Georgetown University
Center for Latin American Studies

Learning from the Crisis: Investment, Growth, Democracy, and Social Justice in Latin America

Georgetown University, Center for Latin American Studies

April 1996

Working Paper Series No. 9

OCCASIONAL PAPER SERIES, NO. 9

LEARNING FROM THE CRISIS:
INVESTMENT, GROWTH, DEMOCRACY, AND SOCIAL JUSTICE IN LATIN AMERICA

Report on a Conference Held at the
GEORGETOWN UNIVERSITY
CENTER FOR LATIN AMERICAN STUDIES

18-19 April 1996

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LEARNING FROM THE CRISIS: INVESTMENT, GROWTH, DEMOCRACY, AND SOCIAL JUSTICE IN LATIN AMERICA

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PURPOSES OF THE CONFERENCE

JOHN BAILEY

Until 20 December 1994, very few observers were aware of the fragility of the international system laid bare by the devaluation of the Mexican peso. The devaluation created unanticipated problems for economic recovery in several of the economies of Latin America, which had begun in the late 1980s. Moreover, the crisis highlighted many economic and social issues which had been postponed during the preliminary adjustment stage, e.g., the creation of jobs, the effectiveness of social policies, and the growth of domestic savings and investment. The crisis also revealed that sound and dynamic economies require more than strong presidencies and technically capable economic teams. Emerging markets in Latin America (and elsewhere) need: (1) accountable institutional mechanisms, such as legislatures, political parties, and judiciaries; and (2) effective autonomy for crucial economic institutions, such as central banks, tax administration agencies, and other regulatory bodies.

The conference sought to offer an opportunity to relevant actors (international organizations, Western Hemisphere governments, and political, business and social leaders) to explore:

* The dynamics of a serious crisis like that ignited by the recent Mexico peso devaluation in the context of a globalized international environment, including the amplified effects of crises on emerging markets undergoing democratic transition (or consolidation); and

* The formulation and/or redesign of economic and political institutions, both national and multilateral, which could most effectively prevent or cope with the repetition of crises such as Mexico's in 1994-95.

Sergio Berensztein and Marcelo Cavarozzi played key roles in articulating the themes of the conference and in identifying colleagues well qualified to contribute as presenters or commentators. The conference was organized around presentations by leading scholars from Latin America and the United States and featured keynote speeches by special guests. A special forum of political party leaders from Argentina, Chile and Mexico explored the political implications of structural adjustment in their countries. The presentations by academic specialists were based on brief outlines or summaries. Papers, based on the presentations and informed by the discussions, will be published subsequently in an edited volume. I want to thank the following institutions for their generous financial support: The governments of Argentina and Mexico, The William and Flora Hewlett Foundation, the Policy and Markets Network, Techint Argentina, and the United Nations Development Program.

This report contains the conference agenda, summaries of the presentations, and a list of participants. For an edited transcript of the commentaries and discussion, please contact William New of the Center for Latin American Studies (tel. 202 687 0145).

WHAT ARE THE FUNDAMENTALS?
LESSONS FROM THE MEXICAN CRISIS

JAIME ROS

Many analysts wrongly assessed the fundamentals of the Mexican economy in the pre-crisis period. They neglected the possibility of unsustainable debt accumulation except in the event of inconsistencies between fiscal and monetary policy, on the one hand, and exchange rate policy on the other. Since these policies were consistent for most of the period preceding the crisis, there was no reason to worry about other sources of unsustainability. Their vision was blurred by the speculative bubble. As usually happens after the bubble bursts, all sorts of rationalizations are produced that neglect the fundamentals.

What Are the Fundamentals?

Can a debt crisis take place in the absence of monetary or fiscal policy mistakes? A useful way to approach this question is to look at the debt accumulation process in an economy in which there is no fiscal or monetary policy and, therefore, no chance of making policy mistakes. Fundamentals include internal savings rates, debt stock and interest rates, exchange rates, trade balances, and flows of external investment.

Consider a Domar-type model of debt accumulation and growth for an economy in which the current account deficit is financed through external debt and foreign direct investments. The debt-capital ratio grows for two reasons: (1) the primary component is given by the excess of the trade deficit over foreign direct investments (net of remittances); (2) a secondary component is given by the excess of the interest rate on debt over the growth rate of the capital stock.

There is a rate of growth--call it the "balanced growth rate"--at which the primary component is zero and at which, therefore, the debt/capital ratio grows at a rate equal to the difference between the interest rate and the growth rate. This "balanced growth rate" can be looked at as a joint index of "competitiveness" and the "capacity to attract foreign investment."

