

# Dialogue *Diálogo*

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## BRAZIL



Albert Fishlow of Columbia University, Brazilian analyst Bolívar Lamounier

### Trade-policy making in Brazil

In May, the Dialogue joined with the Inter-American Development Bank's Institute for the Integration of Latin America and the Caribbean (INTAL) and the University of Toronto's Munk Centre for International Studies to organize policy workshops in Brasilia and São Paulo on the quality and transparency of the Brazilian trade policy-making system and the participation of non-state actors in the process. The workshops were organized in collaboration with the Brazilian Ministry of Foreign Affairs and the Federation of Industries of São Paulo (FIESP). The sessions were based on the 2001 publication, *The Trade Policy-Making Process: Level One of the Two Level Game*, which sets forth the results of a recent study by the Dialogue, INTAL, and the University of Toronto that examined the making of trade policy in eight Western Hemisphere nations (Argentina, Brazil, Canada, Chile, Colombia, Mexico, United States, and Uruguay) and how best to accommodate the participation of non-state actors in trade negotiations.

The workshops were led by Sylvia Ostry of the University of Toronto, Peter Hakim of the Dialogue, and Uziel Nogueira of INTAL; participants included FIESP President Horacio Lafer Piva, Congressman Marcos Cintra, trade expert Pedro Motta Veiga, and several Brazilian government officials, members and staff of Congress; business and labor leaders; and representatives of civil society organizations.

As part of the outreach campaign for the report, the Dialogue, INTAL and the

University of Toronto will host workshops in Uruguay, Chile, Mexico and Washington in 2002 and 2003. They have also extended the study to five countries in Central America.

The study can be downloaded at [www.thedialogue.org](http://www.thedialogue.org), and [www.iadb.org/intal](http://www.iadb.org/intal).

### Elections in Brazil

On September 23, the Dialogue sponsored a discussion on Brazil's presidential elections, scheduled for October 6. Peter Hakim and Brazilian Ambassador Rubens Barbosa moderated a panel featuring two political analysts, Brazilian political commentator Bolívar Lamounier and political scientist Timothy Power of Florida International University, and two economic experts, Albert Fishlow of Columbia University and John Williamson of the Institute for International Economics. The discussion focused on the probability of a first-round victory by Workers' Party candidate Luiz Inácio "Lula" da Silva. The analysts agreed that frustration with lack of economic growth and the electorate's desire for change after eight years under the administration of Social Democratic Party President Fernando Henrique Cardoso were two major factors contributing to Lula's popularity. The panelists said the key to gaining investor confidence for the new administration, whether led by Lula or José Serra, will be the formation of a government coalition in Congress. They downplayed the possible negative fallout of a Lula victory.

## Trade and Economic Issues

### Trade Policy Group

Under the direction of Visiting Senior Fellow Roberto Bräuning, the Dialogue has launched a new initiative to enhance the quality of discussion and debate on the critical policy issues that must be resolved for the successful conclusion of a Free Trade Area of the Americas (FTAA). A number of activities using the Dialogue's Trade Policy Group have been held in this first stage, which will end November 23, 2002, with a conference entitled "Bridging the Divide: Toward Consensus on Free Trade in the Americas."

On May 8, the Dialogue's Trade Policy Group met to discuss congressional consideration of Trade Promotion Authority and the remaining issues in the free trade agreement between the United States and Chile. Presentations were made by Kissinger McLarty Managing Partner Richard Fisher; NAFTA Institute President Phil Potter; and Alex Foxley of the Embassy of Chile. Another Trade Policy Group meeting was held on June 18 that examined Brazilian trade negotiation scenarios. Brazilian Center of International Relations President Mario Marconini focused his comments on Brazil's political commitment to MERCOSUR as well as its new position in support of an FTAA. Paulo Sotero, Washington correspondent for *O Estado de São Paulo*, discussed Brazilian public perceptions of FTAA, emphasizing that most people hold the rather contradictory belief that the government of Brazil is ready to negotiate an FTAA, but Brazil itself is not ready for the agreement. Finally, Brazilian Ambassador Rubens Barbosa looked to the upcoming elections and predicted that the future administration will implement an export-led growth model with trade high on the agenda.

On September 9, the Inter-American Dialogue and the World Bank held a seminar on NAFTA. Daniel

Lederman of the World Bank and Gerardo Esquivel of the Colegio de México discussed NAFTA and economic convergence in North America. William Maloney of the World Bank and Miguel Messmacher of the Banco de México addressed both migration and the integration of capital markets in North America during the post-NAFTA period. World Bank Chief Economist for Latin America and the Caribbean Guillermo Perry made concluding remarks on the Mexican experience and its lessons for hemispheric integration. The seminar was designed as a brainstorming session for participants to help World Bank staff sharpen and deepen their analysis before publishing a final report.

### Hernando de Soto

On July 17th, the Inter-American Dialogue and World Bank hosted a discussion with Peruvian economist Hernando de Soto, president and founder of the Institute for Liberty and Democracy, a Lima based think-tank. De Soto addressed the central theme of his newest book, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*, which explains the failure of capitalism in the developing world as a result of the lack of formal property rights. Without legal representation for the assets they possess, such as property titles, many poor are unable to turn their "dead capital" into "live capital." By issuing formal legal documents for the undocumented property of the poor, de Soto argues that they can begin to enter the legal capitalist system.

