

Inter-American Dialogue

1998 Annual Report

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FOREWORD

1998 was a productive year for the Dialogue. Dialogue efforts were directed to generating new policy ideas and practical proposals for action, and getting them into the hands of public and private decision makers. The Dialogue also sought to assure that diverse Latin American and Caribbean voices and perspectives were present in Washington policy discussions. Through leadership networks and joint projects, we expanded the capacity of institutions in the region to address issues of hemispheric concern.

The Dialogue reinforced and consolidated important program directions that were initiated in the prior two years. These priorities guided our work—(1) making the Dialogue fully inter-American, particularly by accelerating the expansion of our program activities within Latin America and the Caribbean through cooperative ventures with centers in the region; (2) rejuvenating our core membership and participants in our other networks, as well as our Board and staff, to make sure they reflect the growing diversity of leadership and power in hemispheric affairs; and (3) renewing the substantive agenda of issues we address to insure the Dialogue is dealing with the most important challenges in fresh and creative ways.

Making the Dialogue fully inter-American is our single highest priority. The Dialogue has become a more active and visible presence outside of Washington—in Latin America, the Caribbean, and Canada. Over the past year, we conducted more program activities in Latin America and the Caribbean, developed partnerships with institutions in the region to organize forums and carry out projects, and engaged larger and more diverse groups of Latin Americans and Caribbeans in our work. We expanded our leadership networks for CEOs, women leaders, and legislators, increased the number of Latin American and Caribbean members of our staff, and gained more attention to the Dialogue in the region=s print and broadcast media. In 1998, the Dialogue organized over a dozen meetings outside the United States, far more than we had ever held abroad in any single year. Nearly all of our activities in Latin America and the Caribbean are planned and carried out in collaboration with national institutions. Our most important collaborator has been the Center for Development Research (CINDE) in Chile, with which we have collaborated on our education program.

The further diversification of our Board, staff, membership, and other networks is another central priority for the Dialogue. More than anything else, the Dialogue is an organization that is dedicated to promoting constructive interchange among the hemisphere=s leaders. And leadership of hemispheric affairs is changing rapidly. Private leaders—from civil society organizations as well as from business and banking—have sharply increased their influence in inter-American relations relative to public sector officials. Women are playing a more expansive role almost everywhere. Slowly but surely, indigenous groups and minorities are also gaining leadership positions. In the

United States, more Latinos are occupying senior posts in government and business—and exerting influence on U.S. foreign policy in the hemisphere and beyond. We have aimed to ensure not only that our programs reflect these changing leadership patterns, but that we work to strengthen the influence of traditionally excluded groups as well.

Over the past year, we incorporated new and underrepresented groups into the Dialogue=s staff, membership, and other networks. Our core membership of 100 leaders from throughout the hemisphere includes increased numbers of corporate executives, visible Republicans, and directors of nongovernmental organizations, as well as women (who are now almost 30 percent of our membership) and racial and ethnic minorities from both the United States and Latin America.

We also used the Dialogue=s policy and outreach programs to reach new groups of leaders. We expanded our cooperative relationship with the Tomas Rivera Policy Institute, the Congressional Hispanic Caucus and the Hispanic Council on International Affairs. The Dialogue developed a program in Guatemala to assist the incorporation of indigenous groups into the country=s efforts at reconciliation and reconstruction. The Women=s Leadership Conference of the Americas—a joint initiative with the International Center for Research on Women—has become the Dialogue=s most active and innovative leadership network. The Dialogue strengthened its reach to business communities in the hemisphere through our country programs in Brazil and Mexico, as well as the Group of Fifty (G-50) network of Latin American CEOs—co-sponsored with the Carnegie Endowment for International Peace. Our education program has forged strong links to business groups in Latin America, and has initiated the development of a new Corporate Fund for Educational Innovation and Excellence. In recent months, the Dialogue has created a ACorporate Circle≡ to engage business leaders more extensively in all aspects of our work.

Our third crucial priority is to make sure that the Dialogue=s agenda is fresh and relevant to policy, business, and media communities. While remaining engaged with the full spectrum of important issues in hemispheric affairs, we reshaped the Dialogue=s agenda to ensure that we deal with newly emerging problems and older issues that are taking new forms; that we give needed attention to issues and countries that are not adequately addressed by others; and that we emphasize themes which can be best confronted through hemispheric cooperation and regional policy approaches.

