the first to introduce provisions of representative democracy and since then “democracy” has been defined as the main objective and concern of our organization and has a very important place.

Now, I must admit that during the lengthy first period of its existence the feature of the OAS as the main invigorating period of democracy was postponed several times in the context of the Cold War in favor of other strategic goals. As all regional organizations, the OAS was very much involved in the issues of the Cold War, and many times the precepts of the charter were ignored in favor of policies that accepted dictatorships as members, dictators that not only arose by overthrowing legitimately elected governments but also practiced systematic violations of human rights and fundamental freedoms.

Fortunately, this pertains to the past. Today we can state that for the last two decades the OAS has been living a new phase of its existence, characterized by the unprecedented fact that all its active members today have democratically-elected governments. In fact, the OAS has set forth rules that demand from every country that is willing to exercise active membership to have a democratically elected government. It started in 1981 with the Compromiso de Santiago which established an automatic response by member states to any interruption of the democratic political process. In 1992 we signed the Protocol of Washington which for the first time gave the possibility of suspending member rights of any state that is not democratic or in which the government has been overthrown by force. And finally on a very dramatic day, on September 11, 2001, we signed the Inter-American Democratic Charter in Lima, Peru, signaling in a more clear way than ever that the OAS was an instrument to promote democracy.

We defined democracy in that document in a really ambitious way as being not only where the government was elected by the majority, a valid election, but we also included a lot of conditions on the way the state is organized, constitutional rules that represent a democracy, respect for the rule of law, independence of the branches of government, a party system, transparent and responsible government, and limits legitimate authority. It also includes respect for citizens' fundamental rights—freedom of expression in the press, and citizen participation, and it commits itself to the full and equal participation of women in the political aspects of society and condemns any form of discrimination. It also goes to the point of proclaiming, not as a necessary condition,

something that would exclude the existence of democracy, but the fact that the economic and social development should be interdependent and reinforce democracy.

So, we defined democracy in a very demanding way in 1981. In 2001 the question is how far have we gone in that direction? If you look at those definitions you will see that there are like three main issues that we should examine. One is a generational government—do we have a democratic government? Second, the quality of the democratic government, in terms of representation, of its transparency, of its ability to exercise its work in favor of the people. And, finally something that doesn't have to do exactly with democratic governments; how efficient are the governments in the region? How much have we progressed?

I think that we have progressed a lot in recent years. Between November 2005 and today we have had about 30 electoral processes in the region, with about 40 elections at different levels because we have two round in several elections. While I have been Secretary General of the OAS more than 19 Latin countries that are active in the OAS, 15 have had presidential elections and they have been good elections—they have been clear elections, participatory elections—and even in the cases where there have been very tight elections the results have been respected. Where the opposition has won the transfer of power has happened peacefully. That would not have happened in Latin America 20 years ago and that is big progress.

I think that the governments are also making a big effort to improve the quality of democracy in some cases, but I will refer to that later. What is really a problem today in Latin America is the quality and efficiency of government, which is probably the way to define the sustainability and the establishment of democracy as a permanent feature of a region. Nobody talks any more about are we having elections or are we not having elections because that has been obtained already, but the agreement is that there's still a lot of instability and that problems do exist. I think that has to do with the role of some elements which I would like to present today and therefore make some conclusions about the future of democracy.

There are things that I think must be pursued in Latin America. One I already mentioned, we have had so many democratic elections and so much democratic rule in the past years that that is no more in question. Second, the region should experience this year its sixth year of consecutive growth with several countries growing at higher than two digits. The average for the region this year should be around five percent and next year we expect a year of growth again. I was just reading a report by the out-going managing director of the International Monetary Fund, Rodrigo Rato, saying that even if demand for our products falls next year and there are some problems in the central economy, next year should be a year of growth for Latin America.

I think it was Philippe Gonzales who once said that you should never give a figure without answering the question of some old sage from his hometown who said "Compared to what?" And, yes, if you compare Latin America with China, with India, you will say, "that's not enough," five or ten percent is not enough. But for Latin America it's a great deal. Latin America in the 80s and in the 90s, grew less than or around one percent a year as an average. And, that explains a lot of the things that happened in the region in those times. So, we are experiencing for the first time important growth. We have democracy, we have growth, but we are faced with several challenges that if the governments are not able to solve, that democracy and that growth is going to turn against them.

One of the big challenges is the big problem of poverty and equality. And I put the two together because a lot of people say it's not the same. Poverty is one thing and equality is another one.

But the fact is that a lot of poverty happens because of someone's inequality in Latin America. And the fact is that now in the region less than two percent of Latin American's take home over 45 percent of GNP while the smallest 20 percent takes home around four or five percent. In countries such as Bolivia, the poorest 20 percent takes home 2.2 percent of the GNP. On the other extreme is Uruguay, where the lowest 20 percent take home 8.8 percent of GNP which is certainly much better. But the average for Latin America is bad. This creates some really strange situations in Latin America. Latin America is not a poor continent; it's not poor in the absolute sense of the term. Actually, per capita income in Latin America is about the world's average—\$400 or \$500 less than the world average. If you take only the developing world, the per capita income of Latin America is about \$2,000 higher than the rest of the developing world.