### Heraldo Muñoz

#### Secretary General of Government of Chile

Heraldo Muñoz, Chilean secretary general of government, came to the Dialogue on September 17 to discuss recent political and economic developments and the key aspects of Chile's success, relative to the rest of the region. He noted that Chile's future is dependent upon the recovery of economic growth in the United States and the

world, the government's ability to reach agreement with the opposition on broad issues, and the renovation of the *Concertación*, Chile's governing coalition. Discussion focused on the relationship between the government and the business community, and steps toward a free trade agreement with the United States.



Secretary General  
of Government  
Heraldo Muñoz of Chile

## Sixth Annual CAF Conference

On September 5 and 6, the Dialogue, together with the Organization of American States (OAS) and the Andean Development Corporation (CAF), hosted the sixth annual CAF Conference on Trade and Investment in the Americas. This year's event opened with a dinner hosted by Colombian Ambassador Luis Alberto Moreno. Guests were welcomed by CAF President Enrique García, OAS Secretary-General César Gaviria, and Peter Hakim. The featured speakers, Rep. Cal Dooley (D-CA) and Deputy U.S. Trade Representative Peter Allgeier shared their views on U.S. trade and foreign policy in Latin America in light of recent Congressional approval of Trade Promotion Authority. Dialogue Board member Mack McLarty served as the evening's master of ceremonies.

The following day of sessions at the Carnegie Endowment for International Peace provided an important forum for discussion of the most critical economic



OAS Secretary General César Gaviria, Peter Hakim

and political developments in the Andean community, U.S. policy toward Andean countries, the broader U.S. trade policy agenda in the hemisphere, economic prospects for Latin America, and challenges to social development in the region.

Speakers included former President Jorge Fernando Quiroga of Bolivia, Vice Minister of Foreign Affairs Victor Rico of Bolivia, Vice Minister of Finance Juan Ricardo Ortega of Colombia, U.S. Assistant Secretary of State Otto Reich, IMF Deputy Managing Director Eduardo Aninat, and Executive Secretary of Comunidade dos Países de Língua Portuguesa Dulce Maria Pereira, among others.

The overall mood was one of pessimism towards the Andean region in both political and economic terms. Social conditions have also worsened, with average unemployment at 12 percent. Panelists pointed out the persistence of a negative external environment: prices



Gabriela Febrés-Cordero de Moreno, CAF President Enrique García, Amb. Luis Alberto Moreno of Colombia

for non-oil commodities reached historic lows this year and the cost of accessing capital markets is prohibitive. Institutional instability, manifested in low approval ratings for presidents and lack of government transparency, was discussed as another important challenge.

Regionally, Latin America was seen as facing a crisis of confidence, which has meant the resurgence of populism in many countries. Most agreed that it is necessary to address problems of equity, exclusion and political representation to safeguard democracy—it has become clear that social policy can no longer be left off the agenda.

The conference was well attended, with nearly 200 participants throughout the day—including leading Washington policy analysts; senior officials from the U.S. government, Andean governments, and international organizations; members and staff of Congress; leaders of the corporate and financial communities in the United States and Andean region; and distinguished journalists.

Conclusions from this conference will be published in a forthcoming report.



Assistant Secretary of State Otto Reich



Deputy USTR Peter Allgeier, Rep. Cal Dooley (D-CA)

## Andean Officials

### CARLOS MESA, VICE PRESIDENT OF BOLIVIA

On September 10, as President Sanchez de Lozada launched his new government, the Dialogue hosted the newly elected vice president of Bolivia, Carlos Mesa, for a wide-ranging exchange on U.S. Bolivia relations, trade issues, and financial and economic challenges. Vice President Mesa touted Bolivia's success in coca crop eradication and hope for continued economic progress.

### CARLOS JULIO EMANUEL, FINANCE MINISTER OF ECUADOR

Finance Minister Carlos Julio Emanuel of Ecuador was at the Dialogue on May 22 to discuss Ecuador's economic policies, performance, and near-term prospects as the country prepared for its 2002 elections. The conversation included his thoughts on IMF policies in Ecuador and Ecuador's experience with dollarization. Emanuel was in Washington to complete discussions with the IMF on Ecuador's loan program and fiscal reform legislation.

### JAVIER SILVA RUETE, ECONOMY MINISTER OF PERU

The Dialogue hosted a wide-ranging discussion on economic and political developments in Peru on July 31 with the new Economy Minister Javier Silva Ruete, who has served in this post under two previous governments. He touted Peru's economic record and stability in comparison to the rest of Latin America, but noted the need to communicate Peru's economic program more aggressively to the electorate.

### AMÉRICO MARTIN, VENEZUELA

On August 28, the Dialogue hosted Venezuelan politician and journalist Américo Martin who was in Washington as a representative of the *Coordinadora Democrática Nacional*, the coalition of opposition groups in Venezuela. The discussion focused on the negative effects of Venezuela's politics on its economic and social situation. Martin argued that dialogue between the government and the opposition is a fundamental element for the sustainability of social peace and for the beginning of economic recuperation. The principal role of the United States, he affirmed, should be to promote this dialogue.

## Report Cards on Education Reform

The Partnership for Educational Revitalization in the Americas (PREAL) recently launched its first three national report cards on education in Honduras (with the Fundación para la Educación Ricardo Ernesto Maduro Andreu—FEREMA), in Guatemala (with the Centro de Investigaciones Económicas Nacionales—CIEN and the Fundación Soros), and in El Salvador (with Centro Alfa). PREAL initiated its report card program at the regional level with the publication of *Lagging Behind: A Report Card on Education in Latin America*, and will soon produce a Central American version.

