

# The 17th Ibero-American Summit: hot air and new movements

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Acres of newsprint across Latin America were consumed in the days leading up to the 17th Ibero-American Summit with the insistence that this meeting of heads of state and of the governments of the 22 member states, which was to take place in the Chilean capital Santiago from November 8 to 19, would be of little use, and, as always, would waste energy and prove an exercise in rhetoric and decoration rather than substance. Some correspondents with long experience of these encounters were also sceptical: "What will we write about?" one of them asked disconsolately as debate began in Santiago. These criticisms came mainly from the press and the region's conservative circles, for whom a forum in which business affairs do not take centre-stage is almost an oddity. But the attacks also came from left-wing social democrats and from indigenous organisations, who argue that these meetings have done little to combat exclusion.

By the end of the 17th Ibero-American Summit, however, and perhaps for the first time since these meetings began in Guadalajara (Mexico) in 1991, few could feel dissatisfied. The leaders were happy, because without exception they completed the task of approving the agreements on social cohesion, drafted by their experts in preliminary meetings, and above all because they exposed the differences between the programmes and strategies being applied in their respective countries.<sup>2</sup> Conservative sectors were happy, because for the first time someone managed to cut short the verbal excesses and arrogance of Chávez. And the Latin American governments to the left of social democracy were content, because they proved that in spite of their diversity, they are not isolated. Even the most caustic correspondents could emerge with a rare species in this sort of habitat: breaking news.

This article will try to answer the question of what the legacy of this summit might be for its direct protagonists, fewer than 50 in number, and for its observers, an audience in two continents peopled by over 580 million inhabitants. The first section will provide a rapid overview of the current conditions of Latin America. Then the main agreements from the summit will be assessed. The text will end with a brief exploration of the effects of the royal "why don't you shut up?"

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<sup>2</sup> "Never before in the recent history of Latin America has there existed such a large number of bilateral tensions, including between countries with similar ideological orientations," argues Wolf Grabendorff (2007), *América Latina. Mucha democracia, poco estado y escaso progreso social*. Kompas 2020, Friedrich-Ebert-Stiftung, Bonn/Berlin.

## It's not enough to do it better than before

The Ibero-American Summit took place in an unusual context for its Latin American participants: their countries are enjoying something of an economic boom, they have revenues in their state coffers, and their societies are voting for governments without the interference of coups, which have not been witnessed in the region since the failed attempt against Chávez in 2002, although popular demonstrations have brought several elected governments to a premature end. Even so, dissatisfaction has risen, and in some countries patience is on the way to extinction.

In the context of Latin America's recent history, where shocks and recessions have prevailed over stability, there have not been economic conditions like these since the 1970s: the panorama is of continued growth, combined with a fall in unemployment (to 8.5 percent on average for 2007), fiscal surplus and limited inflation (6 percent on average for 2007). GDP growth in the region will brush 5 percent this year, and come in a little lower in 2008 (4.6 percent).<sup>3</sup>

The region will in 2007 complete its fifth year of GDP growth, founded on the basis of continuing strong demand, particularly from the United States and China, which has driven to record highs the prices of the main raw materials exported from the region, such as oil, metals and food, and thus improved the terms of trade.

Some social indicators are even reflecting this progress, although they are still not enough to meet the volume of the region's accumulated social debt. The last "Panorama Social" to have been published by the Economic Commission for Latin America and the Caribbean (ECLAC, or CEPAL in Spanish) estimated that the percentage of the population living beneath the poverty line will stand at 35.1 percent for 2007, while 12.7 percent will be destitute - the lowest rates since the 1980s. As a result, the number of poor people is set to fall to 190 million, of whom 69 million are in extreme poverty<sup>4</sup> (representing one and a half times the population of Spain).

After five years of continuous growth, the likes of which have not been seen for a generation, by the end of 2007 over one in three Latin Americans is on average poor, and over one in ten extremely poor. This is a rotten performance, although it might not seem too bad given that 44 percent of the region's population lived in poverty in 2002 (19.4 percent in extreme poverty), and that in 1990, 17 years ago, 48.3 percent were poor, and 22.5 percent destitute.<sup>5</sup>

At the same time, in the world's most unequal region there are four countries - Brazil, Chile, Argentina and Venezuela - where the statistics show a slight improvement in income distribution between 2002 and 2006, particularly over the last two years, while it has worsened in the Dominican Republic and registered no major changes elsewhere.<sup>6</sup>

The waiting time for change is long. It has lasted from the foreign debt crisis at the start of the 1980s and its effects in the so-called "lost decade", to the discipline of the Washington Consensus that followed - and which many embraced in the 1990s - and the abandonment of import substitution for a model of trade openness and export drives, to the volatile growth in the last few years of the previous century and the start of this one, before finally reaching the precarious stability of today. The waiting could go on if the financial turbulence and declining

<sup>3</sup> ECLAC (2007), *Estudio Económico de América Latina y el Caribe 2006-2007*, Economic Commission for Latin America and the Caribbean (at <http://www.eclac.cl>); IMF, *Perspectivas Económicas: las Américas*, International Monetary Fund, Washington DC (at <http://www.imf.org/external/spanish/pubs/ft/reo/2007/whd/wreo107s.pdf>)

<sup>4</sup> ECLAC (2007), *Panorama Social de América Latina 2007*, Economic Commission for Latin America and the Caribbean, Santiago (at <http://www.eclac.cl/>).