Two cases can be distinguished. (1) When this balanced growth rate is higher than the interest rate on debt, the economy is fundamentally healthy. The process of debt accumulation is stable in the sense that it converges to a steady state, provided that the actual growth rate is not too low and the debt-capital ratio is not very high. (2) When the balanced growth rate is lower than the interest rate, the economy is chronically ill and susceptible to falling into a debt trap. Debt traps become the normal state of affairs as low growth paths lead to unsustainable processes of debt accumulation, even if the debt-capital ratio is low in the initial conditions. The path may be unsustainable for one of two reasons: (1) the amount of debt required to stabilize the debt/capital ratio may be greater than feasible values (given, for example, by the value at which the domestic borrowers have fully mortgaged their capital stock); (2) a steady state may not exist (no matter how high the amount of debt). This will happen if the debt accumulation process crowds out domestic savings and investment leading to declining growth rates over time.

What Happened in 1994-95?

The performance of the Mexican economy leading up to the current crisis suggests that the economy was on a path of increasing indebtedness and sluggish and declining growth. The key to the problem was that the balanced growth rate had fallen below the interest rate on debt. Why did the balanced growth rate fall?

A major factor was the sharp decline in the private savings rate (nearly seven percentage points) that occurred between 1988 and 1993. The joint effects of currency overvaluation and trade liberalization further contributed to the large current account deficits that the economy was generating at very low growth rates since 1991-92, despite debt relief and declining external interest rates up to early 1994.

At the same time, foreign investment liberalization did have a positive effect on the net inflows of foreign investment at each level of the growth rate. These inflows were not large enough, however, to counteract the effects of the profit squeeze in the traded goods sector. The net result was a sharp fall in the balanced growth rate that dropped below the debt interest rate probably well before the increase in interest rates in early 1994. In any case, this increase further contributed to put the economy fully on a path of slow growth and increasing indebtedness.

Something similar had happened in the early 1980s, although the problem at that time was quite different. Then, it was a sharp increase in international interest rates that put the economy in a debt trap. In the recent period, external interest rates were relatively low and declining (up to early 1994), and the problem was largely generated at home.

The Policies and the Prospects

The crisis revealed three weaknesses of fundamentals in Mexico and elsewhere in Latin America. (1) The stagnation of the traded goods sector, resulting from currency overvaluation in the midst of trade and financial liberalization, hinders the sector that was supposed to be the engine of growth. Although Mexico is surely a dramatic case, the inconsistency between exchange rate and trade policies seems, with the exception of Chile, a rather generalized phenomenon in Latin America. (2) Along with the above, low and sharply declining savings rates (particularly in the case of Mexico), led to an unsustainable combination of slow growth and huge current account deficits. (3) Fragile social sustainability was revealed by growing inequities, mass underemployment, and the Chiapas uprising.

Even with all its adverse consequences on living standards and income distribution in the short run, the crisis may have nevertheless substantially altered the long-term outlook. The size of the real devaluation and the response of exports and imports so far to the exchange rate adjustment, suggests that the balanced growth rate may have recovered. Debt-capital ratios that were previously unsustainable may now be stabilized at moderately high levels. One reason is that the size of the real devaluation must have contributed to a partial reversal of the factors underlying the fall in the balanced growth rate in recent years: the currency overvaluation since the early 1990s and the profit squeeze that must have played a major role in the fall of private savings rates. The higher real exchange rate may also contribute in the medium term to an increase in foreign direct investment through its effects on the profitability of the traded goods sector. A second reason is that, in comparison with the early 1980s, foreign interest rates remain low. Thus, policies that ensure full capacity and a high real exchange rate can be successful, if consistently pursued, in promoting a sustained recovery of growth in the Mexico economy. Or, at least the chances for success seem greater than in the 1980s.

CHALLENGES FOR THE FUTURE: INVESTMENT, DOMESTIC GROWTH, ADJUSTMENT AND SOCIAL POLICIES

JOSE FANELLI

In Latin America one can speak of a regional undertaking with respect to macroeconomic stability, savings, investment and growth, as well as the relationships between these policies and social and employment policies, all taken in a context of institutional and political development. One rationale for a regional perspective is the overall similarity of the adjustment reforms being implemented, which have a common inspiration in the "Washington Consensus." A second reason concerns similar external influences, especially the constraint presented by access to world capital markets. Even so, there are significant differences among the economies with respect to accomplishments and sustainability. To illustrate, the paper discusses five "stylized cases" that constitute a significant sample given the weight of their economies and populations in the region as a whole: Argentina, Mexico, Chile, Colombia and Brazil.