Each launch has included remarks by the minister of education and has been widely covered by national and international press. In Honduras, President (and Dialogue member-on-leave) Ricardo Maduro used the launch to make a major policy address on education. In El Salvador, Dialogue member Roberto Murray-Meza introduced the report card. Over 100 leaders from private enterprise, academia, international organizations, non-governmental organizations, and the teaching profession attended each launch.

## COLOMBIA

### PRESIDENT ALVARO URIBE

On September 24, the Inter-American Dialogue—in collaboration with the Association of American Chambers of Commerce in Latin America, the Center for Strategic and International Studies, the Council on Foreign Relations, the Heritage Foundation, and the Woodrow Wilson International Center for Scholars—hosted a breakfast discussion with Colombia's President Alvaro Uribe. In Washington on his first official visit since becoming president, Uribe spoke about the many challenges confronting his administration. His remarks focused on Colombia's deteriorating economic and security conditions and on the need to reduce public expenditures and increase fiscal revenues. Uribe underscored the three pillars guiding his administration: strengthening the military to enhance security, reforming state institutions, and reviving the economy. He asked for help from the international community to protect Colombia from regional economic contagion and to help the Colombian government honor its social obligations and address its multiple problems. Uribe reiterated Colombia's commitment to undertaking structural reforms in the fiscal, pension, and labor sectors as well as



Rep. Jim Kolbe (R-AZ), President Alvaro Uribe of Colombia

his promise of democratic security for all Colombians.

### ROBERTO JUNGUITO, MINISTER OF FINANCE

On July 30th, the Dialogue hosted a forum with Roberto Junguito, who was preparing to take office as minister of finance upon Uribe's August 7 inauguration. He discussed Colombia's economic challenges within the context of the country's continuing security problems and political situation. Junguito focused his remarks on the targets of the Uribe administration's three principal strategies: domestic security, the economy, and state reform, including the political and judicial sectors. He confirmed the Uribe administration's commitment to implementing

fiscal reforms and to cooperating with the International Monetary Fund. Junguito explained that the goals of his economic policy would be to recover economic growth, increase employment, enhance international and domestic confidence, secure foreign investment, and implement anti-poverty expenditures in an effort to create an effective social safety net. On the domestic security issue, he indicated that his role as finance minister would be to draw fiscal resources that could be used to strengthen Colombia's security forces and deal with the country's security challenges. He acknowledged the importance of assuring transparency in the use of those resources.

### COLOMBIA WORKING GROUP

On September 13 and 14, 2002, the Inter-American Dialogue held the third meeting of the Colombia Working Group, an initiative that seeks to engage a diverse and high quality group from Latin America, Europe, Canada, and the United States to explore ways of more effectively helping Colombia address its multiple problems. The discussions focused on the core challenges facing the Uribe Administration, Colombia's economic outlook, issues of human rights and security, the



Pilar Gaitan of Fundación Ideas para la Paz, Rep. Jim Moran (D-VA), Michael Shifter



Former Foreign Minister Diego García-Sayán of Perú, Special Envoy for President Fox Andrés Rozental, Michael Shifter

administration's proposals for political reform, and the role of the international community. Participants also assessed the current instability in Venezuela, its effect on Venezuela-Colombia relations, and the implications for the Colombian situation and the region more generally. Discussions also addressed Uribe's concept of "democratic security" and the obstacles his administration may face in the coming months. Working group members agreed on the need to take advantage of the special opportunity that has emerged from a new Colombian administration to shape the thinking of key decision makers concerned with the Colombia question. Participants met with U.S. Congressman Jim Moran (D-VA) during an opening dinner session, exchanged views with National Security Council advisor John Maisto, and discussed Colombia's economic situation with chief economist for Latin America and the Caribbean at the World Bank, Guillermo Perry. Working group members include former Minister of Foreign Affairs Diego García-Sayan of Peru, Senator Rafael Pardo of Colombia, Venezuelan scholar Miriam Kornblith, Colombian professor and former minister Fernando Cepeda, Oxford professor and historian Malcolm Deas, Brazilian analyst Monica Hirst, Mexican advisor for President Fox Andrés Rozental, among others.

A product of this initiative is a series of working papers on Colombia published this summer to deepen understanding and enrich the debate on what is perhaps the hemisphere's most urgent challenge. The papers offer both diagnoses and interpretations of the current situation, as well as ideas for policy prescriptions that can contribute to resolving the country's multiple and deep-seated problems. Please see page 15 for a list of recently published titles in this series.

## Remittances

Dialogue Associate Manuel Orozco presented in Haiti, Jamaica, and Cuba, the findings of his research on the developmental impact of remittances to Latin America and the Caribbean. On June 19, he addressed a conference in Port au Prince sponsored by the Center for Democracy and Free Enterprise (CLED) based in Haiti. The meeting addressed the issue of the Haitian diaspora in the United States and their linkage to their home country. Participants, including members of the business, grassroots, and government communities, expressed significant interest in how remittances support Haiti and how the Haitian diaspora can participate as a partner to promote development in Haiti.

On September 17, Orozco presented the findings from his recent report on remittances at a conference organized by the Inter-American Development Bank in Kingston, Jamaica. The report, "Changes in the Atmosphere?" analyzes over 100 companies involved in the transfer of money from the United States to Mexico, Central America, and the Caribbean, and compares data collected in November 2001 and June 2002. Participants in this conference were government officials and businesses interested in learning ways to improve money transfers to the Caribbean. The report demonstrates that despite adverse economic conditions, remittance flows have continued to increase to these countries, while charges to send money have shown a relative decline. Moreover, the report details the entrance of several new players from the banking sector. Both presentations in Haiti and Jamaica paid special attention to the Caribbean landscape.

