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## Political Economy in Latin America

Terry L. McCoy

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*Terry L. McCoy\**

I am here, among other things, on behalf of the Center for International Business Education and Research at the University of Florida. It is our pleasure to co-sponsor this conference again. We are particularly focused on the business environment in Latin America, so the perspective of my remarks centers on the contemporary political economy in the region, the significance and the rule of law and judicial reform for business investment in the hemisphere — this is, if you will, sort of the business perspective — and what the University of Florida has to offer in establishing a center on the rule of law. The key features of the contemporary political economy in Latin America are well known but I will simply refresh your memory. Due to a significant paradigm shift that occurred in the 1980s and 1990s, we now have a hemisphere that is based largely on democratic politics, on market economics, and dedicated regional integration. The sustainability of this paradigm depends significantly on the strengthening of rule of law in the Americas, both within countries and between countries, including the United States. I would argue that all elements of this paradigm are, to some extent, significantly at risk today. Democracy, market economics or the so-called new economic model, and regional integration as represented by the Free Trade Area of the Americas all face serious hurdles.

The relevance of rule of law to democracy is fairly straightforward and we political scientists talk about making the transition to democracy; that is, from the election of governments, into the consolidation of democracy, creating institutions that are more than just electoral vehicles. On the economic side of things the new economic model has been around now for ten to fifteen years. It is based on something called “the Washington consensus,” a group of reforms dedicated to opening economies in the region. The second generation of these reforms involves the building of strong institutions needed to produce greater stability, predictability, accessibility, and accountability to make a more attractive environment for business and investment and, therefore, provide and sustain growth and equity. But there is increasing concern that the viability of these reforms is questionable. On the regional integration side, it seems to me, what the Free Trade Area of the Americas talks are about on one level is the

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\* Director of the Latin American Business Environment Program; Associate Director of the Center for International Business Education and Research (CIBER), University of Florida.

building of a multilateral hemispheric regime dedicated to the free flow of factors of production, goods, services, capital, technology, and even labor, in the case of North America and other areas. It also has to do with the harmonization of legal systems and the creating of a system of multilateral rules and regimes affecting these things and that, I think, is also important.

These are issues that I would hope we can address as we consider the role of this center. I think the University of Florida has something to offer in this regard. The University of Florida is a comprehensive research university; that is, we have just about everything here, along with a strong Latin American orientation and working partnerships in the region. We have a strong interdisciplinary orientation and I think this conference is a good example of that. The ability to work across departments and colleges to address issues that do not fall into departmental boxes is a great resource. We are the flagship university in the state that serves as a bridge to, or a crossroads for, the Americas, so it is entirely appropriate that we have a very serious dedication and orientation toward hemispheric concerns.

Furthermore, over the last several years, I think there has been an institution-wide commitment investment to creating an effective center for addressing the issues of the rule of law and judicial reform in the Americas. I think what we want to understand is whether such a center is needed. If so, what would be included in it? How do we go about putting it together to make it effective for us and for you?