

Engaging the Latin American World

Context

In October and November of 2007, Brookings Scholars Michael O'Hanlon, Diana Negroponte and Leonardo Martinez-Diaz had an e-mail exchange with prominent Latin American scholars with a variety of perspectives to discuss the issues facing Latin America.

Contributors

Michael O'Hanlon

Michael O'Hanlon specializes in U.S. national security policy. He is senior author of the Iraq Index. A former defense budget analyst who advised members of Congress on military spending, he specializes in Iraq, North Korea, homeland security, the use of military force and other defense issues. He is also director of Opportunity 08.

Currently, he is a Visiting Lecturer at Princeton University. He has also taught at John Hopkins School of Advanced International Studies. Previously, O'Hanlon was a Defense and Foreign Policy Analyst in the National Security Division of the Congressional Budget Office (1989-94); he was a Research Assistant at the Institute for Defense Analyses; and he was a Peace Corps Volunteer in Congo. Dr. O'Hanlon received a Ph.D. (1991), M.A. (1988), M.S.E. (1987), A.B. (1982), from Princeton University

Diana Villiers Negroponte

Formerly a trade lawyer and professor of history, Diana Negroponte focuses her work on Latin America. She researches and writes about the New Left, populism and the relationship between criminal gangs and state institutions. Currently she holds the

following positions: Member, Board of the Council, National Endowment for the Humanities; Member, Amnesty International; Member, Council on Foreign Relations; Member, Board of Women's Foreign Policy Group; Member, Board of Opportunity International; Member, Global Leadership Council, Habitat for Humanity International. Previously, she was a Senior Scholar at the U.S. Institute of Peace; an attorney at Paul, Hastings, Janofsky & Walker; was an adjunct faculty member at Fordham University; and was Country Director for Honduras with the development NGO World Relief. She obtained a Ph.D. from Georgetown University; a J.D. from American University; and a B.S. Econ from the London School of Economics & Political Science

Leonardo Martinez-Diaz

An international political economy fellow, Leonardo Martinez-Diaz focuses on emerging economies, and the role of banking and finance and global governance in Mexico; Indonesia; and Brazil. He also researches economic policymaking in developing countries; banking and financial regulation; global economic governance; and business-government relations. Prior to coming to Brookings, Martinez-Díaz worked as a research associate in the Global Economic Governance Programme at Oxford University, 2003-04; as a project officer at the Financial Sector Reform and Strengthening Initiative in London, 2004; as a senior associate at APCO Worldwide in Jakarta, 2003; as a research associate, Center for Economic and Social Studies in Jakarta; and as a consultant at Oxford Analytica, 2000-05. Martinez-Díaz earned a D.Phil. (2007) and an M.Phil. from Oxford (2001), as well as a B.A. from Northwestern (1999).

Vidal Garza Cantú

Vidal Garza Cantú is a Professor of Public Policy and Economics in the Graduate School of Public Policy and Administration at the Monterrey Technological Institute. Currently, he is also director of the FEMSA Foundation. Dr. Garza Cantú focuses his research on public policy and political economy and income distribution, along with his concentration on the study of institutionalism in political economy. Previously, Garza Cantú was director of the Center for Analysis and Evaluation of Public Policy at the Monterrey Institute of Technology. He is an associated professor for Mexico and Latin America at the University of Texas Inequality Project (UTIP). He has published articles

in Latin American Economic Journal, Review of Development Economics, UTIP Working Paper Series, and Journal of Economic Issues, as well as several book chapters, such as: "Inequality in American Manufacturing Wages 1920-1998" and "The Evolution of Industrial Earnings Inequality in Mexico and Brazil" in *Inequality & Industrial Change, A Global View* (University Press, 2001). Garza Cantú earned a PhD. in public policy (University of Texas), an M.P.P. (Harvard University), B.A. in economics (Monterrey Institute of Technology) and a J.D. (the Autonomous University of Nuevo León, Mexico).