The first section of the paper will analyze policies implemented to stabilize the economy, promote growth, and manage the impacts of adjustment on the poorer strata. The second section will look at results in terms of (1) the degree of macroeconomic stability achieved; (2) overall growth and its degree of sustainability; and (3) effects on poverty and income distribution. The last section considers the lessons for public policy that might be drawn and the challenges for the future.

Latin America in the 1990s shows a greater degree of macroeconomic stability than in the 1980s, but such stability does not appear to be guaranteed.

Since the beginning of the 1990s the region has shown strong signs of recovery from the crisis of the 1980s, as seen in lower inflation and higher real growth rates. Until mid-1994, Brazil was the main exception, but the Plan Real--launched in July of that year--brought that economy into line with the rest of the major countries.

Paradoxically, just a few months after Brazil came into alignment with its neighbors, some of them began to show renewed instability and the need for another round of external adjustment. There is an important difference, however, between Brazil's instability leading up to the Plan Real and the renewed instability of Mexico. While the former might be seen as a residue of the 1980s, the Mexican crisis constitutes the reappearance of instability and uncertainty in a country that supposedly was on the correct path of reform. An important question is, Why did reform packages that were similar in principle bring about stability in Chile and an external crisis in Mexico?

In contrast to the "lost decade" of the 1980s, in the 1990s the region is growing; the sustainability of the growth, however, differs a great deal among countries.

Two factors are important with respect to doubts about sustainability. The first concerns low rates of savings and investment, with the significant exceptions of Chile and, to some degree, Colombia. The second factor concerns the evolution of relative prices and in particular the appreciation of real exchange rates coinciding with polices of opening toward foreign capital. Both factors combine to increase dependency on foreign savings by Latin American countries in their early stages of adjustment. Both Mexico and Argentina have shown how deficits accumulated in the current account leave their economies quite exposed to external shocks. It would appear the more conservative policies followed by Chile and Colombia with respect to capital flows produced better results in terms of bolstering the sustainability of growth.

While levels of absolute poverty have tended to diminish with growth, levels of income inequality have not. Those countries experiencing macroeconomic crisis also face the threat of unemployment. All of this creates significant challenges for social policy.

Countries that have had several years of sustained growth, e.g., Chile, have seen reductions in absolute poverty but without reductions of income maldistribution. At the same time, periods of growth following structural reform have seen very weak employment generation. In Argentina, for example, the GDP grew more than 30 percent between 1991 and 1994 but unemployment practically doubled. It is possible that social policies are being implemented more efficiently and will lessen the burdens on the public sector over the long run. It is unlikely, however, to expect important increases in coverage of social policies. A typical example of this is the privatization of retirement systems. We might conclude that while the region has made progress with respect to the 1980s, the challenges for economic policy in the short term remain important.

If one of the lessons of the 1980s is that macroeconomic instability is fatal for growth, the 1990s appear to show that a greater degree of macroeconomic stability in no way guarantees sustained growth. Also, the 1990s are making clear that growth is not synonymous with development, taken to mean elimination of poverty and improved income distribution, improved capacity for innovation and productivity, and strengthened political and social institutions.

Beyond the internal political dynamics of each country, the types of policy challenges appear to be tied to achievements in stability and growth. For countries like Mexico (or Argentina to a lesser degree) that have suffered setbacks, or for those at an early stage of reform, like Brazil, the main policy challenge continues to be the achievement of sustainable macroeconomic adjustment. This implies that it will still be necessary to implement adjustments in the public sector. From a political point of view, in countries like Argentina and Mexico, the problem is that the fallout from the "tequila effect" in terms of inflation and/or unemployment reduces the possibility of gaining public support similar to that given Mexican stabilization plan of 1987 or that of Argentina in 1991. The dilemma facing these countries is the need to strengthen welfare policies to absorb recent shocks but in a context of recession and scarce public resources.

For those countries that have succeeded in consolidating reasonable growth sustained by high rates of savings and investment and without external disequilibria (like Chile and, to a lesser degree, Colombia) the main challenge for the future is how to better distribute the benefits of growth. One of the key differences between regional success stories like Chile and the experiences of the "Asian Tigers" is precisely the greater degree of regressivity in income distribution of the former.

