

## Latin America Gets Its Groove on

**L**ATIN America has long been a region of paradox and contrasts: a land of prosperity and poverty, of independence and dependence, and of stability and instability.

But things may be changing. Throwing off its reputation for boom and bust, over the past decade the Latin American region has prospered. Faster and sustained output growth during much of the 2000s was accompanied by important improvements in social conditions. In addition, the region strengthened its economic fundamentals and better prepared itself for economic shocks—so the impact of the recent global crisis was in most cases relatively mild and short-lived when compared with the crushing economic problems it faced during previous episodes of global turbulence.

In our cover story, Nicolás Eyzaguirre, the Director of the IMF's Western Hemisphere Department, says that Latin America has the potential to become an increasingly important global player. But boosting productivity and competitiveness remain key policy challenges and the fruits of success must be more broadly shared. Other articles look in particular at prospects for Brazil, inequality in Latin America, and how to raise productivity.

We also look at rising agricultural prices, with many low- and middle-income countries once again battling with the

implications of high food prices, given their adverse effects on poverty, inflation, and, in the case of importing countries, the balance of payments.

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As policymakers struggle to make the global monetary system more stable in the wake of the world financial crisis, we interview former IMF Managing Director Michel Camdessus, who headed a group of luminaries tasked with generating ideas. He discusses a proposed package of measures to make the system safer.

We also talk to growth guru Robert Solow, who won the Nobel Prize in 1987, about what we can learn from the global economic crisis. Two lessons economists should take to heart, he says, are that it is now impossible to pursue macroeconomics without taking into account finance, and that financial markets are not necessarily stable or self-correcting.

And with the size of public debt now so much in the spotlight, our *Picture This* column makes use of a new database from the IMF that tracks the build-up of debt from 1880 through the Great Depression and up to the present day. To accompany the article, we also have a fascinating slideshow that you can find on our website: [www.imf.org/fandd](http://www.imf.org/fandd).

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