Víctor López Villafaña

Víctor López Villafaña is a professor in the International Relations Department at Monterrey Technological Institute. He holds a PhD. in Economics and a Master in Political Science from Autonomous University of Mexico, specializing in economic integration issues particularly around NAFTA and expert of the Asia-Pacific Region. He has been a visiting scholar at the Institute for Developing Economies in Japan, University of California San Diego, US and the University of British Columbia, Canada. Mr. López Villafaña is a member of SNI level II (National Research Council). An author of more than 50 articles and book chapters in national as well as international publications, his latest book is titled *From NAFTA to Mercosur: Integration and diversity in Latin America*.

Isidro Morales

Isidro Morales received his Ph.D. in France (1984), from the Paris-based Institut d'Etudes Politiques. He worked as a researcher at the College of Mexico and other Mexican universities. He was a lecturer at the University of Copenhagen and guest researcher at the Danish Center for Development Research, the Watson Institute of the Brown University and the John W. Kluge Center at the Library of Congress, in Washington D.C. He is currently Dean of the School of Social Sciences at the University of the Americas in Puebla, Mexico. Dr. Morales' main research areas are: the geopolitics and geo-economics of trade and investment markets; the political economy of regional integration; Mexico-U.S. trade relations; and U.S.-Latin American relations. Dr. Morales has co-authored two books and published several articles in specialized

journals, dealing mainly with integration and trade-related topics. His last two publications are: "The governance of global issues through regionalism. NAFTA as an interface between multilateral and North-South policies." *The Journal of Social Science*, University of Tokyo, Vol. 55, No. 1, December 2003, pp. 27-52, and "Post-sovereign Governance in a Globalizing and Fragmenting World: The Case of Mexico", *Review of Policy Research*, Potomac Institute for Policy Studies, Vol. 21, No. 1, January 2004, pp. 107-127.

Eugenio Lahera

Eugenio Lahera is the John L. Weinberg/Goldman Sachs and Company Visiting Professor at the Woodrow Wilson School and Associate Professor at the Universidad de Chile. He worked at the Ministry of Foreign Affairs in Chile until 1973 military coup, after which attended the Woodrow Wilson School and earned his MPP and Ph.D. Lahera left Princeton in 1979 to work for the UN Secretariat of Economic Commission for Latin America and for the Chilean government since 1990. While there he was the editor of the CEPAL Review. Lahera also served as Senior Advisor and Chief of Public Policies of the Ricardo Lagos presidency (2000-2006). Lahera is the author or co-author of the books "The Chilean Development the 90's," and "Introduction to the Public Policies." Lahera is also the Executive Director of the Fundación Chile 21 in Santiago, a social and economic think tank.

Rita Giacalone

Dr. Rita Giacalone holds a Ph.D. in History from Indiana University. She is currently a professor of economic history in the College of Economic and Social Sciences at the University of the Andes (Mérida, Venezuela) and coordinator of the Regional Integration Group (GRUDIR) and the Network of Research and Formation in Regional Integration (REDINRE) of the European Union's ALFA Program.

Correspondence

From: Michael O'Hanlon

Date: October 25, 2007

To: Diana Negrofonte; Leonardo Martinez-Diaz; Garza Cantu Vidal; Victor López; Isidro Morales; Eugenio P Lahera; Rita Giacalone

Subject: Email dialogue next week!

Greetings Vidal Garza Cantu, Victor Lopez, Isidro Morales, Eugenio Lahera, and Rita Giacalone, as well as Diana and Leonardo.

Here is the first question I promised. You can respond directly to my questions, or to each other's earlier answers to a given question. Looking forward to your thoughts! Thanks again for participating. Best, Mike

QUESTION #1: What is the state of U.S.-Latin America relations today, in historical perspective?

From: Diana Negrofonte

Date: October 29, 2007

RE: Question #1 of Email Dialogue

Hi, I'm Diana Negrofonte, a Visiting Fellow at Brookings and a person deeply committed to the U.S. relationship with our hemisphere. It sounds odd, but as a British citizen, I taught the history of Latin America for several years both at Georgetown and at Fordham universities.