On September 20, in Havana, Cuba, Orozco presented his recent study, "Challenges and Opportunities of Marketing Remittances to Cuba." The presentation was made to government officials and policy analysts at CIMEX, the government's export-import company. Orozco's report focuses on the particular characteristics that distinguish Cuban remittances from those to the rest of Latin America. It analyzes various methods of transferring money to Cuba, ranging from informal systems and cash carried by hand to the participation of major money transfer businesses in Cuba. (Please see the Dialogue website for copies of these reports.)

## HAITI: Challenges in Development Assistance

The Inter-American Dialogue's conference, "Haiti: Challenges in Development Assistance," held on May 22 and 23 provided a forum for exchange among bilateral donors, multilateral organizations, members of Congress, as well as two dozen representatives from Haitian civil society organizations such as the Center for Free Enterprise and Democracy, the Civil Society Initiative, the National Coalition for Haitian Rights, and the Haitian Press Association.

At the opening dinner, U.S. Representative John Conyers (D-MI) underlined the need for compromise to enable Haiti to find a peaceful path to development. Deputy Assistant Secretary of State Lino Gutiérrez gave the keynote address, stating that President Aristide has the primary responsibility for ending political violence and signing an accord, but that the opposition must also engage in good faith negotiations.

Discussion at the conference focused on four topics: Haiti's political context, economic and social challenges, the status of current development assistance, and the role of multilateral institutions. Panelists included Luigi Einaudi, assistant secretary general of the OAS, Eliot Kalter of the IMF, Jacky Lumarque of Quisqueya University, Pierre-Marie Boisson of Sogebank, David Adams of USAID, Orsalia Kalantzopoulos of the World Bank, and Gerard Johnson from the IDB. In his luncheon address, Senator Mike DeWine (R-OH) stated that U.S.



IMF official Elliott Kalter, Quisqueya University President Jacky Lumarque

national interest in promoting regional democracy, Haiti's pressing humanitarian concerns, and stemming the flow of drugs and illegal migrants are cause for U.S. concern toward Haiti.

In follow up to this conference, Peter Hakim and Dan Erikson traveled to Haiti in August to meet with government officials, opposition leaders, members of Haiti's civil society, and representatives of international donor organizations. The Dialogue has published a report of the findings and recommendations from the conference, which is also available on our website ([www.thedialogue.org](http://www.thedialogue.org)).



Participants from Haiti: Andre Lafontant Joseph, Rosny Desroches, Tony Cantave, Jean-Claude Bajoux, Charles Clermont

### Women Leaders

On July 17, the Dialogue hosted a roundtable discussion with fifteen women leaders in Washington from Brazil, Colombia, Dominican Republic, Guatemala, and Peru as part of the Vital Voices Global Leadership Institute. The discussion, led by WLCA director Joan Caivano and consultant Mala Htun, professor at the

New School University in New York, focused on the research produced by the Dialogue's Women's Leadership Conference of the Americas (WLCA) on women's leadership in politics and the foreign policy arena. The group exchanged opinions on the efficacy of electoral quota laws in Latin America.

## CUBA: What Next?

On June 7, the Dialogue organized a full-day conference to review the political and economic situation in Cuba, and assess Cuba's relations in the hemisphere. Intended to update the Washington policy community on developments in Cuba, the conference brought together current and former U.S., Latin American, and Canadian government officials; economic and political analysts; scholars; journalists; and representatives from non-governmental organizations. The panels addressed Cuba's political circumstances, the state of the Cuban economy, and Cuba's relations with other nations in the Western Hemisphere.

Conference panelists included Bernard Aronson of Acon Investments; Amb. Rubens Barbosa of Brazil; Peter Boehm of the Embassy of Canada; Shahid Javed Burki of EMP Financial Advisors; Jorge Domínguez of Harvard University; Dennis Hays of the Cuban American National



Everett Santos, William Friend



Deputy Assistant Secretary of State Dan Fisk, Former Assistant Secretary of State Bill Rogers

Foundation; Eusebio Mujal-Leon of Georgetown University; Lorenzo Perez of the IMF; Carlos Quijano of the Association for the Study of the Cuban Economy; Carlos Rico of the Embassy of Mexico; Linda Robinson of *U.S. News & World Report*; Jorge Sanguinety of DevTech Systems; Mary Speck of Stanford University; and Amb. Allan Wagner of Peru.

Luncheon speaker Dan Fisk, deputy assistant secretary of state for Western Hemisphere affairs, stated that the goal of the U.S. administration is to see Cuba establish free and fair elections and an open economy.

The conference highlighted several areas that deserve further exploration, such as Cuba's *de facto* membership in the process of regional integration; the outlook for trade relations between Cuba and the United States; and the ability of Cuba's leadership to continually adapt to economic and political crises, and survive.

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## LATINOS AND U.S. FOREIGN POLICY

On May 29, the Dialogue and Tomás Rivera Policy Institute (TRPI) hosted a group of Latino leaders from Boston, New York, Washington, and Miami for a discussion on Latinos and U.S. foreign policy. Responding to presentations by experts such as Jorge Domínguez of Harvard University, Richard Betts of Columbia University, Armand Peschard-Sverdrup of the Center for Strategic and International Studies, and Michael Shifter of the Dialogue, participants discussed several recent international and hemispheric developments. Special emphasis was given to the situation in Colombia, Mexico, and Central America. Rodolfo de La Garza of

Columbia University and TRPI noted that despite becoming more internationally oriented on a personal and social level, few Latinos have yet to engage the U.S. foreign policy process. Rather, Latinos are more likely to apply their political weight to issues confronting immigrant communities in the United States. It was agreed that Latino-Americans should participate more in the formulation of U.S. policy toward Latin America, not only because of the positive effects they could have on policy, but equally because it is an essential aspect of civic life as American citizens.

