United States, Latin America and the Global Economy: The Vision of Greater America

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Abstract: *Latin America is the most important partner of the United States in consolidating the base of democracy and open markets in the global context as well as providing resources, markets and energy security for a growing economic base. The backbone of the global economy, the productive capacity deriving from the great combination of the treasures of the Rockies and Andes, together with U.S. technology, will be the bedrock foundation for unassailable economic growth. Together a combined open market of more than 600 million people will enable the coming generation to see Greater America emerge as a major force defining the values of the coming century.*

Key Words and Phrases: *Greater America, international trade, Latin America.*

Many years ago, when I was in graduate school, I remember reading a speech by Herbert Bolton, president of the American Historical Society, which made a deep and lasting impression on me. He spoke of *The Epic of Greater America*. The vision he described captured the diversity of the cultures of the Americas and wove a vivid tapestry of our history in which each part of the hemisphere had a deep influence on the other's development. He referred to a process of nations "growing side by side" and traced a history that to him demonstrated a "fundamental Western Hemisphere solidarity." He described an Hispanic America, far richer and more developed than Anglo America in the early part of its history, that had, due to deep-seated social issues, lost out in the industrial revolution. He predicted that, in the not too distant future, the population of Hispanic America would outnumber that of Anglo America and that its "great reservoir of raw materials" would fuel the world.

Professor Bolton's portrait illuminates a long, complex relationship deeply embedded in the history of our Republic. In the early days of our nation, Thomas Jefferson and James Monroe wrestled with the complex interrelationship of the European monarchies which resulted in the purchase of Louisiana and the Monroe Doctrine. Later, as the Mexican and Civil wars tore at our history, leaders such as Henry Clay and James Blaine were among the principal advocates of closer relations among the nations of the hemisphere. The aborted proposal of President Ulysses Grant to annex Santo Domingo, which missed by one vote in the Senate of the United States, is a strong reminder of our deep linkage to the Caribbean, as is the continuing saga of Cuba. We all know the role the Panama Canal played in our history, one that is about to enter a new phase with the return of the canal to the government of Panama in the year 2000. In more recent years, Professor Bolton carefully traced the solidarity of the nations of the Americas with the United States in the great wars that have wracked our century.

Greater America: A New Relevance

As we measure the challenges of national interests and power in the coming millennium, the intriguing portrait of Professor Bolton's Epic of Greater America appears to gain new relevance. President Clinton touched the core of this vision when he announced at the 1994 Summit of the Americas the goal of free trade throughout the Western Hemisphere by the year 2005. In so doing, he was following a path blazed in recent years by FDR's Good Neighbor Policy, JFK's Alliance for Progress, Ronald Reagan's Caribbean Basin Initiative and George Bush's Enterprise for the Americas Initiative. These bipartisan roots are basic. The United States and the other nations of the Americas share common interests in a wide range of issues from democracy, economic prosperity and human rights to migration and combating drugs, international crime and environmental degradation. For these reasons a broad bipartisan policy has emerged in the United States which has accepted that our nation's future is strongly linked to the prosperity of the entire Western Hemisphere.

The American people, however, have long been ambiguous about the relationship. James Reston of the *New York Times* once quipped that Americans will do anything for Latin America but read about it. While generally favorable to the region, we have not viewed it as an area important to the U.S. national interests. Only twenty-five years ago Henry Kissinger could describe Latin America in the context of cold war politics as "a giant dagger pointed at the heart of Antarctica." Latin Americans have had similar reservations. It is often heard in the southern part of the hemisphere that the only foreign intervention they ever fear is from the United States. As one observer noted, ties that bind can also chaff. But with the dramatic transformation taking place in the world, a new beginning is now plausible. This is why it is essential to reexamine why Latin America *is* important to the United States and why Professor Bolton's concept of Greater America may be one of the most important components of our foreign policy in the coming century.

