

## Is Latin America Falling Off the Map?

From Benign Neglect to Irrelevance in Global Affairs

*Howard J. Wiarda*

President George W. Bush heads for Latin America in a week. But his inattention to Latin America in recent years has been widely characterized as “benign neglect.” Although Mr. Bush began his presidency speaking Spanish and with a strong interest in Latin America, and though Mexico’s Vicente Fox was the first foreign head of state to be hosted at a White House state dinner, the events of 9/11, the war on terrorism, and specifically the war in Iraq have all pushed Latin America to the back burner. All our Latin American friends are therefore carefully awaiting either the end of the Iraq war or the end of the Bush presidency (whichever comes first), on the assumption that will restore Latin America to a place of special attention in American foreign policy.

But there is bad news for our Latin American friends: that is unlikely to happen regardless of when the war ends or who succeeds Bush in the White house. Latin America, sadly, is unlikely anytime soon to achieve a preeminent place in U.S. foreign policy. The climate in Washington has shifted. Europe, the former Soviet Union, and East Asia have always ranked ahead of Latin America in the U.S. list of priorities, but now the Middle East, China, India, and maybe even Central Asia and Africa are moving up on America’s thermometer of interests and affections while Latin America lags behind. Barring some dramatic upheaval, these trends are likely to become permanent; no mere change of administrations will alter that fact.

Of course there are exceptions to these general comments. Mexico is our third largest trading partner; in addition, even the slightest hint of economic or political instability in Mexico would likely send hundreds of thousands of Mexicans streaming toward the U.S. border, to the great consternation of U.S. officials. Fidel Castro is passing from the scene and that will cause dramatic headlines for a time. Venezuela has oil and Hugo Chávez, Colombia has drugs and violence, and Haiti has boat people that, inconveniently, wash up on Florida’s beaches during the tourist season. Every individual country has issues that it wishes to take up with the U.S. But all of these are viewed as “problems”; nowhere in Latin America does the U.S. have the solid economic and strategic regional or bilateral partnerships (Europe, Japan, China, now India) that it maintains in other areas.

Moreover, although there is plenty of blame to go around, and Washington’s policies toward Latin America are seldom very enlightened (witness America’s declining willingness to negotiate free trade agreements or the fiasco over the selection of a new OAS secretary general when the U.S. backed a series of wrong horses), most of the responsibility for this fall in Latin America’s fortunes in Washington’s eyes are the result of Latin America’s own policies. For the fact is that Latin America has been a profound

disappointment to the United States over the last ten years, and even the area's friends in Washington are sorely discouraged by its performance. As one of those friends, I report this sadly and with no source of joy in having to do so. So this brief statement serves as a sad lamentation, a "letter from Washington" to our friends to the south.

First of all, Latin America's economic performance over the last quarter century has been terribly disappointing. Not a single Latin American country has made it into the ranks of what the World Bank calls Newly Industrialized Countries (NICs). Chile, Brazil, and Mexico come the closest, but in a global comparison they lag far behind. Where is there a Taiwan, South Korea, Hong Kong, or Singapore in Latin America? Answer: there is none. No country of Latin America has shown the consistent, sustained, high-level growth of these high-flyers, or now of China, India, Malaysia, Thailand and others. Although some Latin America countries are now doing marginally better, with 2-3% growth, that is largely based on a wave of commodities demand that is likely to be of temporary duration. No Latin American country has made the long-term state, private sector, and structural reforms necessary for sustained, Asia-like growth. And remember, today the standard of comparison is global not regional; and in that comparison Latin America has lagged far behind Asia where the standard is now 8-9%.

Second, the reform agenda begun in the previous decade in Latin America has faltered and is in tatters. Latin America still has of all global regions the largest social gaps between rich and poor, and the problem is getting worse, not better. Literacy rates are up but not nearly at the level of the now all-but-completely literate Asian countries. Moreover such absolute development requirements as privatization, transparency, and corruption reduction have all ground to a halt with devastating consequences; today Latin America appears to be going back to an inward-looking, protectionist, statist-mercantilist model that we know in advance cannot be successful in today's interconnected world.