A course correction is taking place with an effort by the U.S. government to reengage with the hemisphere. The lapse from 1992 to 2006 was due to Washington's dismissal of hemispheric security issues at the end of the Cold War, and the growing priority of threats from elsewhere. Despite the lapse in official attention, trade continued throughout the hemisphere and North American non-governmental programs, including academic programs, continued lustily. It did not seem to matter to Washington that the hemisphere felt ignored until the phenomena of anti-American populist leaders appeared. The rhetoric could be ignored, but the purchase of

armaments and the concentration of power in the hands of leaders who would not be constrained within their own body politic aroused concern within the U.S. government. You might say that it rediscovered the importance of our neighbors to the south. Now, we must distinguish between Washington's rhetoric of social justice and its actual performance, by which I mean commitment of U.S. government funds. This topic will provide much ammunition for discussion throughout this week.

From: Isidro Morales Moreno

Date: October 29, 2007

RE: Question #1 of Email Dialogue

I am a Mexican scholar, currently based at the Graduate School in Public Administration and Public Policy of Monterrey-Tech, Monterrey campus. Michael, what a question!! In my opinion US-LA relations do not even reach the category of "benign neglect", there is just neglect –and perhaps ignorance- within the current administration to what is happening in the region. The major reason is clear: after 9/11 the Bush administration –during his two terms- became absorbed in his "war against terror" and its engagement in the Middle East, which as we know proved to be a nightmare. Trade diplomacy though, through the reactivation of negotiations gearing to the FTAA (Free Trade Agreement for the Americas), remained the major policy goal linking LA with US interests during the current Republican administration. However, FTAA talks came to a deadlock, linked to Brazil's –and to a lesser extent Mercosur countries'--"soft balancing" diplomacy aimed at weakening Washington's agenda in the WTO and other fronts. Nonetheless, Washington did not change either the content or rhetoric of its trade agenda –still based in the Washington consensus formula of the eighties-- alienating public opinion and elites from southern countries. By changing solely its strategy –the so-called "hub and spoke" proliferation of free trade agreements with Central American and key Andean countries--Washington contributed to the polarization prevailing in the region. Washington must change its reading about policy and political changes happening in the southern region, and to acknowledge that

the corporate- and market-based formula that propelled state reforms in the eighties and nineties has currently lost its appeal.

Best,
Isidro

From: Rita Giacalone

Date: October 29, 2007

RE: Question #1 of Email Dialogue

Hello, everyone.

I teach Economic History at the University of the Andes (Mérida, Venezuela) and have been active in research in matters of international relations and regional integration for the last 18 years, or more.

From a historical perspective, US-Latin America relations today appear to be in one of their worst moments, due to a combination of lack of attention from the US government and of the impact of external forces. This combination has been negative for US influence in the region because there is a pervasive feeling that the U.S. has failed Latin America when this needed more attention, especially when American actions, for example, are compared to the actions of other external actors such as the European Union. Moreover, in spite of American neglect, Latin America has enjoyed economic growth during the last years (mainly pushed by the sale of commodities to China), which has granted some governments a higher degree of independence in its relations vis-à-vis the U.S. Obviously, the events of September 2001 added a new dimension to the problem by forcing the U.S. government to emphasize security within the region, to the detriment of other questions, which has fueled an anti-American attitude in certain quarters. The only "positive" (????) note seems to be that most of today anti-American rhetoric in Latin America is aimed at the figure of the president,

thus a change after the 2008 presidential election could provide an opportunity to change direction.

Best wishes,
Rita

From: Victor López
Date: October 29, 2007
RE: Question #1 of Email Dialogue

Victor López Villafaña is a professor at Tecnológico de Monterrey in the Center for North American Studies.

The basic problem of US now is that, for many countries in Latin America, it is not a model to follow. Mr. Bush's leadership, grounded now on military interventions in a war against terror, is far away from the needs and feelings of the people of various Latin American countries. Latin America is not any more confident in the role that the US could play for their future. That is one of the reasons why the continent is promoting basic changes on economic and foreign policies. If no fundamental changes are coming after the 2008 election, Latin America will be lost for the US.

Victor Lopez V

From: Leonardo Martinez-Diaz
Date: October 29, 2007
RE: Question #1 of Email Dialogue

Hi everyone, I am Leonardo, and I work primarily on Mexico and Brazil at Brookings. I am Mexican-American.

