

ANDRES ROZENTAL

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Jim HOAGLAND

Our first speaker today is Andrés Rozental, a Senior Policy Advisor at Chatham House, President of Rozental and Associates, and former Mexican Ambassador to the United Kingdom. Andrés take it away.

Andrés ROZENTAL

Thank you very much, Jim, and thanks to the World Policy Conference for the invitation. Latin America, as you started off saying, perhaps in the United States it is not something a lot of people read about, but I think today Latin America should be very much on the front burner of domestic US policy and also its foreign policy, whether because of issues related to migration or questions relating to economic growth, or populist presidents who have been elected in many of our countries as a result of an enormous amount of dissatisfaction from the population regarding previous governments. There is an enormous amount of volatility in the region and I think that should put Latin America more in the forefront of interest in the US, but also in Europe and the rest of the world.

In a very general way, the region is not doing well, if you look at it from Mexico all the way down to the Antarctic, and include the English, Spanish and French-speaking Caribbean. We are not doing well economically, with very few exceptions. Countries like Brazil and Mexico, the two largest economies in the region, are growing at either minimal rates or, in the case of my country, not at all. Some of that is due to what is going on in the rest of the world, partly in the US and Europe, but much is also self-inflicted. One cannot put the blame on a global downturn in terms of economic growth, the way one could with China or some of the European countries. If you remove Venezuela from the equation, because Venezuela's growth is negative and has been negative in a very large way for the last few years, we are not moving fast enough to be able to deal with the annual new entrants to the labour market. Therefore, in addition to the other problems we have a social problem of young people who cannot get a job and many of whom do not study either. These so called NiNis, in Spanish, *Ni trabajan, Ni estudian*, is a very serious problem in my country and I believe in others as well.

Another issue that I think has happened and is part of the scenario these days is that the region as a whole is retrenching from global and regional affairs. We are looking very much introspectively within our own countries as a result of the economic contraction, but also as a loss of interest among voters who today are much more preoccupied with their own pocketbook issues, with issues relating to violence, organized crime and migration and so we are very easily abstaining from the larger participation we have had in the past on the global scene. I think this is particularly true of Brazil and Mexico. We both had leadership roles on different issues, climate change and other issues, and we are now very much on our own. For example, the current President of Mexico has been in office for 10 months and has not left the country once. He did not go to the G20 summit, did not go to the UN General Assembly, did not even go to the Pacific Alliance summit, which is a Mexican creation. I think this is indicative of this retrenching into an introspective world of economic, political and social issues.

As a result of all of these factors, I think Latin America is going to be, to use a British expression, punching below its weight on the global stage. This is at a time when the opportunity to lead is very present. We have heard a lot during this conference about lack of leadership. None of our domestic leaders is really willing to take this on. They are much more concentrated on their own domestic issues.

I will just very quickly go through some of the highlights of countries that are in trouble. I will start with Venezuela where, as you know, because it has been in the headlines a lot, there is a humanitarian crisis, a government whose



legitimacy is being challenged by both domestic and external pressures. You have a population that has left Venezuela; over four million people are projected to have left by the end of next year if things do not change there. You have a Russian-Venezuelan alliance that has entered the picture, which is something that replaces the old Cuban-Russian alliance. Mr. Maduro and the Venezuelan government in power at the moment is basically being supported by Russia and China, and that is something that obviously upsets the US which has decided to move for regime change in Venezuela. Two years later there is no regime change, US foreign policy has failed and there is no perspective, as far as I can see, of a change from the *status quo* in Venezuela. We will probably be faced with an even greater humanitarian tragedy in the coming months.

In Ecuador the President is being assaulted by public opinion because of a reduction or elimination of subsidies for gasoline. He had to move his government from the capital of Ecuador, Quito, to Guayaquil. That is an indication that to some extent the government has lost control of the capital city.

We have heard the story in Argentina before. It has been an up-and-down rollercoaster for most of its history, having been one of the richest countries in the world, then defaults on its international obligations at least half a dozen times. It puts the IMF in serious problems because of the 55 billion dollars the Fund has pledged to support Argentina. There are also elections coming up later this month where most probably the current President will be ousted by a Peronist populist movement.

Nicaragua, Peru, Haiti. Haiti is another tragedy. After the earthquake and all the suffering the Haitian people have had, they have had six Presidents in the last two years, and they are unable to find a way to govern. The current President is also being assaulted in the streets by popular opinion dramatically demonstrating against him and asking for his resignation. Of the last four Presidents of Peru, three are in jail and one committed suicide because he was involved in a corruption scandal. Nicaragua, a country that at one point was looked up to because it overthrew the Somoza dictatorship of many years, now has the Sandinista government as a dictatorship. The current President and his wife run the country and have now been re-designated and there is also an economic crisis.

Putting those countries on one side and talking about my country and Brazil, and Carlos Ivan will be much more detailed on the Brazilian situation, we have many of the same problems. We have a problem of tepid growth, a rising middle class that demands things from government that it so far has not been able to provide. We have corruption scandals. We have violence in the cities, organized crime, drug trafficking, things that have really permeated our daily lives and which at the end of the day are creating a great deal of dissatisfaction from our people.

It is not a good story I am afraid to say, and I know that we will hear something about what investors believe Latin America still offers. However, the fact is that for a Latin American it is not a good time.

Jim HOAGLAND

Thank you, Andrés.