## RACE RELATIONS IN THE HEMISPHERE

### IAC 2002 Annual Meeting

The ten institutions that form the Inter-Agency Consultation on Race (IAC)—of which the Dialogue serves as secretariat—convened for their third annual meeting on June 19 and 20 at the Pan-American Health Organization (PAHO). The conference was both an opportunity to review the direction and objectives of the IAC, as well as to address substantive concerns related to race in Latin America and the Caribbean. Specifically, participants examined the implications of race for education and health policy and discussed how traditional human rights mechanisms could advance racial equality.

During the discussion on education, presentations focused on issues ranging from the relationship between levels of education, racial identification, and racism in Latin America, to ways in which data disaggregated for race could be used to design programs that address racial inequalities in the region.

Drawing on the experience of the autonomous region of Nicaragua and Brazil, participants discussed the obstacles to providing health services to marginalized Afro-descendent populations. They found key challenges to be improving data collection and designing health systems to reflect a society's multi-cultural characteristics. The group also discussed the prevalence of HIV-AIDS among Afro-Latin Americans, especially in Central America.

One of the sessions focused on how the OAS Commission on Human Rights might be used to address the discrimination and injustices that confront Afro-descendents.

PAHO Director George Alleyne used his keynote address to drive home the urgent need to design health systems that reach all sectors of society, including the often-overlooked Afro-descendent populations.

IAC members also discussed the Ford Foundation's innovative requirement that grant applicants create "racial impact statements" outlining how a prospective project will affect racial inequalities. Participants suggested that the multilateral development banks consider implementing a similar policy in order to direct important attention to how major development projects affect Afro-descendent populations. Participants also urged the multilateral institutions to incorporate racial diversity targets into their own institutional strategies.

Finally, the group suggested using the Millennium Development Goals as benchmarks to measure the progress of development within Afro-descendent communities. This would push governments, development agencies, and civil society to assure that Afro-Latin Americans keep pace with progress.



Legislators Luiz Alberto Silva dos Santos of Brazil and Epsy Campbell of Costa Rica

### Afro-descendent Legislators from Costa Rica and Brazil

The IAC hosted two Afro-Latin American legislators—Epsy Campbell of Costa Rica and Luiz Alberto Silva dos Santos of Brazil—and arranged a series of meetings for them in Washington and New York City from June 26 to 28. These encounters raised the awareness among the Washington policy community—human rights organizations, multilateral development banks, and black groups—of the challenges that confront Afro-descendents in Latin America. Campbell and Silva dos Santos met with the Congressional Black Caucus as special luncheon guests of Charles Rangel (D-NY) and William Jefferson (D-LA). Their conversation addressed the particular difficulties black policy makers face and explored the potential for greater interaction among the black legislators of the hemisphere. The OAS Inter-American Commission on Human Rights hosted a meeting for the visiting legislators with representatives of Human Rights Watch, Amnesty International, and the International Human Rights Law Group. In addition, Campbell and Silva dos Santos met with the National Urban League, the National Council of La Raza, the IDB, and the U.S. State Department. Finally, the Dialogue and the Global Afro-Latin and Caribbean Initiative at Hunter College sponsored discussion groups for the two legislators in New York City.

### U.S. Civil Rights Groups

On June 6, the Dialogue's program on race organized a meeting with representatives of U.S. civil rights groups and African-American organizations that focused on how to strengthen the relationship between these groups and their Latin American counterparts.

## CENTRAL AMERICA'S DEVELOPMENT PROSPECTS

On May 21, the Dialogue organized a conference on Capitol Hill on Central America's development prospects. Panels were chaired by Senators Chris Dodd (D-CT) and Mike DeWine (R-OH), and Representatives Mark Souder (R-IN) and Jim Moran (D-VA). The luncheon presentation was made by John Maisto of the National Security Council. The conference paid special attention to recent political and economic trends in Central America, development assistance to the region, trade and integration as twin components of economic growth,

and the development potential of migration and remittances. Foreshadowing the theme of the panel on U.S. policy toward the region, Sen. Dodd opened the conference urging the U.S. to adopt a more comprehensive development policy to address the region's long-term needs. Participants promoted policies to end corruption, strengthen political parties, and improve public security. Some noted that many Central Americans are frustrated with democracy and are beginning to question its ability to deliver positive change.



Mark Souder (R-IN)



Former FMLN leader Joaquín Villalobos, Sen. Chris Dodd (D-CT), Rep. Hilda Solis (D-CA)

### Costa Rican Trade Minister

On June 14, the Dialogue hosted a breakfast discussion with Alberto Trejos, minister of foreign trade of Costa Rica. Trejos discussed Costa Rica's trade agenda under the leadership of the newly inaugurated president, Abel Pacheco. While Trejos noted that Costa Ricans must regain faith in the pro-trade agenda the country has long pursued, he dismissed the interpretation that congressional failure to pass a free trade agreement with Canada indicates congressional opposition to greater free trade. On the contrary, he interpreted the event as a healthy sign that congress wants to be more involved in designing trade agreements. Trejos

announced that negotiations with the United States over a free trade agreement are scheduled to begin by the end of 2002 and hopefully conclude in 2003. Although Central America will not negotiate the entire agreement as a bloc, Trejos noted that the nations of the region must finish negotiating among themselves before turning to the United States. One potential sticking point, national monopolies, will not be addressed within Central American trade negotiations, as they are likely to hold up the entire process. Trejos was joined by Anabel González, special trade advisor for Costa Rica.

