

Latin America facing the historic challenge of building a economic and social integration

1. Modifications/adaptations of social policies in developed and in developing countries

Several economic development scholars who are critical of the neoliberal model have been pointing to new economic development strategies linked to social protection policies. It is a new way of organizing capitalism, as an alternative to the so-called economic neoliberalism, now showing strong signs of exhaustion and rupture, especially in economies with high structural, economic and social heterogeneity, such as Latin-American economies and other underdeveloped economies. In recent decades, social policies around the world have undergone modifications/adaptations, not only in developed countries but also in developing countries, such as Latin American, Asian and Eastern European economies, with differing results in the processes of economic and social development (Mares & Carnes, 2009, p.105). In Latin America, policies with a neoliberal structure have been the strategic option of the governing elites since the 1980s, which have as their main purpose, increasing waves of privatization and cuts in public spending. Official data also show that social expenditures have increased since the 1980s, reflecting to some extent the organization of the organized civil society in resistance to neoliberal policies. However, this organization of society was in favor of a privileged corporate elite that, instead of reducing inequality, increased its privileges.

In view of the above, the challenges for the construction of an Economic and Social Integration Agenda are immense, since inequality is in the genesis and structure of the Latin American society and is reproduced in all dimensions and on a large scale. More recently, social security reforms were carried out, but the so-called acquired rights of the so-called privileged sectors of society continue to pressure the future social security. The literature highlights the difficulty of designing effective social policies in the face of incomplete information on programs that have already been carried out, lack of management, problems in data collection, which prevents an effective analysis of the impact and evaluation of social policies implemented in the past and present. . Before requesting the expansion of social expenditures, the distributive effects need to be analyzed, since historically, as shown in this essay, expenditures are regressive, contributing very little or practically nothing to the reduction of inequality; often even expanding inequality. What is known, however, is that direct income transfer programs such as 'Bolsa Familia' in Brazil and 'Oportunidades' in Mexico and good quality public primary and secondary education are powerful instruments for reducing inequality (Sherlock, 2009, p.358).

2. Latin America and social policies

The high level of social expenditures spent over the last 40 years in Latin America has not contributed to reducing social inequality. It accentuated inequality. The Latin American countries spend on average 13% of GDP (Africa 9% and Asia 8%) on dubious social policies. They are largely regressive social policies (the amount spent on university education students is three times more than what is spent on primary education, for example) with no effect on reducing inequality (Sherlock, 2009, p.347). In the Latin American region, a large part of the resources destined to social expenses are allocated in the social security matter, with the main beneficiaries being high-income groups. In some Latin American countries, such as Brazil, some sectors of society benefit from the so-called aristocratic welfare state, these are civil service retirees with privileges, to the detriment of the social security system of the other workers, ensuing a high degree of intergenerational and distributive conflict, with an impact on the future social security system. On the other hand, in many countries of the region, such as Mexico, half of the population over 65 years of age is excluded from the retirement system. With the exception of Uruguay, all Latin American countries are characterized by an extreme pattern of inequality in access to education, health, water, basic sanitation and social security (Sherlock, 2009, p.348). To better understand the effects of social expenditures, the distribution pattern of resource allocation among different social classes and how these groups have appropriated each of the strategic sectors throughout history, creating barriers for the poorest to enter, must be examined. Undoubtedly, this behavior is a result of the historical formation process of the governing elites that are part of the historical formation process of the region, and has been intensified more recently with the adoption of neoliberal policies in recent years, which have had disastrous economic, social, and political results for both the economies and the society.

The flaws and social wounds of neoliberal policies, adopted in the last 40 years, have opened space for a strong rejection movement of this economic model, present in most underdeveloped and developing countries. With the end of the conventional industrialization model that can be observed today in both the developed and developing world is a convergence of problems and pathologies, with a focus on inequality, unemployment, poverty, exclusion, populism, and political authoritarianism (Rodrik & Sabel, 2020). The greatest challenge for national governments is to create a set of active social intervention policies that address employment and combat poverty. In the face of market disintegration and deregulation of the labor market (where 50% of workers in Latin America are informal) and

social systems, an intensification of social movements around the world, driven by the demand for better working conditions, emerging through collective institutions that support informal workers, immigrants, freelancers, domestic workers, among others is observed. It should be noted that only 27% of the world's population is covered by social security systems (security, social assistance and health), leaving the remaining 73% uncovered, that is, 5.2 billion people in the world live without any support or social protection. Faced with such disparity, developing countries have been trying to expand their social policy networks, however many of these advances do not have security in their legislation and financing funds, being bound to failures and discontinuities. In developed countries, the welfare state is in crisis and in Eastern Europe, older people have had their pensions reduced (UNDP, 2016, pg.165).

