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The World Economic Forum (WEF) recently published its annual report on competitiveness. It found that, while all the countries of the isthmus had lost ground over the past year, Guatemala, Nicaragua, and Honduras rank among the ten least competitive countries in the world.

The WEF annual undertaking ranks 80 countries on 186 different indicators. These indicators include official data from a variety of international sources, legislation concerning intellectual property, Internet access, and surveys of large numbers of businesspeople and leaders in each nation. These data form the basis of a Growth Competitiveness Index (GCI) that purports to measure the capacity of a country's economy for sustainable growth. It takes into account macroeconomic conditions, level of technology, and the quality of public institutions. A second index evaluates macroeconomic conditions such as production, local demand characteristics, the regulatory environment, and the existence of local support providers and industries.

The US occupied first place in the world on the GCI, followed by Finland. In Latin America, Chile headed the list at number 20, up from 27, followed by Uruguay at 42, up from 46. Brazil led Latin America in macroeconomic competitiveness at 33, down from 30. Third-highest Latin American country on both lists was Costa Rica, at 43rd place worldwide.

This placement represented a loss of eight places since the 2001 report. Panama was the next-highest Central American country in 53rd place, a loss of three places over the year. El Salvador, at 58, was third. El Salvador lost only one place in the rankings over the past year (see NotiCen, 2002-06-27). Taken together, these three countries are all in the moderate to low-moderate range for growth prospects. Guatemala, falling four places in a year's time, found itself in 70th place among the 80, just making the list of the ten worst. Nicaragua was in 75th, slipping two rungs, and Honduras tumbled six slots to 76 (see NotiCen, 1998-05-21). Haiti was number 80.

Characterizing the purposes of the global report, Klaus Schwab, founder and president of the WEF said, "In view of the fragility of global economic recovery, it is more important than ever to evaluate the growth potential of countries." He added, "In order for the recuperation to strengthen and sustain itself, the obstacles to growth must be identified and overcome, and to this end, it is intended that the Global Report on Competitiveness function as a yardstick for legislators when they seek to improve conditions of growth and competitiveness." In the judgment of the WEF, Latin America has made some progress in the last two decades of reform, but the full reform agenda remains largely incomplete, leaving the health of the democracies and economies (see NotiCen, 1998-10-01) still "precarious."

Forum Director General Fredric Sicre said that both the region and the international community must define a new road for Latin America, creating a plan to promote sustained growth and social

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equality. But for others, these criteria are stultifying. A statement from the Asociacion Nacional de Instituciones Financieras de Colombia reads in part, "After the lost decade of the eighties and that of macroeconomic and political stabilization of the nineties, the accomplishments in growth, competitiveness, social inclusion, and overcoming poverty are still insufficient in Latin America." The problem, from the WEF point of view, is that advances in structural economic reforms, such as trade liberalization, privatizations, financial reforms, labor reforms, and tax reforms, have not been matched by institutional development in Latin American countries.

But Hernan Alvarado, economist and researcher at the Universidad Nacional de Costa Rica, counters, "The same privatization tendency that benefits big transnational capital has torn from the state domain enterprises that in the past have financed development projects, and privatization has excluded broad social sectors from certain productive activities. The neoliberal expropriation is now resulting in rising discontent, and its own statistics are revealing the reasons for these attitudes. Nevertheless, despite attempts to remedy the situation, the WEF itself continues to recommend measures that supposedly will lift the isthmus into competitiveness, but that in reality imply a greater deterioration for our countries."

The WEF was incorporated as a foundation in 1971 and is self-described as "independent, impartial, and not-for-profit, tied to no political, partisan, or national interests." Its members include CEOs from the world's 1,000 "top" multinational corporations. It has a consultative status with the UN and famously holds its annual meeting at Davos, in the Swiss Alps, with academics, trade-ministers, heads of state, and elite media representatives as guests. It describes this meeting as the global summit that defines the political, economic and business agenda for the year.

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