## Washington Contentious: Global and Domestic Inequity

On June 13, the Dialogue and the Center for Global Development brought together key practitioners, researchers, and policy experts for a daylong workshop in Washington to review what can be done, at both the domestic and global levels, to deal with poverty and inequality in Latin America. The conference set the stage for a major outreach effort by the two institutions to galvanize attention and political support for the proposals set out in the 2001 Dialogue report *Washington Contentious: Economic Policies for Social Equity in Latin America*, written by Nancy Birdsall, president and founder of the Center for Global Development, and Augusto de la Torre, Ecuador's former central bank governor now at the World Bank. Four themes dominated the discussions: tearing down trade barriers; hazards and inequities of the international financial markets; privatization, corruption and governance; and growth after reform. The conference was held at the Institute for International Economics (IIE).



Center for Global Development President Nancy Birdsall, Peter Hakim, Augusto de la Torre of the World Bank

President Jorge Quiroga of Bolivia offered the keynote address during lunch, following an introduction by Rep. Cass Ballenger (R-NC), chairman of the House Subcommittee on the Western Hemisphere. World Bank Vice President for Latin America David de Ferranti opened the discussions. Panelists included *Washington Contentious* authors Nancy Birdsall and Augusto de la Torre, Chile's former Minister of Labor Rene Cortázar, IDB Chief Economist Guillermo Calvo, Stanford University Professor Terry Karl, Harvard University Professor Robert Lawrence, and Oxfam International's Simon Ticehurst, among others.

The discussions on trade highlighted the current U.S. double standard—U.S. demand for market access in Latin America and U.S. protectionism over its own



Fred Bergsten of IIE, Rep. Cass Ballenger (R-NC)

goods—and how trade under current legislation affects the ability of developing countries and Latin America to deal with poverty and inequality. The panel on the international financial markets focused on the problems and serious difficulties that bar emerging market economies from integrating successfully in the international financial markets—the potential benefits of integration are often overshadowed by crisis, financial turbulence, and inequality in access within and across countries. Recent privatization programs in Latin America were discussed. Panelists compared the facts with the increasingly negative perceptions demonstrated in attitude surveys where Latin Americans opine privatization has been unfair and opened another door to more corruption by public officials.

The workshop's findings and conclusions will contribute to a new edition of *Washington Contentious*, to be published by the Dialogue and the Center in early 2003. The first edition of the report is available on [www.dialogue.org](http://www.dialogue.org) and [www.cgdev.org](http://www.cgdev.org).



Former Foreign Minister Eduardo Stein of Guatemala, President Jorge Quiroga of Bolivia, John Williamson of IIE

## Jose Antonio Ocampo UNECLAC

On June 6, the Dialogue held a roundtable discussion with Jose Antonio Ocampo, executive secretary of the UN Economic Commission for Latin America and the Caribbean (ECLAC). Ocampo, the former minister of finance of Colombia, led a discussion on what it will take—nationally, regionally, and internationally—to allow the benefits of globalization to be shared more equitably, and to strengthen the quality of Latin America and Caribbean participation in world economic affairs. His comments drew on the just published ECLAC report, *Globalization and Development*.

### Press Roundtable

Nancy Birdsall of the Center for Global Development and John Williamson of the Institute for International Economics joined Dialogue staff—Peter Hakim, Michael Shifter, and Pete Vaky—on August 7 for a press roundtable to discuss recent developments on Latin America. Many wondered whether passage of trade promotion authority (TPA) might not help Latin America avoid a negative forecast for the future. Williamson argued that although Brazil's debt is manageable in the long run, political uncertainty in the short term could have negative ramifications on the economy and debt. Birdsall argued that the Uruguay bailout represents the Bush Administration's new willingness to undertake bailouts on a case-by-case basis. Birdsall argued that Brazil, however, would be the bellwether for the administration's policy.

### Experts Discuss Crises

On July 15, with the support of the Inter-American Development Bank (IDB), the Dialogue brought together a select group of some 20 political and economic analysts to discuss the current circumstances of Latin America and explore ideas for dealing with the region's problems. The session was chaired by IDB President Enrique Iglesias. Among the themes discussed were Latin America's crisis of political representation; how the slowdown in the world economy has affected the region; Argentina's socio-economic and political crises; the dilemma of growth, equity, and poverty; trade and the FTAA; and the relationship between the United States and Latin America.

Several participants highlighted the need to analyze how Washington has lost the capacity to create certainty in the markets—and the new dynamics that exist between national and individual expectations, and the signals that are sent to markets and market reactions. Most people in Latin America believe that, with regard to economic policies and reforms, the countries of the region have bought a package of damaged goods. Regarding the reforms themselves, participants called for further analysis of the prerequisites that must be in place in order to achieve successful and deeper reform. On U.S.-Latin America relations, participants agreed that, seen from the Latin American perspective, U.S. policies have created unfulfilled expectations for growth and stability.