This past year, our overall budget reached \$3 million, an increase of nearly \$1 million from 1996. We have been especially successful in securing restricted grants for specific projects, some \$2 million in 1998. In this, the third year of our Sol M. Linowitz Forum endowment campaign drive, we have so far gained pledges of more than \$1.2 million in endowment support for the Linowitz Forum, which should grow to more than \$3 million in 1999. In addition, we are looking to our recently established “Corporate

Circle” to generate increasing amounts of unrestricted corporate support. And our “Associates” program for individual giving continues to grow.

1998 was a critical year in the Dialogue’s program and institutional development. In the coming period, we aim to consolidate the fundamental changes in program direction that we advanced this past year, and to upgrade our management and finances to support a vigorous, first-quality think tank and international forum. More than ever, we are committed to playing a central role in shaping the agenda of issues and opportunities confronting the hemisphere.

Peter D. Bell
Co-Chair

Osvaldo Hurtado
Co-Chair

Peter Hakim
President

Sol M. Linowitz Forum

THE MEETING

The centerpiece of the Dialogue is the periodic meetings of the Sol M. Linowitz Forum, which brings our entire membership together in plenary session approximately once every two years. In Forum discussions, Dialogue members and invited guests probe their differences and seek to forge a common agenda, identify cooperative solutions to regional problems, and develop consensus proposals for actions.

The highlight of 1998 was the second meeting of the Sol M. Linowitz Forum, which convened our full membership for the 12th time since the Dialogue was established in 1982. Private briefings for members and guests were organized with key policy officials, including Deputy Treasury Secretary Larry Summers, Deputy U.S. Trade Representative Richard Fisher, Rep. Jim Kolbe, Bernard Cardinal Law, Undersecretary of State Stuart Eizenstat, and Presidential Envoy Mack McLarty, who was honored at a special luncheon. Our discussions ranged across the full spectrum of issues affecting Western Hemisphere affairs—but attention was particularly focused on the global financial turmoil and its impact on Latin America and the Caribbean; the lack of progress in the fight against poverty and inequality, especially among excluded ethnic and racial groups; the need for deep institutional reforms to improve social and economic performance; and the growing demand for changes in U.S. international drug programs and U.S. policy toward Cuba. A comprehensive Dialogue report on these and other issues will be released in 1999.

AGENDA SETTING FOR THE FORUM

Program Director and Senior Fellow Michael Shifter and Dialogue member Jorge Domínguez designed and guided an exercise to shape the Dialogue's long-term agenda. They commissioned background memoranda and papers, organized a full-day meeting in Washington, and led a two-day workshop at Harvard University, in collaboration with the Weatherhead Center. The Washington meeting featured a mix of analysts and practitioners, and addressed such issues as the role of the press, corruption, poverty and inequality, and the participation of women in democratic politics. The Harvard workshop brought together U.S. and Latin American researchers to review the future of inter-American relations, with an emphasis on transnational crime, security, international support of democracy, migration, trade, and international financial institutions. A Dialogue working paper and a book (to be published by Routledge Press) on the changing inter-American agenda are planned for 1999.

ENDOWMENT SUPPORT

This is the third year of our Sol M. Linowitz Forum endowment campaign fund drive. We have so far gained pledges of more than \$1.2 million in endowment contributions to the Linowitz Forum. We are particularly pleased by the strong support of the Board and membership of the Dialogue.

Networks

Some of the Dialogue's most important work gets done through structured networks and task forces. These networks reflect the changing nature of leadership in the hemisphere, and serve to incorporate new groups of political and social actors to build communication across countries, engage more traditional policy communities, and undertake practical initiatives.

- The **Group of Fifty**—a network of prominent Latin American business leaders co-sponsored with the Carnegie Endowment for International Peace—assembled for its fifth annual meeting in September, just as the region's economic future was coming under severe threat from the international financial crisis. Coordinated by Lillian Argilagos, the G-50 provides a forum for discussion of pressing global issues for Latin America's private sector leaders. Featured guests this year included Enron CEO Kenneth Lay, Zurich Group Economist David Hale, *New York Times* columnist Thomas Friedman, and former Treasury Secretary Nicholas Brady. At a midyear meeting in May, G-50 members and guests analyzed the challenges confronting family companies, Latin America's most common business enterprise.
- Our **Congressional Members Working Group** has been active over the past year. In collaboration with the Western Hemisphere Subcommittee, the Dialogue invited Francisco Gros, Paulo Sotero and Guillermo Calvo to brief staff and members of Congress on the current political, economic, and social situation in Brazil in light of the recent elections and the financial crisis. The CMWG also convened a dinner discussion on the political and economic situation in Colombia and Venezuela, and a breakfast discussion on the impact of the global financial crisis on Latin America and on U.S.–Latin American relations.
- In cooperation with the Organization of American States, the Dialogue organized a hemisphere-wide **Network of Legislative Leaders of the Americas**. President Leonel Fernández participated in the first meeting of the network in Santo Domingo, along with Secretary-General César Gaviria and legislators from the United States, Canada, and twenty-three countries of Latin America and the Caribbean. During the two-day meeting, the group discussed the role of legislatures in foreign policy formulation, and how they can better address such issues as narcotics, free trade, and financial crisis.
- The **Women's Leadership Conference of the Americas (WLCA)**—a network of 100 outstanding women leaders from throughout the hemisphere—began to monitor the performance of hemispheric governments in fulfilling their international commitments to the advance of women. Its first report gave mixed reviews to most countries. Under the direction of Joan Caivano, the WLCA—a cooperative program of the Dialogue and the International Center for Research on Women (ICRW)—has established four active working groups on such issues as domestic violence and judicial systems, education and women's workforce participation, the social responsibility of corporations and multilateral financial institutions, and expanding women in leadership positions.
- In July, the Dialogue formed the **Corporate Circle** in order to increase the participation of business and financial leaders in our forums and other activities, enhance communication among corporate and government leaders in the hemisphere, and structure an ongoing