<sup>5</sup> Ibidem.

<sup>6</sup> Ibid.

growth of the United States hits world demand, for in that case the economies of Latin America would suffer an adverse impact, as the International Monetary Fund (IMF) has warned.<sup>7</sup>

It is likely that the explanation for the fall in support for democracy (from 58 percent in 2006 to 54 percent this year) and for the free market (from 59 percent in 2002 to 52 percent this year), as reported by the *Latinobarómetro* opinion poll, based on 18 of the region's countries, is to be found in this combination of insufficient and unstable improvement.<sup>8</sup> "Democracy has diminishing returns," warns the *Informe Latinobarómetro 2007*, since "as time passes, expectations rise and improvements are never enough to fulfil them,"; "growth does not bring complacency but frustration," and there are now more channels than before for this to be expressed.<sup>9</sup>

## Sheathing the swords

Amid these paradoxical conditions, Latin America's leaders met in the Ibero-American Summit to discuss how to overcome their social divides, which were deepened by the policies of the Washington Consensus. The progressive leaders governing most of the continent's countries, who were voted into office in elections over the past two years, met with Spain's Socialist government, led by Prime Minister José Luis Rodríguez Zapatero, who himself faces a tough battle in elections in five months' time.

The debates on social cohesion were fierce, revealing the very different ways to tackle growing demands in a time of economic expansion, and are sure to be repeated in Lima in 2008 during the summit between the European Union and Latin America. President Chávez attacked the key concept of Santiago, that of social cohesion, and instead offered the alternative of social justice.

But the final text, the Declaration of Santiago, with 24 commitments, was unanimously approved by the leaders, including Chávez, and introduces the concept of social rights for the majority, as well as insisting that the heads of state and government pledge to place "interest in social cohesion and the need to achieve more inclusive societies at the heart of the international agenda," together with a drive towards "social policies to beat poverty."<sup>10</sup>

The text also satisfied the host, President Michelle Bachelet, as well as the rulers of the three biggest countries in the region (Argentina, Brazil and Mexico), whose silence during the debates spoke volumes. The Declaration and its adjoining Plan of Action reflect both the sensitivity of the moderate Latin American left, and the admission by the more radical left that the cost of rupture is greater than that of acceptance of a consensus agreement.

An array of other causes were also backed by political leaders: gender equality, fulfillment of the Millennium Goals, cooperation and multilateralism, and from 2009 on the commemoration of the bicentenaries of independence from Spain. Next year was also declared Ibero-American Year Against All Forms of Discrimination. The leaders gave their support to Argentina's demand for negotiations with Britain over the Falkland Islands, and called on the United States to end its blockade against Cuba and scrap the Helms-Burton law.

The progress in realpolitik was not as notable, although there were successes. The agreement to back the Multilateral Ibero-American Agreement on Social Security will enable six million

<sup>7</sup> According to the IMF (2007): "Latin American remains highly sensitive to the pronounced weaknesses of foreign demand, and to a possible deterioration in the terms of trade." A combination of a credit squeeze, recession in the United States and a decline in the prices of basic products could cut up to two percentage points from the region's growth in 2008.

<sup>8</sup> *Latinobarómetro* (2007), *Informe Latinobarómetro 2007*, (in [www.latinobarometro.org](http://www.latinobarometro.org)).

<sup>9</sup> *Ibidem*.

<sup>10</sup> The 17th Ibero-American Summit (2007), *Declaración de Santiago*, (at [http://www.iberchile.cl/prontus\\_iberchile/site/artic/20071110/pags/20071110152653.html](http://www.iberchile.cl/prontus_iberchile/site/artic/20071110/pags/20071110152653.html)).

emigrants to transfer their pension instalments from one country to another, once it is put into practice following approval by each national parliament of an implementation accord. It is the first community agreement of its kind, and is thus highly symbolic, although it should be remembered that in Latin America only 58.9 percent of working people had health and pension coverage in 2005.<sup>11</sup>

Further significant outcomes of the summit were Spain's contribution of 1.5 billion dollars to the Fund for Drinking Water, the Programme to Strengthen Infancy - proposed by Bachelet -, the Pablo Neruda Postgraduate Academic Mobility plan, to encourage student exchanges, and the Literacy and Basic Education Plan to eradicate illiteracy, proposed by Venezuela.

