



‘The Political Dimensions of the World Economic Crisis: A Latin-American Perspective’

13 July 2009, Santiago de Chile

ABSTRACT

The financial crisis that was originated in the United States in the middle of 2007 has since September 2008 become a global systemic economic crisis. The current strong worldwide recession now threatens to become a profound social crisis with repercussions for all States.

This crisis is however affecting countries and regions differently, depending on their level of development and degree of insertion in the world economy. Since there is a strong interdependence between the industrialized economies – where the crisis started – and the emergent and developing economies – which Latin America is part of – there is no doubt the crisis will have a deep impact in this latter region.

The socio-economic and political changes resulting from this crisis may be very profound. After six years of economic prosperity, with an average regional growth of 5.6% - grounded in the financial peak, a dramatic increase in commodity prices and high levels of remittances sent by workers – the region is now witnessing a major break in its expanding cycle.

The crisis threatens to severely undermine these years of growth, stability and improvements in human development, which many countries in the region have experienced in the last few years. The subsequent lost in confidence in governments being able to restore the socio-economic stability will further be reflected in a new electoral cycle in which one will have to choose between democratic reformism and autocratic populism.

As a result of this crisis, new political challenges, particularly for democratic leadership in the region, will arise. If one does not adopt the adequate measures to confront them soon enough, the crisis may put at serious risk the democratic advancements booked in the last decades, as well as foment conditions of social outbreak with possible violence, and ultimately worsen the conditions of injustice in which millions of people are living in that part of the world.

In this context, the various governments of Latin America and the Caribbean, together with the relevant international organizations, must adopt the necessary measures to address the economic crisis, as well as the other critical issues affecting the region, such as poverty, global warming, the realization of human rights and peace-building, whose management will be crucial in strengthening democratic values, good governance and human development.

In addition to an effort to design and adopt a new international and regional financial architecture which would help us conceive a more democratic and transparent world order capable of responding to the political challenges of the 21st century, one will also need to set off reflexion and decision-making processes that will specifically tackle the challenges democratic leadership is facing. In this context, various members of the Club of Madrid, together with prominent experts and senior policy-makers will be gathering at this roundtable to discuss the political dimensions of this crisis from a Latin American perspective, and to formulate recommendations that will help address the political issues resulting from the crisis.

The results that will come out of both this roundtable and the other ones organized in Africa, Asia and the Middle East will ultimately constitute the building blocks of the Club of Madrid Annual Conference (12-13 November 2009, Madrid) in which participants will then be designing a global political perspective on the current economic crisis.

PROGRAMME

Monday, 13th July

09:30 – 18:00

Roundtable: “*The Political Dimensions of the World Economic Crisis: a Latin-American Perspective*”

Moderator: **Héctor Aguilar Camín**, historian and political analyst, Mexico
Rapporteurs: **Ted Piccone**, Advisor of the Club of Madrid and Senior Fellow and Deputy Director for Foreign Policy, Brookings Institution; and **Ernesto Ottone**, Advisor of the Club of Madrid and Professor of Globalization and Democracy, University Diego Portales.

09:30

Welcoming words (*Room: Raúl Prebisch*)

Ricardo Lagos, President of the Club of Madrid. Former President of Chile.

Alicia Bárcena, Executive Secretary of the Economic Commission for Latin America (ECLAC)

José Antonio Ocampo, Professor and co-Chair of the Initiative for the Political Dialogue at Columbia University. Member of the UN General Assembly Commission of Experts on International Monetary and Financial Reform.

Block 1: The effects of the crisis in the region: an inside perspective

Speakers:

José Miguel Insulza, Secretary General of the Organization of American States, OAS

Jorge Quiroga, Former President of Bolivia. Member of the Club of Madrid

Eduardo Frei Ruiz-Tagle, Senator of the Republic of Chile and Former President of Chile

12:00

Block 2: Latin America in a World in Crisis

Speakers:

Enrique García, President of the Andean Development Corporation (CAF)

César Gaviria, Former President of Colombia. Member of the Club of Madrid

15:00

Block 3: Latin America - Crisis, Politics and Leadership

Speakers:

Julio María Sanguinetti, Former President of Uruguay. Member of the Club of Madrid

Patricio Aylwin, Former President of Chile. Member of the Club of Madrid

Vicente Fox, Former President of Mexico

16:30 – 18:00

Conclusions