A final lesson to be underlined is that Latin America's experience in the 1980s and 1990s has proven wrong those who believed that structural reforms could be achieved only by authoritarian governments. Even so, the experience also shows that if democracy is not an obstacle to economic growth and development, neither does it guarantee them.

POLITICAL RESPONSES TO GLOBALIZATION, ADJUSTMENT AND CRISIS

MARIA D'ALVA GIL KINZO & MARCELO CAVAROZZI

Institutions and Politics

Institutions play an important role in structuring the context of politics. First, by constraining what is possible, indeed what is probable, institutions shape interests. Individual interests cannot include that which is not possible. Second, the interests of any given individual are given by his/her relationship to others, that is, his/her position within the social structure.

Executive-legislative relations under a presidential system imply different features and dynamics than under a parliamentary system. First of all, in presidential systems, policy results from the interaction between the two branches of power. However, because they are independent and their relationship is based on the principle of checks and balances, there is no guarantee of cooperation. Although power is shared among different institutions and policy emerges from their interaction, the full responsibility for government policy is nevertheless borne by the executive. One of the implications is that commitment for the government is not guaranteed by the president's party or coalition in the legislature. Thus in the name of legislative independence, any member of the government party is free to take a position against the executive. This attitude is nourished by the fact that the president and the legislature respond to different constituencies. Moreover, the presidential system does not require disciplined parties.

The role of actors in the decision-making process is crucial. Tsebelis[1] states that the higher the number of veto powers, the more difficult it is to arrive at a decision, as is shown by the case of Brazil. In this country, the executive, the legislative, and the judicial branches all have a veto power. The fragmentation of the party system constitutes another crucial variable coupled with the degree of federal decentralization of power.

Politics is a process whereby dilemmas and conflicts created by contradictory interests are settled. Political processes are often paradoxical. Solutions are seldom permanent; once they are achieved, they tend to generate new problems and dilemmas. This definition should help alert the observer to the technocratic illusion, according to which economic decisions and policies are supposed to be politically neutral.

The collapse of the state-centric model and the contemporary responses

The state-centric model[2] generated growing inefficiencies; it tended to accumulate rents and subsidies and at the same time offered few mechanisms to renegotiate costs and benefits. State-centered politics, especially in the populist variants, also contributed to the constant instability of political rules. Nonetheless, this model also had some positive effects. First, it helped to erode oligarchic exclusionary regimes. Besides, the state-centric model also contributed to the integration

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[1]George Tsebelis, "Decision-making in Political Systems," British Journal of Political Science, 25:3 (July, 1995), 289-325.

[2]For background, see Marcelo Cavarozzi, "Beyond Transitions to Democracy in Latin America," Journal of Latin American Studies, 24 (October, 1992), 665-684.

of the popular and middle classes. However, it should be acknowledged that the breakdown of the populist state was not caused by the emergence of the neoliberal model, but rather by its own shortcomings.

The demise of the state-centric model had positive and negative consequences. On the one hand, it allowed for renewed dynamism and allowed the laws of the market to prevent the maintenance of existing rents, and the generation of new ones. On the other hand, de-statization of the economy also implies the de-statization of politics and it contributes to the growing disintegration of significant portions of the society.

Since the demise of state-centric politics, different responses have emerged. The most recent one has been democratic Caesarism. This phenomenon has been associated with the emergence of strong presidents. In some of the cases, democratic overtones have prevailed, as in the cases of Menem, Collor, and Fujimori (after the reform of the constitution); in some others, authoritarian leanings were more apparent, as in the cases of Salinas and the "first" Fujimori (circa the April 1992 coup). These strong presidents have created the preconditions for coping with situations of economic emergency. They protected economic policy makers from the pressures of political parties (including the governing parties). However, Caesarism strengthens the incentives for withdrawing from the political arena; in doing so, it reinforces the disintegrating logic of the market.

In a certain way, there is a continuity between state-centric politics and populism, on the one hand, and contemporary democratic Caesarism, on the other. They share a vision of democracy as a risk, or at best, a nuisance. Populists and contemporary Caesarists distrust the linkage between politicians and popular demands; they view it as an impediment to effective governance, even if they have to follow the rituals of democracy and republican government. In that sense, there is a possibility of, and a challenge to, redefining that vision of democracy. This would require perceiving democracy as a resource for governing. In other words, the democratic resource implies resorting to democracy and its values and mechanisms -- institutional participation, negotiation, the accountability of public officials -- in order to reintegrate individuals and groups into the weakened social fabric.