I would like to draw two distinctions when we talk about US-Latin America relations.

First, we have to distinguish between relations among governments on one hand and relations among non-state actors on the other. Historically, this is a time of low engagement in traditional, state-to-state diplomacy, but relations among societies have never been better. Looking at the amount of Latin Americans who live, work,

study, or do business in the US (and remit money to their home countries) and at the amount of Americans who live, work, study, and trade with Latin America, it is clear to me that the non-state networks that bind the two regions in a constructive way are thicker than ever. (Of course, there are also networks of people, drugs, and arms traffickers, but that is a small percentage of the flows).

The second distinction is about the QUALITY of US government-to-government engagement, not just about the INTENSITY of engagement. Again, by historical standards, these may be the best of times. During the Cold War, the US was very intensely involved in LA, but much of this engagement was arguably quite destructive, whether it involved active or passive support for authoritarian regimes, or contributed to civil wars, or promoted inappropriate economic policies.

So if I have to choose between intense but misguided US government engagement or weak government engagement with strong and positive non-state relationships, I will take the latter every time. Ideally, we would like to see positive US government engagement, and how we get to that is something we can discuss.

From: Eugenio P Lahera

Date: November 1, 2007

RE: Question #1 of Email Dialogue

Eugenio P. Lahera is an Associate Professor at the University of Chile, and is currently a John L. Weinberg/Goldman Sachs and Company Visiting Professor at the Woodrow Wilson School at Princeton University.

It is bad, but it could be worst, since the approach of the US Government (USG) towards these relations is very ideological. A more pragmatic USG could easily find issues of common interest to the US and Latin America. Examples: on global matters, the furthering of multilateralism and the creation of global public goods. On the regional level, the achievement of NAFTA by other means, the study of democratic governance (politics translated into policies by broad electoral coalitions, improved

public management and public policies (the role of GAO, for example), and the intensification of cultural ties (MacDonald is American, but Whistler and Roth too).

Saludos, Eugenio

From: Michael O'Hanlon

Date: October 30, 2007

Subject: Question #2

Thank you all for a great round of answers to question #1. But Leonardo's intriguing argument that governments may not matter quite as much as they once did provokes this question about a subject that they presumably must be involved in: immigration. What should happen on this? I am referring to US immigration policy and your views on how, if at all, America's present policies for handling legal and illegal immigrants should be modified.

From: Diana Negroponete

Date: October 31, 2007

RE: Question #2

I look forward to the comments of our colleagues in the hemisphere. Rita Giacalone is correct in identifying the domestic nature of the U.S. debate on immigration. This is an intensely political issue, perhaps the most contentious in North America after Iraq. The division within our body politic on this issue breaks down into categories of class, education level and geographic area. The divide is bitter. Last week, the Governor of New York state proposed issuing driving licenses to all immigrants, both legal and illegal. The proposal provoked a howl of opposition, and a deliberate choice to ignore the reality that all of us - with papers, or without - drive cars to work and to the store. We must now debate different classes of driving license, which will clearly identify what kind of papers each of us hold to live in this country. This is probably unconstitutional, conflicting with our Equal Protection clause under the 14th Amendment to the U.S.

Constitution, and it will be challenged in the courts. However, the issue demonstrates the hypocrisy that accompanies our debate on immigration. People oppose illegal immigrants, but still want their houses built, offices cleaned, lawns cut, children cared for and products consumed. We are becoming an inward looking, protectionist people with a mean streak rarely seen in America's history. It will take great leadership, presently unseen, to restore the generosity and outreach of the American people.

Diana Villiers Negroponete

From: Vidal Garza Cantu
Date: October 31, 2007
RE: Question #2

Vidal Garza Cantu is a Professor of Public Policy and Economics in EGAP Tecnológico de Monterrey and director of FEMSA. Foundation

Totally agree with Diana. In addition to the migration debate we need to move from the highly contentious and political frame to the economic one.