3. Creating a Development for the Future with Social Responsibility and Fiscal Responsibility agenda is possible

The structuring of a straightforward agenda of active employment policies and the fight against poverty in Latin American countries will require an effort to strengthen and recover the national states' capacity for economic growth. For this, the focus of the economic policy must be on monetary stability and job creation and the national governments be capable of carrying out structural reforms to expand tax revenue (taxing profit, dividends, inheritances and increasing the Individual Income Tax rates above 30,000 Reais) and attracting productive investments and infrastructure through PPPs-Public-Private Partnership. Monetary policy therefore has to be beneficial to employment and the fight against poverty (UNDP, 2016, p.152). In constructing an agenda for the future with social and fiscal responsibility, some short, medium and long-term initiatives must be adopted, namely:

a) we need public policies aimed at ensuring that everyone has access to goods and services in society, for this, an economic model that deepens and clearly states the current situation, the concepts and mechanisms for people to leave the state of poverty is necessary. Poverty in itself is an obstacle to economic development. The elimination of poverty can only be solved with effective public policy actions in order to ensure that everyone has access to society's goods and services, and that is what the economic policy should serve as. The persistence of poverty is an affliction chronic in nature in Brazil and in Latin America. The region, despite having advanced in its productive structure and having had progressive democratic governments in the last three decades, has not managed to overcome poverty. Accordingly, policies to combat poverty must be a priority in any development project.

a) We need a State who is responsible for macroeconomic balance and economic growth by stimulating investments and social integration: with a modern and providential macroeconomic policy (monetary and fiscal) to accelerate the creation of jobs, which requires the expansion of the role of central banks in controlling inflation in order to create jobs. The inflation target regime policy (supported by controlling interest rates) implemented since the 1990s has been harmful to developing countries (UNDP, 2016, p.152);

b) We need the strategic appreciation of the Private Initiative in the economic system that is capable of creating the so-called 'good jobs' as stated by Rodrik, & Sabel, C. (2020), in the article entitled '*Building a good jobs economy*'. For this, supporting private companies as the main factor for generating sustainable economic growth as well as supporting technological innovation and social stability is necessary;

c) We need an inclusive monetary policy model that helps women and minorities to access the credit, technology, training and specializations system. Women are disproportionately more affected by financing accessibility. Credit should also arrive more favorably (with lower interest rates) in remote areas. The removal of loan capital obstacles represents one of the dynamic effects in the process of economic growth. (UNDP, 2016, p.154);

d) The design and implementation of low-cost technologies for the rural informal sectors has a relevant effect on developing economies. To this end, agricultural production on a family scale of the micro and small businesses should be encouraged, through a policy to support and modernize agricultural and livestock production on a family scale as well as other items for local trade in or near the area of urban centers, are factors that present themselves as new nuances within the modern study of economic development;

e) Create new and dynamic conditions for the employment of the work force. Job creation has to be a key purpose of any economic model and not a mere consequence. It is therefore necessary to strengthen the vicious circle of employment-economic growth-employment;

f) We need a fair and progressive income tax reform with heavier taxation of the richest. The current Brazilian tax system essentially penalizes the poor;

g) We need an incentive policy to strengthen the infrastructure of the urban network through infrastructure investments for public services (public health and education network) and accessibility. Private investments are encouraged through the infrastructure network for the physical integration of urban services and active and explicit regional policies.

Conclusion

Lastly, in this context, it should be noted that the greatest challenge for the Latin American and Brazilian economies is the reduction of social inequality. Therefore, breaking the vicious circle of poverty is the greatest challenge. For this, some strategic areas should be prioritized in the short term, such as: food, housing, drinking water, sanitary sewage, education, public transportation, medical care and the structuring of low-cost connectivity networks with access to fixed and mobile internet.

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