Resources are Markets

The heart of the issue can be summarized in two words: resources and markets. These two elements frame United States-Latin American relations as we approach the coming century. When combined with the underlying common interest in the viability of democracy, they define the Vision of Greater America. Today, global competition evolving in the wake of the cold war has spurred dramatic changes in our perspective. The strategy and alliances of nations in the coming century will have to be structured to assure access to these two elements in order to maintain economic growth in a world in which the other principal factors, capital and technology, already know no frontiers, a world in which continuing political instability remains the incubator of terrorism and international crime.

Commercial interests have always been a strong defining force for foreign policy. Throughout history, access to resources, land and trade routes has been the major strategic consideration determining national interests. In the twentieth century, this historic reality was subordinated to tangible threats to our security. But the end of the cold war has brought with it not *The End of History* foretold by Francis Fukuyama, but the reversion to traditional rivalries in their traditional context. For the United States, which remains in unassailable military supremacy, military alliances for defense will be replaced by commercial alliances to gain market share. Battlefields will be replaced by boardroom battles. What NATO was to defense policy, free trade zones will be to the new world order.

Bill Gates gave us a hint of the world to come in his recent observation that he did not consider Microsoft a U.S. corporation; he considered it a multi-national corporation. It is, however, a multi-national corporation whose capital and interests relate to U. S. power. More than 50 percent of international trade today comes from multinational corporations trading among themselves. The lines of supply of those multinational corporations have become just as important to our national interests as the lines of supply of the military were in the last century. The ability of the United States to promote the values of democracy and freedom will relate directly and inexorably to the economic strength of our economy, which, in turn, is closely related to the competitiveness of our major corporations. Sustaining that economic strength will remain critical for a long time to come considering the instability that will continue to plague other areas of the world as they grapple with the information revolution and the inexorable pressures for democracy. In no other area of the world are those lines of supply more secure than in the Americas.

The complementarities between North and South America in commercial and economic interests are the substance of the world's strongest natural alliance. Much is heard of the importance of the considerable economic power of Europe and the growing power of Asia. But nowhere does one find the combination of common interests in stable democracies, prospering open economies, growing markets and strong resources as one finds among the nations of this hemisphere. It is not the watershed events such as NAFTA, the Summit of the Americas or the Mexican rescue package, but the daily linkages built by investment, capital markets, trade and migration that are now deepening the relationship and defining and driving our mutual and complementary interests.

Let us focus on the two components, resources and markets, which I maintain define the foundations of the vision of Greater America.

Natural Resources

The great wealth derived from easy access to natural resources was a dominant factor in the economic power of the United States. Both North and South America are well endowed in this regard. Latin America's relatively untapped resources, however, will be increasingly strategic in a world of increasing vulnerability and depleting resources. Nearly a century ago the historian Harold Mackinder pronounced his famous dictum about Eurasia as the *heartland* of the globe. Control of the heartland, he maintained, was the strategic base to dominate the world. In a predominantly agricultural 19th century his insightful reasoning shaped the policies of the nations of Europe. Resource-poor societies will always be dependent on others for their survival. This concept remains equally valid today, except that the nature of the resources has markedly changed in an energy-dependent industrial world.

Living in an era of cheap raw materials, it is hard for us to project into the next century. As development spreads throughout the world, however, billions of people in Asia and Eastern Europe will be coming onto the market. Inevitably, their purchasing power will be directed first to the tangible material goods—houses, appliances, cars—that we are privileged to enjoy in the West. One of the ironies, like a self-fulfilling prophecy, is that the dynamics of development we are pressing today will generate heavy demands on natural resources, on energy and on the environment. The pressure and competition for the limited supplies of these resources will be increasingly fierce. Prices will reflect this competition, and disruptions in sources of supply from political instability will be the major danger to our economy. Resources, far from being relegated to the scrap heap by the information revolution, will be in greater demand. In the coming century, the luxury of cheap raw materials may well become one of nostalgia.