Today US requires 5.5 million new workers each year to continue its current economic growth rate. More if it wants to grow more. Half of the newly created jobs are unskilled labor; hence it is impossible to get that supply of jobs with a border wall. If they are not American, they will need to be Mexicans, if not Asians. But the fact is that US demographic trends will continue to require imported labor. In addition Mexico suffers the loss of half a million Mexicans to immigration. Documented or undocumented every year since the 80s, 500,000 young and full of energy Mexicans on average migrate to the US. Slowly Mexico is losing its labor power to immigration. The problem is of labor demand and excess supply. Framing this issue in economic terms will help the current migratory impasse.

Finally I believe the failed migratory reform attempt of this year actually works in favor of both nations. The US benefits from artificially low labor costs due to illegal immigrants and my country is helped by perhaps retaining more labor age Mexicans to pressure Mexico to create labor opportunities inland.

Vidal Garza, PhD

From: Victor López
Date: October 31, 2007
RE: Question #2

As you know the Mexican migration to the US is now the key issue in the relationship of both countries. Last Sunday, a Mexican national newspaper based on a World Bank study, declared that 6 million Mexicans were ousted from rural lands due to the effects of NAFTA. Mexico is now the number one producer of migrants, principally to the US, but a new trend has emerged that included in the group of emigrants are skilled laborers and professionals moving out in search of better jobs, and not only to the US.

It is a very complicated issue, with many causes (market labor integration; low Mexican economic growth; increase of low wage industries and service sectors within the US, etc). The US is handling this problem unilaterally, as if it were a domestic issue. A consistent and coherent migration policy should include the Mexican participation. Again, due to mismanagement of this problem with its neighbor, the US is sending a very wrong signal to the continent.

Victor

From: Isidro Morales
Date: October 31, 2007
RE: Question #2

Regarding illegal migration, I subscribe to Peter Andreas' position. He says that US migratory policy focusing on barricading the Mexican border for deterring illegal aliens to trespass it, has been a politically successful policy failure. It has been a success, because it has defused the domestic pressures against both Democrat or Republican administrations on the matter. At the same time it has militarized the southwest border and increased the staff and budget of US border patrol and related agencies. By contrast, it has been a policy failure because as Vidal and Victor argue, Mexicans and non-Mexicans are trespassing the line due to economic as well as myriad other reasons. There is indeed, a cheap, informal labor market integrated between Mexico

and the US, thoroughly studied by the Colegio de la Frontera Norte in Mexico, and the Pew Hispanic Institute in the US. In other words, there is sufficient data and information that the US economy needs and will continue to attract illegal workers, coming either from Mexico or other parts but arriving mainly throughout Mexican territory. So the question that should be discussed is why the US government does not change its policy strategy and keeps "barricading" the border (i.e. the last wall that is under construction) even though there is enough evidence that this won't deter illegal people to enter. By hastily barricading borders the US government is just relocating the points of entrance to more dangerous ones. If the answer just reinforces Peter Andres' argument, it means that the US government is following a very cynical dangerous game in which the "illegal alien" or the "unauthorized worker" has become the target of all policy failures.

Best,
Isidro

From: Michael O'Hanlon

Date: Oct. 31, 2007

I'd like to explore Latin American politics. I am far from an expert, but lots appears to be going on even to my relatively uninformed eye: transition (admittedly from Castro to Castro) in Cuba, a new Castro-like figure in Venezuela, impressive new women leaders as well as a streak of populism in the southern part of South America, ongoing (relative) success for a hardliner who appears a kindred sole to President Bush in Colombia.

What to make of all this, and of the state of politics in Latin America? Are there real trends, or just coincidences, in some of these changes? Does the United States mishandle controversial figures like the Castro brothers and Chavez, giving them more importance than they would otherwise have (or deserve)? I know it's a big question, but please tell us something about the contemporary politics of Latin America, what strikes you as significant, and what you think Washington should do differently in responding to it. Thanks!

From: Rita Giacalone

Date: November 1, 2007

RE: Question #2

Hi, everybody. Well, this is too big a subject! In fact, I think that there are at least three questions. The first is the extension of neo-populism of the left in Latin America, the second the role of the Venezuelan government, and the third, what may the U.S. do vis-à-vis the first two phenomena. I will answer, obviously, the one of outmost interest to me, i.e. Venezuela.

