



Susan Kaufman Purcell
Director, Center
for Hemispheric
Policy, University
of Miami.

Fifth Column / Politics
Published in *AméricaEconomía*
October 14, 2005

The Next Summit

The IV Summit of the Americas, whose theme will be “Creating Jobs to Fight Poverty and Strengthen Democratic Governance,” is scheduled to take place on November 4-5 in Argentina. Several Argentine government spokesmen have indicated that they expect the Summit to be characterized by conflict between the United States and Latin America. The main reason, according to these spokesmen, is the large gap between U.S. and Latin American views on how to achieve the goals that are the focus on the meeting.

Argentina’s Minister of Foreign Affairs, Rafael Bielsa, has argued that the problem is that Washington believes free markets, investments, fighting corruption and making the labor market more flexible are the best ways to create jobs and fight poverty, while “we think greater aid and assistance are needed.” Argentina’s Vice-Minister, Jorge Taiana, attributed the differences between Washington and Latin America to their different conclusions regarding the economic reforms of the 1990s. Specifically, he said that the Argentine government did not agree with the Washington Consensus, and that the economic policies of the past had resulted in greater exclusion and inequality because “where there is no state there is chaos.” He added that the Argentine government’s views “reflect what we believe is the majority opinion in the hemisphere.”

There is no doubt that there is widespread disillusionment with the results of the economic reform efforts of the 1990s. It is also true that Latin Americans would like to receive more economic aid from the United States. But, according to a recent poll by Santiago-based FLACSO, Latin America would like to receive this aid without any interference by the United States in domestic matters. In other words, a majority of the Latin Americans polled want Washington to give them money without having to be accountable for how they use it.

The desire to be able to do as they please with foreign aid money is understandable but highly unrealistic. As former Assistant Secretary of State Otto Reich noted on a recent TV show, Latin America has already received from the United States double the amount of aid that Europe received under the Marshall Plan and has little to show for it. Part of the problem is undoubtedly the result of corruption, which remains a persistent problem in the region. The other part of the problem, however, is the absence of agreement regarding what kinds of aid produce sustained economic growth and development.

These are the issues that will confront the heads of state attending the IV Summit of the Americas in November. Given U.S. budget constraints, which have recently been exacerbated by Hurricane Katrina, it is not clear whether or if Washington will agree to increase significantly the aid it gives to Latin America. What is clear, however, is that if Latin America uses the Summit to demand U.S. aid with no strings attached, it will lose an opportunity to work constructively with the Bush administration in helping to create jobs and reduce poverty.

Instead of adopting such an extreme and polarizing position, Latin American governments should seek ways to try and accommodate some of Washington’s concerns. In his recent speech in New Orleans dealing with the reconstruction and development of that devastated city, President Bush proposed massive economic assistance, but delivered directly to the poor rather than to state and

local governments. Governments at all levels would work with the poor, but not control the aid funds. Bush believes that this approach will foster individual initiative, reduce corruption and dependence on government and lead to greater job creation and economic growth- the very themes of the upcoming hemispheric summit.

President Bush's desire to empower the poor is already being tried in several Latin American countries, including Mexico and Brazil, with some encouraging results. In fact, many Latin American leaders are probably more disposed to exploring this new approach to development aid than the words of the Argentine hosts of the Summit indicate. Although Latin American leaders often welcome conflict with the United States as a way of generating political support, it is important that the temptation to do so at the IV Summit be resisted. If the goal is to help the poor, it makes much more sense to try and work with Washington than against it.