Third, Latin America has disappointed on the political front. True, elections are held regularly in most countries, formal democracies are in place, and the situation of human rights is better than thirty years ago. But, with only two or three exceptions, (Costa Rica, Chile, Uruguay) no one would describe these regimes as liberal democracies, egalitarian, pluralist, and participatory. Quite a number of countries have moved back toward authoritarianism from the democratic openings of two or three decades ago; corruption and patronage are alive and functioning despite limited liberalization. Most of the counties are strung out, as it were, somewhere between democracy and authoritarianism, between freedom and ongoing corporatism, or alternating between the two.

Many of today's journalistic accounts ask if Latin America is moving further to the left? I think that is the wrong question because, absent the Cold War and the threat of 30,000 Soviet missiles, it doesn't matter to the U.S. if Latin America moves to the left. Yes we will care but not all that much because few of America's vital interests are any longer affected.

Take Hugo Chávez in Venezuela. Here we have a country that was a leader in Latin America: solidly democratic, strong middle class, modernizing, well educated, etc. But Chávez has reverted to an earlier style of *caudillo* authoritarianism, one man rule reminiscent of Latin America in the nineteenth century. This is a throwback to an earlier, more primitive, form of charismatic authority. If Venezuela didn't literally float on oil, Chávez and Venezuela could be totally irrelevant.

Evo Morales is even more of a throwback. Quite a number of his advisors, and maybe the president himself, want to go back to 1491. As if we could reverse the course of Western civilization in Bolivia for the last five hundred years and restore an indigenous system that no longer exists and most Bolivians, in their soberer moments, don't want. Morales's popularity ratings are likely going to fall like a stone.

Rafael Correa in Ecuador and Nestor Kirchner in Argentina seem intent on defying the laws of economics and going it alone in the world, shunning and rejecting international markets and globalization as if that were still an option. They and others are playing the populist game, which is no longer an appropriate response if you want to be considered a serious nation. Argentina has historically been the region's most modern nation but it is likely headed for an (another) economic and political train wreck. No one on Wall Street considers Argentina to be a trustworthy or serious country.

Perhaps the most discouraging set of indicators has to do with policies aimed at the future, a topic on which our research team is presently working, to predict potential developmental winners. For example, none of the Latin American countries score anywhere near the top in terms of investment in education and learned or technical skills, both sure indicators of future development. None of the Latin American countries rank among the leaders in patents taken out, another clear indicator of future technological and manufacturing progress. All the countries lag way behind in science and technology. China alone spends more on research and development than does all of Latin America. And only three of the countries rank among the leaders in foreign direct investment, without which there can be little future growth. These and other indicators of future development offer little cause for optimism that Latin America's position vis-à-vis the developed world or other developing areas will improve anytime soon. In fact, they point in the other direction, toward fewer and lesser developmental achievement as compared to the others.

All of this is profoundly disappointing, and saddening to those of us in the United States who love Latin America and have been writing about and defending it for many years. One of my longtime colleagues who has studied Latin America for forty years is now ready to call it a "failure." Another calls its performance "disappointing." Still a third colleague, similarly a leading voice in Washington academic and policy circles for decades, recently told me that if he had to begin his career over again, Latin America would not be his area of specialization.

These sentiments are not just limited to academic or think tanks circles. Within the U.S. government Latin America has few defenders; in policy circles the area is

seldom mentioned in serious discussions anymore. The sense is strong that, particularly in comparison with East Asia, China, India, parts of the Persian Gulf and other dynamic societies, Latin America comes off looking rather badly. Furthermore, that in the Washington Consensus, within its emphasis are free trade, open markets, and democratization – despite the flaws and omissions in that program – the United States did about as much for Latin America as it's possible for the United States government to do. And the conundrum is: if our best efforts are unsuccessful, then there's little more we can do.

Neither China, Japan, or the United States for that matter can export their models to Latin America. Every country has to find its own formula for development, its own practice of democracy, its own system of relations between the state and societal groups. But surely Latin America can learn from the successful Asian experiences. And that means truly massive investment in infrastructure, vast reforms in education, a wholesale reduction in social and economic gaps, a complete overhaul of inefficient, initiative discouraging governmental and administrative practices, and all kinds of new public-private partnerships. Is Latin America up to that task? If not, it will continue to be a laggard area on into the future.

Among those of us who have been defending Latin America for decades, and sometimes providing rationalizations for its continued laggard status, there is now a sense that we are tired of making excuses for the area. Latin America must either compete on its own in today's globalized world or it will sink. We will of course lament its decline but the large truth today is that no one can solve Latin America's problems except Latin America. And if it doesn't do so, no one else will.