Since 1999 the strategy of the Venezuelan government has been to articulate a rather weak and diffuse original project – Bolivarianism – with more specific programs of other actors (anti-globalization, anti-FTAA, indigenous groups, environmentalists, etc.), and to change it along the way, with the aim of weakening U.S. power and remaining in power.. Thus, it has successfully adopted the banners of other groups (and/or governments such as Brazil and Bolivia), which represent legitimate grievances of the Latin American population at large (poverty, exclusion, environment degradation, loss of jobs, etc.), and placed the burden of them on the U.S. But so far, after more than 8 years in government and with a large influx of oil money, it has been unable to provide a coherent and workable program to face the problems. Developing coherent and efficient programs to solve these Latin America problems may, in the end, offer the Venezuelan government less opportunities for continuing this behavior.

Regarding the U.S. behavior towards the Venezuelan government, some positive signs have been appearing: 1) not indifference but also no reaction to public provocations; 2) recognition of the fact that almost 15 % of U.S. oil imports come from Venezuela so outright break up of relations is unthinkable at this moment, with a war going on; 3) rapprochement with Brazil, a more pragmatic than ideologically oriented Latin American government, which wants to assert its regional leadership, undermined by Venezuela (this last strategy may also end up, in the long term, lessening U.S. dependence on Venezuelan oil) and, finally, to steer clearly out of any hint at military and/or political intervention.

Best wishes,
Rita

From: Victor López

Date: November 1, 2007

RE: Question #2

As a result of various political phenomena in most of our countries, such a disappointment with traditional politicians, corruption, and very bad economic policies, many kinds of leftist governments have arisen in our continent. It is important to say that there are different political traditions, history and culture that had led to different expressions of what we now call leftist governments in Latin America (Chile vs. Venezuela, for instance are not the same). Many countries, especially in Southern Cone, are becoming more and more economically and strategically disentangled from the US orbit (Brazil, Argentina, Chile have ambitious economic projects with China and Asia in general, but also Africa, Middle East and Europe as well).

The US with Bush is exerting pressure precisely to speed up disengagement. It is clear, at least to me, that it is impossible to revert to the US policies with all these governments unless a radical change is achieved. I believe the US failure in Iraq could produce some event similar to when US was defeated in Vietnam (US ended the embargo with communist China). The only thing that can change radically the US policies in Latin America is to end the Cuban embargo and normalize relations.

Victor

From: Michael O'Hanlon

Date: November 5, 2007

Subject: Last Question!

Let me wrap things up with a final question (actually two!), and invite you to respond

to these or other matters today and through the weekend. So my final question is: how do you feel about the future of Latin America itself? Leave aside the issue of its relations with the big power to the north and please take stock of where you see South America as well as Mexico and Central America headed?

My second wrap-up question is really just to invite you to offer thoughts on any other matter (such as the "drug war" or Amazon deforestation or something else) that you feel we should have covered, but that I did not directly address in my questions.

Thank you!

From: Isidro Morales Moreno

Date: November 2, 2007

RE: Last Question!

Michael, this is for writing a whole essay!!

Contrary to what some authors have argued, in the years to come the notion of Latin America won't be over; it is rather in the process of being redefined. Geopolitically, two major blocs are in the way to be conformed: those countries --yet regions-- gravitating to the enlarged "North American" market, whose state-market relationships more and more are being shaped under the disciplinary ruling of NAFTA and NAFTA-like regimes (i.e. DR-CAFTA and the myriad of bilateral deals à la NAFTA, signed by the US, Mexico and Canada with Central America, Chile, Panama, Colombia and Peru), and those ones gravitating around the Brazilian leadership (original Mercosur countries plus Bolivia, Venezuela and throughout the latter, Cuba). In contrast with the first bloc, those countries coalescing around the Brazilian leadership feature state-led policies in which markets remain subordinated to public policies. Ideologically, the first bloc is betting on economic and public efficiency throughout markets, but this does not automatically mean that this bloc is becoming unconditionally pro-American.

