

Preface

Latin America matters. It matters because its development is built on the twin pillars of democratic government and pro-market policies to be found in the OECD countries' own development trajectories.

Consistently positive growth rates and democratic stability are now the norm in the region rather than the exception. Pragmatism has replaced dogma as the guide towards sustained economic development. This is the great and positive news coming from Latin America; and it applies to most governments across the political spectrum. Through a sound combination of fiscal orthodoxy and social progressiveness, many Latin American governments are following a "political economy of the possible", far from short-cut solutions based on rigid models and paradigms.

The vocation of the 2008 *Latin American Economic Outlook (LEO 2008)* is clear: providing a guide for the OECD's work on the region and serving as a catalyst for dialogue and the exchange of best practices between Latin America and OECD countries.

The first three chapters of *LEO 2008* reflect the three areas of the OECD Development Centre's current research: policy coherence for development; financing for development; and business for development, each of which is the subject of a separate thematic "flagship" Development Centre publication. *LEO*'s fourth chapter analyses trade issues affecting Latin America's development, particularly those concerning China and India.

LEO 2008 demonstrates how tackling poor fiscal performance can be a driving force for democratic legitimacy and governance in the region, while financing the region's development involves adequate pension-fund governance and institutional innovation to foster domestic capital markets and stimulate national saving. In *LEO 2008* we see how market-seeking investment in an area such as telecommunications has helped improve access conditions for the middle and poorer classes. Finally, *LEO 2008* provides new evidence on how the growing trade with Asia both opens new export opportunities for Latin America, and offers a strong incentive to invest in innovation and infrastructure in order to achieve global competitiveness.

This volume reinforces the foundations of a growing relationship between OECD countries and Latin America. It will be a tool for OECD members to engage and learn more from the region. Because Latin America's strategy of development is profoundly linked to the strengthening of democratic institutions and the pro-market policies the OECD has traditionally advocated, the Latin American experience with these policies will be of special interest for OECD market democracies.

LEO 2008 will also be useful for the peoples, governments and private sector of Latin America. The messages of *LEO 2008* are intended to guide all stakeholders in the region, and are expected to be used to compare experiences within the region and with countries in the OECD area when looking for the best across countries and applying the solutions that work.

The OECD Development Centre's *Latin American Economic Outlook* has been an exercise of co-operation and cross-fertilisation with experts from Latin America and many other international institutions and organisations. An important role was performed by members of the Informal Advisory Board, formed by renowned academics, policy makers and regional stakeholders. This process enriched the result and reinforced networks both inside and outside the OECD.

LEO 2008 has an unashamed *bias for hope*, as Albert Hirschman would have said; it also has a bias towards deepening dialogue both with OECD countries and within Latin America.

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