### “Why don't you shut up?”

But in all likelihood this summit will not be remembered for its agreements, but for the unprecedented reaction of King Juan Carlos of Spain to Chávez, who was insistently interrupting Rodríguez Zapatero off-mike, repeatedly branding the former Spanish Prime Minister José María Aznar a “fascist”. What followed is already well-known. Rodríguez Zapatero called on Chávez to show respect, but he kept on talking until the rattled monarch spat out his sudden “why don't you shut up?” with a stern look. A short while later, as Nicaraguan President Daniel Ortega was berating Spanish companies, King Juan Carlos stood up and left the session altogether. Bachelet followed him out, and convinced him to return. Chávez said afterwards that he did not hear what King Juan Carlos had said, but that he had no right to silence him, and once again cited in his defence previous Spanish Prime Minister Aznar's support for the coup of 2002. Spain would have liked to dampen the dispute down and forget all about it, but with just days to go before a referendum, Chávez was having none of it.

The easy plaudits that King Juan Carlos won in Spain, more so from the right than from the left, were the results of principles rather than vested interests. Although it has lost some of the ground it gained in the 1990s, Spain is still the leading foreign investor in the region in the service sector, where businesses tend to be most exposed to public complaints. A number of acquisitions carried out during the privatisation process were also somewhat dubious in nature, while Spanish firms have not always chosen appropriate partners, nor have they treated the workers in the companies they have bought satisfactorily. Chávez's threat to “watch over” Spanish companies is very much alive.

As history has often shown, if structural trends marks the general path taken by protagonists, the personality and character of leaders can still affect the results. In this case, the Venezuelan acted as he has done many times before in other gatherings, creating tension and stealing the limelight. It was the King who flew off the handle. Although Chávez is a former military coup monger who years later rose to power - which other coup leaders unsuccessfully tried to strip him of -, he has won elections with large majorities since then. King Juan Carlos was chosen by a dictator to be a monarch, even though during the turning point of modern Spanish democracy, the coup attempt of February 23, 1981, he gave unequivocal backing to the rule of law. Both men, however, are heads of state, and although they did not plan to collide, they are both obliged to defend their positions once the clash is over.

This is exactly what Brazilian President Lula Da Silva noted in his criticism of the monarch: “We are a group of democratic countries that came together for a democratic meeting in which everyone has the right to speak. The person who said ‘shut up’ was the King. In other words, not one of us. We disagree a lot amongst ourselves.”<sup>12</sup> Chávez is indeed one of those Lula has

<sup>11</sup> ILO (2006), *Panorama Laboral 2006. América Latina y el Caribe*, ILO, Lima (at [http://www.oit.org.pe/portal/documentos/pl\\_2006\\_esp\\_final\\_corregido.pdf](http://www.oit.org.pe/portal/documentos/pl_2006_esp_final_corregido.pdf))

<sup>12</sup> Quoted in *Clarín.com*, “Chávez exige disculpas al rey y advierte a los capitalistas españoles”, November 15, 2007 (at <http://www.clarin.com/diario/2007/11/15/elmundo/i-02615.htm>)

disagreed with. These remarks were an effort at pacification, a typically pragmatic Brazilian strategy of following tensions between Lula's Planalto Palace and Caracas.

Bolivia, Nicaragua, Venezuela and Cuba acted for the first time as a bloc in these discussions. This joint stance was further demonstrated by Presidents Evo Morales, Daniel Ortega and Chávez, as well as Cuban Vice-President Carlos Lage, in the closing event at the parallel Summit for the Friendship and Integration of the Latin American Peoples, also known as the Summit of the Peoples, where they gave speeches to a crowd of around 4,000 people. If the Cubans could savor anything after this Ibero-American Summit, it was that they are not alone in the region. Chávez, Ortega and Morales joined in the criticism of Spanish business. Lage opted to aim fire at President George W Bush rather than at the country that provides a large part of the island's foreign investment. There are four musketeers, and not five as many thought before: having been invited to the Summit of the Peoples, the Ecuadorean President Rafael Correa chose not to turn up.

However, these movements still resemble a French Defence in chess, winning small positional advantages with the black pieces without embarking immediately on a strategic foray. Nor does there appear to be any movement in the opposite direction resulting from the firm support for Spain for the Chilean Foreign Minister Alejandro Foxley, and to a lesser extent for the Peruvian President Alan García. With no consensus on establishing a forum with only Latin American attendance, the Ibero-American Summit will remain a valuable space for the region's governments, in which the traditional hegemony of the United States is absent. Abandoning these summits would for now be akin to moving voluntarily towards apartheid in Latin America.

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