So there's no reason why the problem in Latin America is poverty. Fernando Enrique Cardoso once said of Brazil, "Brazil is not a poor country, it's an unfair country." And this whole notion of unfairness really is at the root of the problem of instability in Latin America. When you're having growth and you're having democracy a lot of people want wonder why that road doesn't reach them, and why their lives are not improved. Certainly that has to do with functioning of democratic institutions, but it has much more to do with quality and the delivery that the governments are able to give to the people. We are faced, therefore, with a big challenge for democracy and this appears in most of the polls. Are people believing in democracy in Latin America? Yes, but differently in different countries. Probably they will believe more in democracy in countries in which things are happening. Believe it or not, everybody's worried about Venezuela, Bolivia, Ecuador, the polls show that people believe more in democracy because they're excited about what is going on in their country. In other countries, it's a bit less. People believe in democracy but at the same time have a lot of distrust about, first, is this good economic out turn going to last, and secondly, are we going to receive the benefits of this economic growth.

The big problem of the Latin American state is that many times it's not able to deliver what the people are waiting for it to deliver. This has a lot to do with what happened in the '80s and '90s. For Latin America, the '80s and '90s was period of low growth but there were a lot of political processes taking place, which were to a certain extent following a trend of the times that, "the state is not part of the solution; the state is part of the problem." Several Latin American economists and politicians acted on that notion. The economies opened, a lot of room was left for the market, some important and, I hope, lasting economic decisions were made, the economy was more ordered, we integrated more into the world economy, that's true, but reforms went only half way and what remained were two decades of non-growth. The former state was very much dismantled without much to replace it. It's true it was too big; it's true it was corrupt; it's true it didn't deliver enough but if the choice is to have a bad health system or not to have a health system at all; if the choice is to have a not very good educational system and to see schools closing down and education for children not available, certainly everybody would have chosen the first one. This happens in Latin America. The size of the state in Latin America, the size of public services declined very much and there was nothing to replace it. The things that were supposed to happen, the market taking over all those activities were not there, it did not happen.

When you hear that in Latin America everybody is against the Washington consensus, it's not the Washington consensus of micro-economic balances, balanced fiscal budgets, opening to trade with the rest of the world that is the problem. Everybody agrees with that path or should agree with that path. The problem is mainly with that famous idea that the state is part of the problem and not part of the solution.

So, politics and public policy are very much back in Latin America; the demand for public policy is very much back but the whole situation of democracy, the stability of democracy will depend in an important way on how much the new democratic government—left, right or center—is able to deliver, in terms of improving the conditions of the people in a moment in which, from an economic point of view, the possibility seems to exist but in which we still have 200 million poor, which is enormous for a continent which is not poor.

Are the states and the governments prepared to improve the condition of the people? In many cases, no. There are very few institutions so we're in for some difficult times. I'm very happy to report that since I joined the Organization of American States two years and five months ago, no government has fallen in Latin America. Before I came they were falling at a rate of over one per year. I cannot guarantee that it will always be the same. Governments are faced with a lot of severe problems and they have to be able to deliver to their people.

In this framework, you have to put many of the things that are happening in the region today in political terms. Of course, one choice as some countries are trying to do is building institutional reforms and developing democratic institutions, improving the quality of democracy and in improving the quality of democracy improve also the quality of the public policies.

Another possibility, of course, is a very simple equation. It's democracy with lack of institutions equals big problem; the answer to that being strong leadership. In 1997, Fareed Zakaria wrote a famous piece in *Foreign Affairs*, *The Rise of a Liberal Democracy*. It is a danger for Latin America today that we may have a liberal democracy, meaning by that governments are elected by vote, supported by a majority of the people, but which does not respond exactly to what your or my idea of what a full democracy would be. Some of the other features of the InterAmerican Democratic Charter might be absent from that and some reports that are being discussed in some countries in Latin America are certainly a matter of concern for that direction.

But the battle will be defined, or the discussion will be defined by who is able to deliver, who is able to improve the conditions of their lot. There's no sense in saying that the country is really democratic and growing at ten percent, if the poor remain at 47 or 48 percent of the population. On that point some of the polls we have been reading in the last year in Latin America question [whether you] would be willing to leave aside with a couple of things about democracy that would improve your condition. The answer was yes by many people.

My conclusion today is very simple: If you want to know how democracy is going to do, or how stability is going to do in different countries, ask about the ideology of who's governing, of course, who is governing and how much of a dedication to democracy he has. But also ask how he's doing in terms of economic growth, in terms of distribution, in terms of reducing crime, and you'll find a clearer answer by looking at those sources and they are also the ones that will define the future of democracy in Latin America today.

Thank you very much.

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