

Stabilization, adjustment and development in Latin America

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ABSTRACT

This short presentation has three purposes. The first is to rapidly review the main features of stabilization, with the benefit of hindsight, and to broaden the discussion on macroeconomic stability by adding some considerations on the problems of the current account of the balance of payments and financial stability. The second is to recollect what I consider are the main structural adjustments in the region, in many instances still ongoing, and their expected impact on the long-term rate of growth of the economy. The third is to establish an inventory of the main issues concerning sustainable growth for the region.

The unifying thread in this paper is that economic growth is closely linked to stabilization, understood in a broad sense, and structural adjustment. In fact the latter are prerequisites for a sustainable growth path.

A main message throughout the paper is that the current difficulties, some of them severe in the terms of trade, stock prices and currencies of many countries of the region caused by the Asian crisis should not obscure the results of what has been accomplished to date and, more importantly, the promising perspectives for the region.