The most important untapped reservoirs of the resources vital to economic survival are in South America and Africa. Of the two, South America has the infrastructure that matters in the coming century. In the critical resource of energy, the Western Hemisphere is presently the only region outside of the Middle East that has the potential for long-term self-sufficiency. Venezuela and Colombia alone, with an abundance of heavy oil, have potential energy sources almost triple that of the conflict prone Middle East. Energy security will be an increasingly important factor in investment decisions. Strong ties to the resources of South America will serve as a cushion against supply shocks and protect our nation against economic disruption from political instability in other regions.

The new global economy requires a reformulation of Mackinder's dictum. Not the *heartland*, but the *backbone* of the world will dictate global dominance. That string of mountains from the Canadian Rockies to the southern Andes, the most abundant in natural resources on the globe, will provide the resources to fuel the greatest productive capacity the world has ever known and to ensure its viability in the face of continuing global instability. Here again the vision of Greater America and the complementarities between the U.S. and Latin America are vital. The core asset in the new information age is technology, the great strength of the United States. It is a major benefit for Latin America to have close access to that technology. Allying the material backbone and technological brains is virtually an insurmountable strategic combination.

Markets

In markets, the complementarities are even more dramatic. The United States dominates the global markets of today and access to U.S. markets is central to the pace of Latin America's development. But Latin America will be a major player in the markets of tomorrow. Brazil is already the size of the United States in 1940. Venezuela has already become our single largest supplier of petroleum. The common interests in eradicating the other major product of the hemisphere, narcotics, is another motivating force for cooperation. Strong linkages among the sources of wealth and markets in the Western Hemisphere are vital to fuel the engines of our economy and to accelerate the growth of the other nations in the hemisphere.

Here, too, the vision of Greater America is seminal. No other area of the world has both the consumer growth potential, which will drive the markets, and the spending patterns, which favor the United States. Latin America places more of its purchases in the United States than any other region of the world. In Latin America, 40 cents of every dollar earned from exports is spent in the United States. In contrast, less than 20 cents of every dollar earned by Western Europe or Japan is spent here. Factoring in that Latin America's per capita income at present is only one tenth that of Western Europe and Japan, that means that the potential of our investment in this hemisphere has almost twenty times the benefits as a similar dollar in any other region. Already the United States exports more to Latin America than it does to any other region of the world. With a population of 450 million and population growth at an average rate of almost 3 percent a year, no other partnership in the world has a potential remotely comparable.

Latin America has given every signal it is on the verge of explosive growth. The nations have embarked upon an unprecedented, historic effort to reverse outdated economic policies. The economies of the region were on the brink of collapse in the 1980s, totally incapable of making the investments necessary to maintain the countries' infrastructures, let along keep up with the rapidly changing technology. In the last five years they have undertaken prodigious fiscal and administrative reforms, slashed government deficits, brought inflation under control and begun a process of profound institutional change to modernize the state and privatize the productive sectors. Today we see open markets, economic deregulation, increasing foreign and internal investment and a strong impetus toward economic integration. Reduction of tariff barriers, from averages of more than 80 percent to 10 percent to 15 percent today, are being fed by an aggressive, increasingly confident private sector.

The recent trauma occasioned by the Mexican financial crisis served to reaffirm that commitment. The nations of the Americas did not retreat to closing markets and protectionism as they did in the past. Instead, the governments adopted stringent measures to assure market stability and an environment inviting for investment. As a result, the confidence of the markets is being revived at a record pace. The primary lessons of the latter half of this century, that governments cannot create jobs, manage technology or create wealth by running printing presses, have been well learned.