exchange on policy issues affecting trade, investment, and economic development in Latin America and the Caribbean. Some two dozen companies from the United States, Latin America, and Canada have joined the Circle so far. The number of members will be limited to 40 in order to build a select and active group.

Policy Programs

ECONOMICS, TRADE, AND FINANCE

The Inter-American Dialogue's work on economics is shifting from trade matters to broader questions regarding the impact of globalization on economic and social development in the hemisphere—including growth and stability, employment, wages, and equality. We are focusing attention on the benefits and perils associated with the large and growing flows of capital across international borders, and what can be done by countries, individually and collectively, to reduce the risks involved.

- Together with the Brookings Institution, the Dialogue organized three roundtable discussions on the global economic crisis and how it is affecting Latin America. Participants included business leaders, Wall Street analysts, U.S. policy officials, and senior managers of the international financial institutions. The U.S. and international response to the crisis was discussed at a session of the Dialogue's Congressional Members Working Group, with the participation of IMF Deputy Manager Stanley Fischer and World Bank Vice-President Sahid Javed Burki.
- International financial issues were also a dominant topic at this year's annual conference on trade and investment in the Americas, sponsored by the Andean Development Corporation (CAF) in cooperation with the Organization of American States and the Dialogue. The day-and-a-half conference explored recent political and economic developments in the Andean region countries, reviewed the status of negotiations toward hemispheric free trade, and discussed Latin America's investment prospects. More than 150 people—from business, policy, and media communities—participated in the conference. Speakers and panelists included IDB President Enrique Iglesias, OAS Secretary-General César Gaviria, CAF President Enrique García, former Ecuadorian President Osvaldo Hurtado, IMF Director for the Western Hemisphere Claudio Loser, Merrill Lynch analyst Joyce Chang, Assistant Secretary of State Peter Romero, and former Assistant Secretary Bernard Aronson.
- A select group of policy officials, economic analysts, and corporate leaders joined ECLAC Secretary-General José Antonio Ocampo for a wide-ranging exchange on Latin America's economic challenges and prospects. A similar session brought trade specialists and business executives together with Deputy U.S. Trade Representative Richard Fisher, following his extended trip to Brazil, Argentina, and Chile, to discuss the situation of hemispheric free trade negotiations and U.S. trade policy in the Americas.

EDUCATION

The Inter-American Dialogue joined with Chile's Corporation for Development Research (CINDE) in 1995 to establish the Partnership for Educational Revitalization in the Americas (PREAL) as a multi-year initiative aimed at building a broad and active constituency for education reform in many countries. Since then, PREAL has transformed itself into a hemispheric partnership of private and public sector organizations seeking to identify, promote and implement better education policy. It has become the leading non-governmental voice on education in Latin America, and a strong advocate for involving private sector leaders in education initiatives.

- Our blue ribbon Task Force on Education, Equity and Economic Competitiveness—a joint effort of the Dialogue and CINDE—issued a plan of action to upgrade the quality of education in the Americas. Recommendations in the Task Force report, *The Future at Stake* called for increased investments in primary and secondary education, raising teachers' salaries, and increasing the authority of local communities in education.
- A yearlong campaign to mobilize political support for the report's recommendations is being led by Task Force chair and Dialogue Visiting Senior Fellow José Octavio Bordón, former Argentine presidential candidate, senator, and governor of Mendoza. Under the direction of Jeffrey Puryear, the Dialogue has undertaken an array of initiatives to promote educational reform throughout Latin America and the Caribbean.