REBUILDING NATIONAL CAPACITY: EFFICIENCY AND EQUITY IN THE GLOBAL CONTEXT

BARBARA STALLINGS

The paper will consider three broad themes: (1) a diagnosis of the "Mexican crisis" and its implications; (2) the need for a second generation of structural reforms to equip the modern state in Latin America for new challenges; and (3) recent efforts to implement structural reforms to state institutions and practices. Since Chile is generally recognized to be the most successful example of the "new Latin American development model," illustrations will be drawn from that country.

The Mexican Crisis and Its Implications

Most of the analysis to date has focused on macroeconomic aspects of the Mexican crisis and the possible lessons to be drawn, taking into account the similarities and differences among countries (e.g., Mexico/Argentina vis-a-vis Chile/Colombia). The four macroeconomic variables considered most important include: (1) the size (as a percentage of GDP) and financing of the current account deficit; (2) exchange rate policy; (3) capital movements; and (4) monetary and fiscal policies. Most important has been the size and financing of current account deficits, especially if these are financed by short-term borrowing. Capital movements can be sources of both advantages and disadvantages, but the key concern has been short-term unpredictability. It is probably prudent to assume that positive capital movements are temporary, while negative movements are more permanent. Relative balance, of course, is key to handling monetary and fiscal policies.

The crisis has also prompted discussion (e.g., among governments of the so-called G7 countries) of the need for regulation of capital movements at the international level. There are proposals, for instance, to create a lender of last resort and to regulate the international financial system, which is presently unregulated (mutual funds are a good example).

Toward a Second Generation of Structural Reforms

What has been less emphasized, both to account for the Mexican crisis and to avoid recurrences there or elsewhere, is the need for institutional reforms to make the new economic model function adequately. It is useful to define institutions for present purposes as a combination of formal and informal organizational rules (where there is a difference between real versus formal rules). Public sector institutions obviously have important impacts on the functioning of the private sector. This happens at the macrolevel (e.g., central banks and budgetary institutions), the mesolevel (e.g., financial and labor markets, access to technology, improved infrastructure), and the microlevel (e.g., modernization and enhanced competitiveness of business firms). The operative premise is that rules have changed in Latin America, especially with respect to the relative importance of the public and private sectors and with regard to the roles of national and international actors. Institutions, with the present focus especially on the public sector, have not kept up with changes in rules. Even where changes have been adopted in some formal sense, we need to examine whether they have been implemented in reality.

Those who argue that a second generation of structural reforms is unnecessary or undesirable miss the point that a gap between how the new economy functions and how existing societies operate is dysfunctional (and also unhelpful for social science research). A beginning assumption is that the state must assume a more limited set of functions in the new economic model, some of which may be contradictory. The new economic model requires a strong state, but strength is not a function of size. In fact a too-large state that tries to perform too many tasks becomes spread so thin that it typically functions poorly. Limiting the state's functions would imply cutting its role as a producer of goods and concentrating on its role as administrator of the public sector, regulator and promoter of the private sector, and promoter of improved equity. It follows that the notion of state autonomy has become more complex due to the partnerships evolving between public and private sectors as well as national and international actors.

A key set of reforms must focus on the state apparatus itself and its internal activities. Reduced size and fewer functions would allow for better quality rather than quantity (better, but not necessarily more, teachers, for instance). Personnel who are more highly skilled and better motivated can achieve the same goals. Improving the capacity for decision-making by public officials is crucial in the 1990s. Also, the benefits of decentralization need to be carefully assessed to determine which levels of government might best implement which kinds of changes.

The state's interaction with the private sector holds much potential for contradictions between regulatory versus promotional roles. With privatization comes the need for effective regulation (and the naive notion that these two roles could be delinked led to the Chilean disaster of the early 1980s). While it is clear that markets alone are insufficient to resolve all economic and social problems, it remains unclear how regulatory institutions are to be set up. With respect to regulation, the state must provide for central banks and other financial regulators; controls over capital movements; anti-trust and regulation of natural monopolies; consumer and environmental protection. With regard to promotion, the state needs to help raise the competitiveness of firms, without hindering their freedom to develop. Improved access to finance is one way to support private firms. And the deepening of capital markets in individual countries is one way to help provide access to long-term investment funds. Access to technology is another aspect, especially linking universities with the public sector in order to promote research and development. Public education and labor force training are important, as is access to improved infrastructure.