On the other side of the coin, the United States, the largest market in the world, is vital to Latin America. All major industrialized nations have targeted the U.S. markets since the end of World War II. Only Latin America turned its back on the United States, preferring protectionism to competition. The collapse of Latin American economies in the debt debacle of the 1980s, however, changed that dramatically. Attaining access to U. S. markets and technology for their products is a high priority for Latin America today. This is necessary to attract the investment needed to create the jobs necessary for a population of which 50 percent of the people are under the age of seventeen. In the Caribbean, the special problems of small economies vulnerable to organized global crime require access to markets to enable them to produce value-added goods and increase local prosperity. In short, the nations of the Americas need U.S. markets today; the United States needs the markets of the Americas for tomorrow.

These positive elements have to be weighed in the light of the factors that will restrain U.S. economic growth in the coming decades. Let me describe three of these factors:

1. First, steady but slow growth has emerged as the prevailing economic policy for the United States. Slow population growth and the prevailing anti-inflationary policies of the Federal Reserve serve as a strong constraint. This means that improving salaries and living standards for the American worker can only come from continuing capital-intensive production, increasing productivity and new market penetration. It also means that the principal threats to the U.S. economy are from shocks from abroad and failures in the global trading system which interrupt our lines of supply or disrupt the markets.

2. Second, our supply lines to natural resources are becoming increasingly vulnerable as our standard of living continues to improve and consumption levels increase. This is especially true for energy. We already depend on imports for more than 50 percent of our fossil fuels, a level that exceeds 1970s oil embargo levels. Considering that the principal source of these energy imports is the Middle East, an area that has yet to undergo the

transition to democracy, economic growth in the coming century will be increasingly vulnerable to the security of our sources of energy.

3. Third are the changing demographics. The United States is facing the prospect of a labor-short economy after the year 2010 as the baby boomers enter their retirement years. The dangers of this reality are repeatedly and graphically portrayed today in our discussions of the solvency of Social Security. The other, less discussed side of that coin, is that the number of workers coming onto the U.S. job market will begin to fall dramatically behind the job creation capacity of the economy. This condition already exists in Western Europe where imported labor is commonplace. If the U.S. economy continues to create jobs at the present rate, the curve of new workers to job creation will cross in about the year 2010, only thirteen years from now. The demographics of a labor-short population will require us to place even greater emphasis on capital-intensive production and to rely on offshore production for more labor-intensive activities. This evolution will profoundly alter the dynamics of the relations between the United States and the rest of the world, but it will be especially poignant here in the Americas where the pressure for migration to the United States is a perennial challenge.

In my view, the most important policy criterion to balance these restraints is access to resources and markets, and the most beneficial alliance through which the United States can resolve these restraints is right here before our eyes in the Western Hemisphere. Here the elements that constitute the foundations of economic power are most accessible and secure. Here is the major repository of global natural resources. Here are the growing markets that are among the most dynamic of the developing world. If we can successfully meld the strong interests among the two halves of our hemisphere for our mutual objectives of democracy and open markets, we hold it within our grasp to create the largest, most endowed markets in the global economy. This is the vision of building Greater America, a vision that was implicitly the goal articulated by President Clinton at the Summit of the Americas when he called the 21st century the century of the Americas.

The issue that concerns us today, however, is not Latin America's potential but how it will reach it. Latin America is still in a stage of delicate transition. It has political liberty, but it does not yet have real democracy. It has open markets, but not a functioning market economy. We have trade agreements, but deficient infrastructure for trade. The old statist approaches of Latin America have suffered the fate of Humpty Dumpty, but they have not yet been replaced by institutions that rely on citizen participation and consensus building. Latin America has made gargantuan efforts to put the hypocrisy of closed dictatorships and protectionist economies behind it. It is moving rapidly to open democracies and markets. This is a Latin America to which the United States can genuinely relate and which can relate to the United States.

Dominant Trends

The issue, therefore, is what are the dominant trends in the region. We find that the current trends in the Americas today are rooted in the major trend of our age, the trend to diffusion of power. We see this taking place in Latin America in the decentralization of political power, of economic power and of civic power. We see it reflected in the increasing role of municipal and local governments and of the private sector through privatization, pension funds and small business. We see it manifested in three areas in particular:

- Diversification of economic power.
- Decentralization of civic power.
- Construction of infrastructure.