DEMOCRATIC GOVERNANCE

The Dialogue's program on democratic governance is concerned with advancing democratic institutions and practice, and promoting human rights and the rule of law in the hemisphere.

- Peruvian political analyst Carlos Ivan Degregori prepared a background memorandum and led a roundtable discussion in Washington on the complex relationship between inequality and democracy in the region. Participants included analysts and practitioners from Venezuela, Mexico, Brazil, Colombia, and the Dominican Republic.
- In collaboration with RAND, the Dialogue convened a small group of high-level U.S. government officials and foreign diplomats for an off-the-record discussion on the main security challenges in the Americas.

MULTILATERAL GOVERNANCE

Multilateral institutions and arrangements—including the Summit processes and the Organization of American States (OAS)—remain a priority for the Dialogue. Through its newly formed Task Force on Multilateral Cooperation, the Dialogue explores ways to strengthen inter-American organizations and arrangements to better manage integration in the hemisphere.

- Under the direction of Dialogue Senior Fellows Luigi Einaudi and Viron Peter Vaky, the Dialogue continued to focus attention on the Organization of American States, calling for a range of reforms that would enable the OAS to take on a central role in preparing for the Summits of the Americas and implementing their conclusions. The Dialogue has worked to encourage OAS leadership in efforts to develop multilateral criteria and procedures to review anti-drug efforts by the countries of the hemisphere, which could replace the unilateral U.S. certification process.
- We contributed in a variety of ways to the second Summit of the Americas, held in Santiago, Chile in April. Jointly with the Chilean government and FLACSO in the Dominican Republic, the Dialogue organized a conference to discuss the role of the smaller countries of Central America and the Caribbean in the Summit process. The foreign ministers of both Chile (José Miguel Insulza) and the Dominican Republic (Eduardo Latorre) participated in the meeting. We assembled a group of policy analysts in Washington to review the main themes of hemispheric affairs with senior Chilean officials, including the Summit director Genaro Arriagada. Dialogue reports offered recommendations to the heads of state meeting in Santiago on such key issues as the launching of free trade negotiations, poverty reduction, the restructuring of the Organization of American States, educational reform, and expanding opportunities for women.

IMMIGRATION

In collaboration with the Tomás Rivera Policy Institute, the Dialogue initiated a multi-year project to enhance the developmental significance of immigrant remittances, both in the countries of Latin America and the Caribbean and in U.S. Latino communities. Other Dialogue work has focused on the foreign policy consequences of new U.S. immigration laws and the stepped-up deportation of criminal aliens.

Country and subregional programs

Many Dialogue activities focus on the problems of particular nations and their relations in the hemisphere and beyond.

MEXICO

The U.S.-Mexican Relations Forum—a joint program of the Dialogue and Brookings Institution directed by Nora Lustig and Peter Hakim—continued to address the major issues affecting the bilateral relationship, and improve the quality of communication between the two countries. In cooperation with Mexico's Autonomous Institute of Technology (ITAM), the Forum brought together some two dozen business, academic, and political leaders for a special meeting in Mexico City. Chaired by former U.S. Trade Representative Carla Hills and Mexican entrepreneur Juan Díaz Canedo, the session focused on narcotics trafficking, civil strife in Chiapas, press coverage of U.S.-Mexican affairs, and immigration matters. Other Forum events included a broad ranging conversation between Ambassador Jesús Reyes Heroles and the Washington policy community, a discussion—co-hosted by the Council of the Americas—on

Mexico's changing politics, and a review of the lessons learned from Mexico's 1995 peso crisis, based on the recently released second edition of Lustig's book on the Mexican economy. Plans have been formulated for a conference next March on alternatives to U.S. drug certification.

BRAZIL

Brazil was another focus of cooperative efforts between the Brookings Institution and the Dialogue. The country's presidential elections and its troubled financial situation explain the sustained attention we gave to Brazil in 1998. We organized pre- and post-election forums for Washington policy makers and opinion leaders; arranged a special briefing for Congressional staff on the elections and the economy; and held a half-day meeting on competition policy in Brazil with the head of the country's anti-trust agency and U.S. experts and business leaders. In addition, every Dialogue event that addressed global financial issues gave special emphasis to developments in Brazil.

VENEZUELA

With presidential elections also scheduled this year in Venezuela, events in that country were discussed in various Dialogue forums. Luis Giusti, president of the Venezuelan State Oil Company, was the featured guest at a special dinner. Sessions were organized with advisors to Hugo Chávez, the leading presidential contender, and with prominent Venezuelan pollsters and political analysts.