## U.S.-Mexico Relations

On September 16, the Inter-American Dialogue hosted an informal conversation with the editor-in-chief of *Foreign Affairs en Español*, Rafael Fernández de Castro. The focus of the discussion was Mexican foreign policy and U.S.-Mexican relations. In his view, Mexican foreign policy can be divided into before and after 9/11. The "honeymoon" period between U.S. and Mexico following the election of President Fox was broken after the terrorist attacks on the World Trade Center. The main policy affected by the sudden change in bilateral relations was the migration agreement; this

agreement has now fallen off the agenda and it will be very difficult to regain momentum in its favor. In his view, Mexicans are concerned that the United States is becoming an offensive and aggressive hegemon, and they question what seems to be Washington's unilateral actions and disengagement. Mexico also feels greatly affected by the new wave of protectionism in the United States. Fernández de Castro argued that Mexico has to become more active and on the offensive—otherwise, it will never get back on the U.S. agenda.

## Telecommunications and Energy Sector Discussions

On June 12, Argentina's former Secretary of Communications Henocho Aguiar met with telecom industry executives and investors at the Inter-American Dialogue to discuss the precarious state of the telecommunications sector in Latin America, specifically its outlook in Argentina. Although liberalization had spurred investment and competition in the previous decade, significant reforms remain crucial to developing modern telecommunications systems in the region, Aguiar said. In Argentina now, the telecom sector faces a dire situation. Several large-scale bankruptcies and debt restructurings threaten the potential for expanded access to basic services and the competitive landscape itself.

On May 16, the Inter-American Dialogue hosted a roundtable on the state of the telecommunications sector in Latin America "after the bubble" that buoyed the industry in the late 1990s. *Latin America Advisor* editor Robert Simpson moderated the discussion, which featured panelists Marilyn Ehrhardt, the vice president for Latin America at Vitria Technology; Bob Lacy, the vice president for international expansion at Worldcom; and Umberto Pisoni, senior investment officer at the International Finance Corporation. The

exchange focussed on the lack of future capital and financing accessible to the telecom sector, as well as regulatory challenges that continue to affect industry growth and investment. Ehrhardt emphasized the positive potential for the telecom sector to achieve better education, healthcare and globalization results for the region, despite today's dim financing outlook.

On August 6, the Dialogue hosted senior energy industry executives and leading economists for a discussion on strategic hydrocarbon integration in the Americas. Luis Guisti, former president of Venezuela's state oil company PDVSA, told the audience that while Latin America has the capacity to meet the large U.S. demand for gas and has the low production costs to make that gas affordable, governments will have to open up to increased foreign investment in order to take advantage of this scenario. National restrictions, such as Venezuela's Hydrocarbon Law and Mexico's prohibition against foreign investment, are to blame for the lack of cooperation, states an article in *Platts Energy Trader* (August 7, 2002) in a report on the Dialogue event.

## Staff Updates

**Robert Bach** joined the Dialogue in September as visiting senior fellow to conduct research and lead policy discussions on the potential for incorporating a social agenda into negotiations over North American and hemispheric integration. He was at the Rockefeller Foundation and earlier served in the Immigration and Naturalization Service.

**Ken Blazejewski** has been promoted to program associate to the Inter-Agency Consultation on Race at the Dialogue.

**Dan Erikson** has been promoted to project director, Caribbean. This includes both the Haiti and Cuba programs.

**Cecilia Carro** has been promoted to program associate.

**Shannon Jackson** joined the Dialogue in June as a marketer for the Dialogue's corporate programs. She was previously an intern at the USTR. Shannon graduated from the University of Georgia with a degree in communications and Spanish.

**Seth Kroop** joined the Dialogue in June as an intern and was hired in September as a program assistant to the Central America program. He graduated from Middlebury

College in May 2002 with a B.A. in international studies.

The Dialogue would like to extend special thanks to its summer 2002 interns: **Claire Adida, Jessica Beckwith, Anna Frandsen, Seth Kroop, Claudia Labbe and Abbey Walker.**

**Rachel Mathieu** left the Dialogue in July to take a position at Nonprofit Finance Fund.

## New Funding

**Corporación Andino de Fomento** (Andean Development Corporation) for the VI Annual CAF Conference and in support of the Linowitz endowment fund.

**GE Fund** for work on education reform in Latin America.

**Inter-American Development Bank** to support the inter-parliamentary network, and our collaboration with the World Affairs Councils of America to bring debate on trade to town hall meetings.

**Swedish International Development Agency** in support of the Inter-Agency Consultation on Race in Latin America.

**Government of the United Kingdom—Department for International Development (DFID)** for a strategic assessment of the

Inter-Agency Consultation on Race in Latin America.

**Western Union** for work on Cuba and remittances.

## New Publications

### Books

Peter Hakim and Robert Litan, eds., *The Future of North American Integration: Beyond NAFTA* (Washington, DC: Brookings Institution Press, 2002).

Manuel Orozco, *International Norms and Mobilization of Democracy: Nicaragua in the World* (London: Ashgate Publishers, 2002).

### Colombia Working Paper Series:

“‘Doing Something’ in Colombia,” by Eduardo Posada Carbó, August 2002; “The Prospects for Peace in Colombia: Lessons from Recent Experience,” by Rafael Pardo Rueda, July 2002; “Colombia: Negotiate but What?” by Joaquín Villalobos, June 2002; “Reflections on the Colombian Conflict: A Rapporteur’s Report of the Colombia Working Group,” by Daniel Mack and Victoria Wigodzyk, June 2002.

### Caribbean project conference

reports: “Haiti: Challenges in Development Assistance,” by Daniel Erikson, October 2002; “Cuba: What Next?” by Daniel Erikson and Peter Wolf, October 2002

### Partnership for Educational

Revitalization in the Americas (PREAL): “Informe de Progreso Educativo: Honduras,” PREAL and Fundación para la Educación Ricardo Ernesto Maduro Andreu—FEREMA, April, 2002; “Informe de Progreso Educativo: Guatemala,” PREAL, Centro de Investigaciones Económicas Nacionales—CIEN, and Fundación Soros, July, 2002; “Informe de Progreso Educativo: El Salvador,” PREAL and Centro Alfa, September, 2002.