I would like to say a few words about each of these and why they reinforce my conviction that the recent political and economic changes in the region are irreversible and why, together, they make plausible the vision of Greater America.

Diversification of Economic Power

The most important trend in Latin America today is the diffusion of economic power. In contrast to the landed oligarchies that dominated Latin America's economic and political history as recently as the Alliance for Progress in the 1960s, Latin America today has a widening base of capital and production. Its new entrepreneurs have strong management skills and are increasingly self confident in the global markets. They are not afraid of competing and, unlike the landed oligarchy that preceded them, they do not depend on the military for their political power.

Ironically, the roots of this transformation lie in the so-called capital flight of the 1980s. Estimates of the transfer of capital abroad in this period range from $150 billion to $250 billion. But the most significant thing about that capital flight is that, in most cases, the businessmen who owned the assets continued to live in Latin America, to maintain their business in Latin America and keep their families in Latin America. They placed their capital abroad for safekeeping amidst an epidemic of unsustainable government fiscal and monetary policies. The prospect, however, was always strong that sound government policies could induce the owners of that capital to repatriate it to businesses they knew, businesses that made far more profits than they were able to make abroad and in an environment in which they felt comfortable.

That is precisely what happened. Repatriation of capital is fueling the great capital flows we see today as government policies create more hospitable investment environments. Rather than being the poor continent that many pundits bemoaned in the 1980s, the protective instincts of many Latin Americans to place their capital in safekeeping enabled it not only to maintain its value, but, in many cases, to appreciate.

This now provides Latin America with a stronger economic base on which to grow than appears evident from the cold data. It is the most promising component of a strategy for job creation that must undergird viable democracy.

These new centers of economic power are far more diffused than ever before in the region's history. Land-poor oligarches were displaced in the hyperinflation of the 1980s. In contrast, the new entrepreneurs who placed their capital abroad entered into a new dynamic with the global investment community. Latin Americans got to know investment bankers throughout the world. They became comfortable with them and gained their respect. The associations made in those years sparked a major change in outlook and sense of confidence. This was accelerated as their children entered U.S. universities and deepened their understanding of the emerging global markets. The old observation that anyone who questions the value of education does not know the history of the Jesuits should be amended. Anyone who questions the value of education in American universities does not understand what is happening in Latin America today.

The galvanizing force for the real diffusion of economic power, however, is privatization. Privatization provides an attractive vehicle for Latin American capital to return. It is opening the door to capital markets and for participation of the middle class. This is vital in a continent in which income distribution was severely distorted in the debt crisis and ensuing inflation of the 1980s. The diffusion of wealth is also receiving a strong new impetus with the privatization of pension funds that are providing pools of investment capital never before seen in the region. They are sparking an historic change in attitudes toward savings in which people who formerly considered their social security payments as a tax now perceive payments to their own funds as the accumulation of wealth. Bolivia today is adding a new dimension to privatization by placing the proceeds of the privatization directly into pension funds for the people. This unobtrusive but historic redistribution of wealth will create unprecedented purchasing power in the people. Both of these developments bode well for a major turnaround in domestic savings and capital markets, as Chile has amply demonstrated.

In short, as a protection from inflation, "the wingbeat of capital flying," as the *Economist* described it, has created a more diversified economic base than ever before in Latin America's history. The new capital is far more liquid and more integrated into the global pool of private capital than that of the old landed oligarchies. However, we are only in a transition period. The continuing high unemployment in some countries is a strong signal that economic reforms cannot proceed in patchwork. Private capital in new democracies must demonstrate that it can produce productive economies, and to that end government must be sensitive to its needs. The reality with which all governments must contend in today's world is that private capital dwarfs government resources; it is cold; it is unforgiving and it sets the standard of economic policy in Latin America as it does in the rest of the world. Government policymakers today must maintain a close eye on how the market perceives their performance. Failure to do so can rapidly produce economic wreckage, whether it is in Mexico, Great Britain, the United States or Japan.