Consolidation of these sorts of reforms will depend ultimately on improving income distribution and reducing poverty. A key point here is the difference between improved equity versus redistribution of wealth. While there is consensus on the matter of poverty reduction, there is no such agreement about redistribution. Therefore, we can factor in consideration of equity and poverty reduction in institutional design; but these should not be confused with redistribution of wealth.

Steps toward Implementation of Reforms

The Chilean case is a useful point of reference because it has the best macroeconomic record in the region, the longest experience with reform implementation, and it was not particularly affected by the Mexican crisis. Why is this the case?

The priority given to macroeconomic reform brought predictability and increased investment. The combined investment by both the public and private sectors explains Chile's growth record. Macroeconomic stability was assured by an independent central bank which fought inflation, and a strong budgetary unit with a bias toward fiscal surplus. Another source of stability can be found in the fact that Chile did not rely solely on inflows of foreign capital to achieve growth; in fact it successfully used an exchange rate band along with controls on capital movements.

But beyond important steps taken to insure macroeconomic stability, the Chilean government adopted reforms in regulation and promotion, which can only be briefly noted here. These reforms included a continuing role for public enterprises, steps to deepen and regulate markets (e.g., anti-monopoly measures), support for the productive sector (e.g., training programs and infrastructure promotion), poverty alleviation (e.g., targeted anti-poverty subsidies, raising minimum wage levels), and environmental protection.

The key point to underline by way of conclusion is that structural adjustment efforts have brought important changes to the economic systems of the region, but the necessary changes in social and political institutions have not kept pace. A second round of structural reforms was needed even before the Mexican crisis, and much can be learned from efforts such as those implemented recently in Chile.

APPENDICES

A. Conference Agenda

B. List of Participants

Appendix A: Conference Agenda

LEARNING FROM THE CRISIS:
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THURSDAY APRIL 18

12:00-1:30 Welcoming remarks, Lunch, and **Keynote Address - Jeffrey Shafer, Undersecretary for International Affairs, U.S. Department of Treasury**

1:45-3:45 **THE MEXICAN CRISIS AND ITS AFTERMATH: IMPACTS IN THE REGION**

Panelists: Nora Lustig/ Albert Fishlow/ Daniel Marx/ Marcelo Regúnaga/ Susana Szapiro/ Carlos Vergara

Presenter: Jaime Ros (Mexico; Kellogg Institute)
Moderator: Robin King (Organization of American States)

4:00-6:00 **CHALLENGES FOR THE FUTURE: INVESTMENT, EMPLOYMENT, DOMESTIC GROWTH, ADJUSTMENT AND SOCIAL POLICIES**

Panelists: Enrique Correa/ Sergio Einaudi/ Rafael Iniesta/ Scott Mainwaring/ Guillermo Mondino

Presenter: Jose M. Fanelli (CEDES, Buenos Aires)
Moderator: Eusebio Mujal-Leon (Georgetown University)

6:15-8:00 **SPECIAL PLENARY SESSION** (open to the University community)

ECONOMIC CRISIS AND POLITICAL RESPONSE IN LATIN AMERICA: Politicians and statesman from various countries in the region assess the impacts of the economic crisis on the consolidation of democratic government.

Participants: Agustin Basave/ Dante Caputo/ Carlos Castillo Peraza/ Alejandro Foxley/ Renato Gazmuri/ Federico Storani/ Miguel Angel Toma/ Ricardo Valero

Moderator: Arturo Valenzuela (United States Department of State)

FRIDAY APRIL 19

8:00-9:00 Continental Breakfast

9:30-11:30 **POLITICAL RESPONSES TO GLOBALIZATION, ADJUSTMENT AND CRISIS**

Panelists: Elisa Carrió/ Joaquín Cottani/ Alberto Föhrig/ Manuel Antonio Garretón/ Soledad Loaeza/ Federico Reyes Heroles

Presenters: Marcelo Cavarozzi (Georgetown University and FLACSO, Mexico) and Maria D'Alva Gil Kinzo (Brazil)

11:45-1:30 **REBUILDING NATIONAL CAPACITY: AUTONOMY AND EFFICIENCY IN THE GLOBAL CONTEXT**

Panelists: Sergio Berensztein/ Guillermo Boero/ Javier Bonilla Saus/ Carlos Elizondo/ Jose Luis Manzano/ Ricardo Valero

Presenter: Barbara Stallings (ECLAC, CEPAL)

Moderator: John Tutino (Georgetown University)

1:45 Lunch at Georgetown - **Keynote Address - Nancy Birdsall, Executive Vice President, Inter-American Development Bank**

APPENDIX B

List of Conference Participants

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