CUBA

The Dialogue has maintained an active program, coordinated by Program Director Lillian Pubillones Nolan and advised by Dialogue member Jorge Domínguez, to encourage changes in U.S. and Cuban policies that would allow greater integration of Cuba into hemispheric affairs. With RAND and Brookings, we examined the security challenges that Cuba poses for the United States. We co-sponsored a conference with Harvard University to examine the politics and economics of Cuba following the Pope's visit. Cuba was a central item for discussion at this year's Linowitz Forum, and U.S.-Cuban relations was the theme of a Congressional Working Group dinner. Senior Fellow Ana Julia Jatar's new book on the Cuban economy's expanding market sector will be released early next year. The Dialogue has begun to assemble a special commission of distinguished Latin American and Caribbean leaders that will review Cuba's hemispheric relations and develop recommendations for the region's governments.

COLOMBIA

Led by Program Director and Senior Fellow Michael Shifter, the Dialogue gave new emphasis to Colombia and that country's search for peace. We are preparing a lengthy analysis of Colombia's institutional and political situation to establish a basis for a series of consultations among public and private leaders in Colombia, its neighboring countries, and the United States.

The Dialogue organized a series of meetings in Washington with Colombian officials—including the foreign minister, the ministers of finance, trade, and planning, the president of the Colombian Congress, two leading bishops engaged in peace efforts, and the coordinator of the peace process. Our Congressional Members Working Group discussed circumstances in Colombia and U.S. policy alternatives. In August, Shifter testified before Congress on U.S. Colombia policy.

ECUADOR

The Dialogue and the Brookings Institution hosted a reception in honor of Ecuador's President-elect Jamil Mahuad in July. Two months later, we joined with the Corporation for Development Studies (CORDES) to organize a daylong discussion of Ecuador's internal situation and its relations with the United States. Lead speakers included former President Osvaldo Hurtado, Finance Minister Fidel Jaramillo, and Peter Romero. Luigi Einaudi outlined the peace settlement that Presidents Mahaud and Fujimori completed in October.

CENTRAL AMERICA

Guided by Project Director Carlos Rosales, the Dialogue has developed an extensive program of activities on Central America, designed to enhance the region's effective presence and visibility in Washington, and to improve the quality of debate and decisionmaking on international and interregional issues within Central America. Our most significant undertaking has been the organization—in cooperation with a number of Guatemalan institutions and the Institute of Peruvian Studies—of a series of workshops that brought together indigenous and Ladino leaders to find ways of building a more just and integrated social order in the country. President Alvaro Arzú participated in the workshops, as did indigenous leaders from Ecuador and Bolivia (including former Bolivian Vice President Victor Hugo Cárdenas, and Ecuadorian Congress Vice President Nina Pacari). Other important initiatives in the region have included a two-day session in El Salvador focusing on the role of the private sector in education reform, with the participation of President Armando Calderón Sol and four ministers of education; and a meeting in Nicaragua to review the status and prospects of women in the five Central American nations.

In Washington, the Dialogue organized an array of events on Central America—a dinner discussion with Costa Rican President Miguel Angel Rodríguez, focused on his country's national consensus building project; a similar discussion with Francisco Flores Pérez, ARENA's candidate for president in El Salvador; a roundtable exchange on the Guatemalan peace process with the president's private secretary Gustavo Porras, Finance Minister Pedro Lamport, and other senior government officials; and a meeting on U.S. immigration policy toward Honduras with the country's Foreign Minister Fernando Martínez Jiménez and Congress President Rafael Pineda Ponce. In addition, the Dialogue has frequently briefed administration policy officials and members and staff of Congress about the key issues in U.S. relations with Central America, particularly regarding free trade arrangements, immigration and deportation policies, and property questions.

Outreach

All Dialogue projects incorporate significant outreach components—reports, articles, press conferences, and briefings for policy officials. In addition to its project-related communication, the Dialogue sponsors a variety of public and private forums, often in collaboration with other institutions, to shape and clarify policy debates in Washington, bring Latin American and Caribbean views to the attention of U.S. decision makers, and to inform broader audiences concerned about hemispheric issues. Senior Dialogue staff also participate regularly in radio and television discussions of hemispheric issues.

Publications

This year, the Dialogue published in English and Spanish more than 40 articles, books, working papers, issue briefs, and reports. Attached is a sample of recent publications.

Publications List

Financial Report

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Contributors

SOL M. LINOWITZ FORUM FUND

Individual Contributions

Contributions from Institutions

GENERAL AND PROJECT SUPPORT

CORPORATE CIRCLE

ASSOCIATES

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Staff

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Members

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Board of Directors