Decentralization of Civic Power

The second major trend that militates for the stability of the new Latin America is the growing civic component of the private sector. The history of governance in Latin America mirrored an intellectual environment emanating from an authoritarian Spanish monarchy and church monopoly. The trend to civic responsibility and decentralization reflected in the growing movement of nongovernmental organizations (NGOs) is a powerful and irrepressible counterforce to this tradition, as the human rights efforts which took root in the 1980s amply demonstrated.

As in the history of capital flight, the NGO movement in the region also owes its origin to the traumas of the 1980s. We all recall the brain drain in which many Latin Americans fled abroad for political and economic reasons. It was a flight of people as well as capital. Just as financial instability was the catalyst for a new economic consciousness, so the human rights violations galvanized civic consciousness. Many of the Latin Americans abroad worked in organizations that embodied civic participation. Human rights advocates, followed by the environmentalists who mobilized to address the deterioration of the rain forest, rapidly came to influence civic action in almost every Latin American country. These NGOs have brought Latin American civil society to the point of no return.

The NGOs are to the social sector what private enterprise is to the productive sector. As they evolve from their first generation role of advocacy, they have an important role in the delivery of services in education, health and poverty alleviation. Government in Latin America has a 400-year record of failure in delivering services in the social sectors. This record of failure, and the resulting pervasive poverty, is the albatross weighing down the potential of the region in multiple ways about which, unfortunately, I am unable to go into detail at this time. The social services have long been relegated to secondary roles and are rife with political patronage, favoritism and inefficiency. The NGOs are becoming the new motors for the delivery of social services in the same way that private enterprise drives the productive sectors. Both embody a vast reservoir of motivation, energy and creativity. They are also the vital force for accountability in government, as we have seen recently in Venezuela, Brazil and Peru. The information revolution that transcends national borders has created international support groups for these NGOs. They are conscious of their expertise; they are conscious of their international networks; they are conscious of their rights. Whether it is the result of the NGOs, CNN or the Internet, new centers of citizen power have emerged throughout the societies of Latin America demanding accountability from government and assuming responsibility for themselves.

Construction of Infrastructure

The third major trend I want to point out today is the growing need for infrastructure to support the growing intra-regional trade. More than anything else in recent years, trade undergirds the emergence of Greater America. In the recent Summit of the Americas, the nations committed themselves to achieving free trade for the entire hemisphere by the year 2005. This marker will rank as significant in history as the Good Neighbor Policy of FDR or Kennedy's Alliance for Progress. Long an aspiration, today the goal of hemispheric free trade is a commitment. In a major difference from Latin America's past, which used the words of integration but practiced protectionism, free trade today is firmly embodied in the acceptance of open markets. It is only a matter of time before the goal is achieved.

It is vital that our people grasp the real potential of free trade in the Americas. The Western Hemisphere is the largest growing market for the United States. Over the last five years, U.S. trade with Latin America grew at a rate of 12.4 percent compared to 6.5 percent for Asia and less than 1 percent for Europe. At present, the United States exports more to the Western Hemisphere than any other region of the world. A larger percentage of U.S. goods is imported into Latin America than from any other region of the world, an average of 40 percent of Latin America's total imports compared to only 20 percent from Asia.

Most important, however, are the remarkable changes taking place in Latin America as its nations join the global market. As Latin American economies begin to produce more goods for the developed countries' markets, they have more to sell to each other. Economies that were once competitive, all producing the same primary products, are now becoming complementary. Brazil is already producing more products of world-class quality than any other developing nation. Four hundred thirty of Brazil's products have been categorized by international standards as "top quality."