In fact, the error and abuses of the Bush administration, especially after the invasion of Iraq, and the inability of the US Congress to strike a favorable migratory policy, has fueled anti-American feelings in the bloc, in spite of supporting market reforms. Anti-Americanism has become exacerbated in the second bloc, skillfully exploited by some political elites (i.e. Venezuela and Cuba –by the way, I fully appreciated what Rita told us about her country) in order to increase the legitimacy of state-centered strategies. It will be interesting to see how these two blocs will evolve, domestically and internationally --Chile becoming perhaps a case in its own, or perhaps an interface between the two blocs. However, in the long run, the divide will be eroded by the power of convergences. A major thread of the two blocs is that, in spite of their institutional differences for re-arranging market-state relations, both host populations and elites mistrust US foreign policy intentions. Anti-Americanism, and this embedded mistrust, will remain the source by which Latin American elites and their peoples will continue to represent themselves as "other", non-Americans, that is, Latin Americans.

Have a nice weekend,
Isidro

From: Rita Giacalone
Date: November 3, 2007
RE: Last Question!

Hi, everybody! Sorry for the delay but Fridays are chaotic days. I am afraid, that my answer is longer than usual and has not even scratched the surface of the matter.

Regarding the future of Latin America, some events signal a future based on more intraregional economic and political cooperation, if we pay attention to what has been going on in terms of regional integration, at least in South America. However, there is a risk that this trend may be more apparent than real, because behind the declarations and summits, ideological and/or political interests of individual governments still predominate the interests of the region as a whole. Besides that situation, the process of regional cooperation is limited and constrained by internal forces and many things need to be done within Latin America (define meaningful and viable common goals, strengthen institutions, make public administration accountable and transparent,

among others) for integration to become an instrument of development. On the other hand, specific programs such as the one aimed at integrating South American infrastructure look like concrete steps in the right direction. Also the recent movements of Mexico to associate with the Andean Community and Mercosur seem to go the same way.

Anyway, the future of Latin America looks complex and external actors will be an important factor in that process. Their influence can no doubt be positive if they understand, first, that Latin Americans have the right to choose that future and should not be treated as minors in their relationships with developed nations; second, that it is in the interest of all, external actors included, that Latin America achieve a higher level of economic development in the medium term, and, thirdly, that international cooperation, properly planned and administered, may be a tool to help this situation to develop. After all, Europe, after World War II, and also Eastern Europe after the fall of the Berlin wall, benefited from international cooperation, which helped them develop into what they are today.

I cannot think now about specific further questions, except for the fact that we have been looking at relations between Latin America and the U.S. as if they are in a void, with no attention paid to the larger setting (WTO, the triangular relationship U.S.-European Union-Latin America, etc.).

Best wishes to all, and let me know if I can be of further help.

Rita

From: Leonardo Martinez-Diaz

Date: November 3, 2007

RE: Last Question!

I apologize for the delay. I think that when we talk about "the future of Latin America", the region should not be seen as a single unit. Instead, we should be really

talking about the future of the four Latin Americas, especially since I agree with Rita that regional integration will remain elusive.

The “first Latin America” is the second largest economy—Mexico. Despite sporadic attempts at diversification, Mexico will remain ever more wedded to the United States. The US exerts too strong a gravitational pull, and Mexico’s future will depend on developments in the US, at least in matters of trade, investment, remittances, and migration. This is not a bad thing—worse things can happen to a developing country than becoming highly integrated with what should remain the largest and most dynamic economy in the world.

On the other hand, Central America—especially Honduras, Nicaragua, and El Salvador—will remain dependent on foreign aid; its future will depend on whether the proceeds of debt relief and aid can help break poverty traps.

The Caribbean will remain a mixed bag. Cuba will surely flourish when capitalism returns, and small islands like Antigua and St Kitts will continue to grow thanks to offshore gambling and tax heavens. However, these countries will share the region with some of the poorest and most violent places in Latin America (Haiti). And if global warming does increase the incidence of major tropical storms, the Caribbean countries (and bits of Central America) will see a future of escalating devastation and human tragedy.

South America is the most complex sub-region, but much will depend on what happens to Brazil, by far the largest economy there. Brazil is playing an increasingly global game, doing deals with its Mercosur neighbors, but also with China, the EU, and the US. As long as Brazil flourishes, Argentina and the smaller neighbors are likely to do well. The wild card is of course Venezuela, and there much depends on whether Chavez will use the country’s considerable wealth to invest in his country’s future or squander it on grandiose delusions.