## Staff Notes

**Luiz Barcelos** participated in II Congresso Brasileiro de Pesquisadores Negros, São Carlos, Brazil and the 4th Annual Global Partnerships Conference, United Negro College Fund Special Program, in Lima, Peru. He also participated in an Inter-American Development Bank course on social management for the development of Afro-descendent communities in Latin America.

**Joan Caivano** presented to the Executive Committee of the OAS Inter-American Commission on Women the results of the Women’s Leadership Conference of the Americas’ study on women in foreign policy making, and she spoke on women’s rights and opportunities in Central America at the State Department’s Foreign Service Institute.

**Sean Carroll** gave a lecture on “Terrorism and U.S. policy in Latin America” at the National Security Agency. He also traveled to La Paz to train Bolivian congressional staff on the role of legislative committees and on conducting public hearings.

**Dan Erikson** chaired a panel on foreign direct investment in Cuba at the annual conference of the

Association for the Study of the Cuban Economy in Miami, Florida. He also spoke on U.S.-Cuba relations for Bloomberg Television, Noticiero Telemundo, and his commentary on Caribbean affairs appeared in a variety of news publications.

**Peter Hakim** spoke at the FOCAL Forum of Hemispheric Experts, the Colombian Banking Association Annual Meeting, Georgetown University, and Brookings Institution. Hakim published “Democracy and U.S. Credibility” in *The New York Times*. He appeared on Bloomberg TV Brazil, Brazilian television, *Foro Interamericano*, Talk of the Nation, Telemundo, The NewsHour with Jim Lehrer and in *Veja* magazine. His edited book with Robert Litan, *The Future of North American Integration: Beyond NAFTA* was released by Brookings Institution Press.

**Manuel Orozco’s** book, *International Norms and Mobilization of Democracy: Nicaragua in the World*, was released by Ashgate Publishers of London. His article, “Globalization and Migration: The Impact of Family Remittances in Latin America,” was published in the summer issue of the journal *Latin American Politics and*

*Society*. Orozco also gave the keynote addresses at the FOCAL conference on the evolution of Central America’s political development and economic integration in Ottawa, Canada and at the Conference on Haiti and its Diaspora. In August, Orozco appeared on an NPR program entitled “Guatemala: Past, Present, and Future.” Orozco continues to write a bi-weekly column for the Spanish-language magazine of political analysis, *Confidencial*.

**Jeff Puryear** spoke to business leaders in Managua, Nicaragua in July on the role of business in education. He also met with Nicaragua’s first lady, the president of the National Private Sector Council and with former President Violeta Chamorro. Also in July, Puryear commented at the IIE Workshop on Latin American Policy Reform on the draft education chapter of a book being edited by John Williamson. In August, Puryear spoke in Lima, Peru at the Latin-American conference on Early Childhood Education organized by the Latin American Business Council (CEAL) and IBM. In September, Puryear attended a Regional Education and Training Workshop organized by the U.S.

Agency for International Development in San Pedro Sula, Honduras.

**Michael Shifter** was part of a “Grupo Regional de Reflexión,” organized in Lima, Peru by the Legal Defense Institute, to discuss the changing human rights agenda. Shifter also spoke in Lima, at a session organized by Peru Monitor; to a group of Colombian business leaders about U.S. domestic politics and foreign policy priorities, and to a group of Colombian attorneys on the state of democracy in the hemisphere at separate conferences organized by the University of Los Andes in Bogotá, Colombia; and at a roundtable discussion on Colombia co-sponsored by the Americas Society and the Council of the Americas in Miami, Florida. Shifter spoke in Cartagena, Colombia, at a meeting organized by the U.S. Embassy, on the effects of September 11 on U.S.-Colombia policy. He spoke at the U.S. Department of State, Civil Society Task Force, Georgetown University, American University, and to the Ford Latin American Group (FLAG). Shifter appeared on *Foro Interamericano*, *Conversemos esta Noche*, *Univision*, CNN, BBC, Australian Broadcasting Company, several U.S. radio stations, and Argentine radio.

## Corporate Membership Grows

Executives Join Board of *Latin American Advisor* and *Latin America Telecom Advisor* Newsletters



Marilyn Ehrhardt

Marilyn Ehrhardt, vice president for Latin America at Vitria Technology, Inc., has 25 years of experience in information technology/telecommunications. She has worked at major companies around the world, including senior management positions with AT&T, Oracle, Compaq, and NASA.

Graham Makohoniuk, director of equity research at Globalvest Management Company, is also a member of the firm's investment committee and has over 20 years experience in financial systems and system development.



Paul Laudicina

Paul A. Laudicina, vice president and managing director of A.T. Kearney's Global Business Policy Council, consults with the leaders of corporations across a broad range of strategic and corporate policy issues. Previously, Laudicina was vice president of SRI International (the former Stanford Research Institute) and legislative director in the U.S. Senate.

José Antonio Ríos, president of Global Crossing International, was recently named chairman of the board of Global Marine Systems. He was previously CEO of Telefónica Media and the founding president and CEO of Galaxy Latin America, where he was responsible for planning DIRECTV among other senior executive roles with Telefónica S.A. and the Cisneros Group of Companies.



José Antonio Ríos



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