Integration among the Latin American nations is accelerating. Mercosur, which joins Brazil, Argentina, Paraguay and Uruguay, is advancing rapidly. The recent accession of Chile and Bolivia, and the negotiations with Venezuela could make the South American Free Trade Area (SAFTA) a reality within the next two years. Cross-border investments and issuance of financial instruments are found in increasing numbers. More than 200 joint ventures have been established among the Mercosur countries. Chileans are investing in many other countries impelled by the capital surplus generated by the privatized pension funds. Argentina has begun a Brazil Fund registered on the Buenos Aires Stock Exchange. Trinidad is issuing stocks in the markets of Barbados and Jamaica. Studies are going on to integrate the capital markets of Central America and the Caribbean. Gas pipelines are joining Bolivia, Brazil, Argentina and Chile. Panama is projecting a future as the hub of intra-regional trade, not just a transportation route. The same is true of Paraguay and Bolivia, long on the margin of Latin American trade, but today at the center of the new intra-regional routes.

Infrastructure needs are estimated by the Inter-American Development Bank to require a $50-billion-a-year investment in the coming decade, increasing a minimum of 5 percent a year thereafter. Whether it is in the construction of new roads, ports, power or telecommunications, the infrastructure of integration is priority. Throughout Latin America the combination of the new, educated generation and the global contacts gained by Latin American entrepreneurs is providing a level of confidence and determination that will make them viable competitors in the global economy. This growth of production and prosperity in South America as a result of sub-regional integration is much in the interest of the United States.

What This Means for the United States

What do these trends mean for the United States? Are they in our interests? What policies should the United States pursue in the face of this monumental transition? Is the vision of Greater America a mirage or our common destiny?

The vision of Greater America has important tradeoffs for all American nations. Strong mutual interests are at stake in accelerating economic growth to assure that democracy, liberty and individual initiative prevail. Latin America must accelerate its development to keep up with the projected growth of its 450 million population. It has the enormous challenge of an exceedingly young population pattern. It must create jobs for 100 million children already born, and already on line for the job market. It cannot do this without access to the major developed market of the world in its own backyard, the United States. The United States, for its part, must look to Latin America as well as global markets for the higher-wage jobs needed to deal with our demographic realities and to feed the prodigious productive capacity of our technology.

The major obstacles to prospering United States-Latin America relations have long resided in domestic politics of all the nations. However, that too is changing. The move to open societies and markets has profoundly changed attitudes on both sides. The United States—long skeptical of dealing with dictatorships and closed markets—is increasingly comfortable with the new Latin America.

In sum, the economic and demographic realities and the mutuality of benefits that will dominate the new patterns of our relationship also promise increasing stability. Even the traditional oligarches and military now understand that the investment and technology essential to growth and competitiveness are in the hands of the private sector, and that private capital only flows freely and creatively through open, transparent markets. The new centers of power throughout the society, both economic power and civic power, are the strongest bulwarks against the return to the old military rule.

The policies for the United States in this context are clear. The overwhelming common interest today is to forge this geographic grouping into a giant productive economic unit. Capital and information already flow through regional and global networks without borders. The newly emerging civil society in the region is creating associations that will flourish as a second generation of U.S. Hispanics assumes its role in the U.S. economy and society, as the remarkable economic growth of Miami has vividly demonstrated. Corporations are already managing in that new environment. Governments must learn. As the Americas' roots entangle, they will bring the United States closer to Latin America than ever before.

In closing, let me restate my thesis. Latin America is the most important partner of the United States in consolidating the base of democracy and open markets in the global context as well as providing resources, markets and energy security for a growing economic base. As we close the books on this century, I am fully confident that President Clinton's vision of the Century of the Americas will see the realization of the vision of Greater America. The *backbone* of the global economy, the productive capacity deriving from the great combination of the treasures of the Rockies and Andes, together with U.S. technology, will be the bedrock foundation for unassailable economic growth. Together a combined open market of more than 600 million people will enable the coming generation to see Greater America emerge as a major force defining the values of the coming century.

Notes

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