Leonardo

From: Diana Negroponte

Date: November 5, 2007

RE: O'Hanlon's 3rd Question "current trends in Latin America."

From a U.S. perspective, we have tended to identify trends based on trade associations, as indicative of political preference, thus NAFTA, CAFTA + DR, MERCOSUR, Pacto Andino. I believe that the significance of these trade associations is declining in terms of political identification. The question is therefore what is replacing trade associations as a factor in national behavior?

In the face of increased prosperity throughout the region based on global demand for oil, mineral and food resources, there is a call for greater political voice from those who are marginalized from regional prosperity. This call is for participation in the political process and redistribution of wealth. The phenomena can be generalized, but the response is varied. Of interest, are the factors that determine the differing responses. I believe that our discussion should delve deeply into these elements, which include trade associations, but are not limited to them.

First, nationalism has returned as a strong motive for leadership in certain countries, notably Venezuela and Cuba. Second, free market economies with focus on international trade, notably Chile and Mexico. Third, commitment to redistributive policies through conditioned government programs, such as the Bolsa Familia. Obviously, these programs can and, for the most part, are combined with free market economies, but I expect to see greater demand by labor for worker's rights; a phenomenon suppressed during the early part of this decade. Fourth, authoritarian impulses have argued in favor of re-drafting the constitution to concentrate power in the Presidency. We note this in Venezuela, Bolivia, and maybe in Ecuador. Fifth, emigration as means to demonstrate adulthood, and support the family through remittance, most notably in Central America has acted as a stabilizing force over the last decade. What are the consequences when emigration to the U.S. becomes much harder? Will population movements herd toward Mexico's northern border, and if so what are the consequences for Mexican social services?

It would be helpful if you could add, or detract from these five factors. Should deportation be considered a factor? Maybe. None of these elements work alone, but they can help us identify the strains within distinct Latin American and Caribbean societies and help us predict the nature of national leadership.

The future is not stable. In the context of declining U.S. role, if not the end of its hegemony in the region, the hemisphere should expect constant shifts in political relations. Brazil may assert regional leadership, but this is contested by Venezuela and the Bolivarian role. Mexico is well placed, but its growth pattern reveals anemia and to date, inability for technical innovation and competitive behavior in telecommunications. I anticipate an era of populist leadership, backed by left or center left parties, which will enjoy nationalist rhetoric, but not provoke a response from Washington. Meantime, there is a serious need for a regional policy on energy, control of CO2 emissions and a collaborative response to trade with North Asia. Lots of work ahead and we shall be bystanders, at best.

Diana Negroponte

From: Victor Lopez

Date: November 7, 2007

RE: Last Question!

Sorry for the delay, I have busy been with lots of activities.

Let me tell you that I see a consensus in all your replies so far and diagnosis on this big question "Future of Latin America" (it implies a whole seminar...)

Latin America is in a new round of expectations, especially countries in the Southern Cone. Chile, of course, but Brazil and Argentina are also showing good economic performance. They have policies more or less dedicated to solve old social problems, poverty, education, etc. If they can achieve it in a respectable time it with political stability I can assure you that Latin America can go in the right direction. Moreover,

they are having very diversified trade policies. One problem that Asian countries solved in the past was the restructuring of their economies. Many of these countries, such as Chile and Argentina, are going to need to change economic profiles, catching up with new and advanced technologies. Cristina Fernandez de Kirchner, new president of Argentina said that she wanted to convert Argentina in a kind of the Germany of Latin America.

Mexico is in the Post NAFTA era....it means its economy is losing advantages in the US Market (Chinese competition) and is as you now highly dependent on the US economy. Its GDP forecast is low for the coming future and I don't see how the losses in the US market (trade merchandise) can be redirected to alternative markets. We have a governance problem too and all this makes Mexico have a very uncertain future.

In the middle we need to put Venezuela, Ecuador, Bolivia and Central America, (please see what is happening now in Guatemala a center left candidate won!).

Victor