



MADRID DECLARATION

V PRESIDENTIAL DIALOGUE OF DEMOCRATIC INITIATIVE FROM SPAIN AND THE AMERICAS (IDEA)

LATIN AMERICA: NOW OR POSSIBLY NEVER

I

- ✓ The global health and economic crisis caused by the COVID-19 pandemic is already impacting evidently all Latin American countries.
- ✓ Although somewhat delayed when compared to other regional blocs in the world, the expected impact is unpredictable, but it will be devastating most likely. The institutional weakness and economic instability that has dragged the region for decades represent added weight, very heavy to drag, both in the fight against the virus and in the subsequent economic recovery, even more so in view of the huge economic crater it is leaving in all countries.
- ✓ Thus, in the face of the cruelty without borders and the uncertainty regarding the future that this crisis is generating in societies, regional and international cooperation, despite the limitations offered by Latin American integration processes, becomes an indispensable weapon for the total eradication of the scourge and so that its consequences do not lead to severe poverty in countries that , as in the case of some in the region, were on the right path to institutional improvements and their economic structures.

II

- ✓ Latin America exists. It exists as its own continent, as an economic bloc, as a region connected through countless historical, cultural and all kinds of ties. Despite ongoing break-up attempts, the dream of a Latin America that uses its full potential in conjunction, and intelligently, persists.
- ✓ Despite of being a heterogeneous region, the abandonment of the idea of Latin America as a common continent and its consideration as a mere sum of countries would place it at the verge of disaster in the face of inevitable risks the current situation imposes on us.
- ✓ Thus, it could be tempted – there is no doubt that the enemies of freedom on the continent will try – to use the pandemic as an alibi to slow down, paralyze or postpone the institutional and economic agenda that the region urgently needs in order to extract its potential and be able to compete with other emerging world blocs.

- ✓ On the contrary, the exit from the Latin American crisis cannot be defensive. It will be that way, as in all countries, as long as the health crisis cannot be contained. But the Latin American future agenda based on the defense of democracy, the rule of law, the freedom of the people and economic and institutional stability must not only be postponed but in fact accelerated to the maximum; inclusively, to sort out the threats present today for democratic institutionalism in not a few countries in the region.
- ✓ Latin America will never achieve the development and prosperity it deserves except with growth in freedom, generating opportunities, under the commitment to safeguard private initiative, ensuring alternation in the exercise of power by governments, and sustaining guarantees subject to the empire of shared constitutional values and rules of equally shared rights and responsibilities.
- ✓ We know unfortunately that not all current rulers in Latin America embrace these values and even some disparage them while poverty and inequality grows around them. However, the Latin American agenda based on freedom pays dividends and we have seen it in all countries that have had enough time to consolidate it.

III

- ✓ Latin America must play a role on the global agenda. Latin America needs time and resources to overcome the backward pace of this new crisis; needs opportunities to consolidate institutional improvements that, in all the developed countries of the world, cost a lot to achieve and then to consolidate.
- ✓ No one can ignore that the months and years leading up to the COVID-19 crisis have not been good for Latin America. This new crisis comes at a time of high weakness. A plain field to widen inequalities and give wings to populists who always intend to provide false promises in the heat of uncertainty and as expectations bankrupt.
- ✓ Including Latin America on the global agenda is not a question of solidarity, but of efficiency, of global stability and of defending human rights. It is imperative that developed countries, through multilateral institutions, take part in both crisis control and the early recovery and expansion of the region's economy.
- ✓ All countries in the world crave for stable funding, but few have suffered as many episodes of financial outing as countries in the region. We must look into the future. All countries know what they must do to succeed in this century. Latin America must present a credible plan that builds enough confidence for investors and the international community to participate again in the region.

IV

- ✓ Corruption, drug trafficking and organized crime, informal economies and lack of legal certainty remain heavy slakes that have so far perpetuated any attempt by Latin American countries to mimic the world's great democracies. These elements must disappear from the Latin American political landscape. Its eradication is the

necessary condition for foreign capitals to understand the attractiveness and enormous hidden wealth of the it.


- ✓ The Inter-American Development Bank (IDB) or the Development Bank in Latin America (CAF) have proven to be effective tools in achieving the financing objectives needed by the region. The difficulties arising from the current crisis requires decisive action by partner countries outside of the region for the recapitalization of these entities, so that credit can flow continuously at this dramatic time when people's lives are at stake.
- ✓ In addition, to bring about a smart recovery that generates projects with a multiplier effect on the long-term growth of the region, it will be necessary for the involvement of the world's most developed countries with the creation of a Recovery Fund for Latin America that, with due conditionality, functions as a guarantee that allows to Latin American economies to overcome the systemic effects it is suffering.
- ✓ Latin America must increase its regional integration. Intraregional trade continues to date at very low levels, limiting long-term growth potential and making the region much more vulnerable to the increasingly frequent swings of the international economy. The shortening of value chains that are likely to be a consequence of the current crisis must be a focus on this inclusive effort.
- ✓ In this sense, Public-Private Collaboration becomes the only and best instruments to develop all those projects that allow to vertebrate the region with infrastructures that connect it. Latin America must import successful models from other advanced countries around the world and provide the necessary legal certainty and monetary and financial stability for foreign investors to contribute to the dream of a rich, prosperous, and free Latin America.
- ✓ If Latin America does not want to miss the 21st century train, it must bet decisively on digitization. As well as an intelligent and efficient energy transition to drive sustainable growth. The digital economy allows the transfer of talent and, above all, for Latin America it can be an indispensable opportunity to end the huge levels of informal economy that still accumulate in the region, that affects tax revenues; and, with them the consolidation of an effective social welfare system that reduces inequalities.
- ✓ Economic progress, the generation of opportunities for progress for its people and democratic strength, demand a profound transformation of Latin America's educational systems. PISA tests demonstrate the continent's delay in generating literary, mathematical, and scientific skills in its students. The misuse of time in class, the recruitment of teachers without the necessary training, their lack of evaluation and retraining constitute serious problems of educational systems in most countries. Digitization will make it possible to move faster in solving these problems which solution is urgent.
- ✓ Latin America must also consider a reform of the second-chance system for those companies and initiatives that fail to succeed the first time. An adequate insolvency system represents a necessary brake so that economic crises do not

generate so much destruction of the productive fabric by reducing potential growth and perpetuating informality in the economic system.

- ✓ Latin America, in order to win the future with stability, it must design a regional strategy of democratic growth that sustains the management of the ongoing constitutional states of emergency, without loss of the indispensable institutional and citizen counterweights, and that allows their countries joint access to financial and cooperation mechanisms, hierarchical priorities: Selective unemployment benefit programs and for access to food and medicine, assistance to small and medium-sized enterprises and support for large corporations, educational conversions for remote work, coordination of central banks and credit agencies, attention to the problem of public debt, and also to that of private debtors.

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