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## *Social Policy and Development in Latin America: The Long View*

**Sônia Draibe and Manuel Riesco**

### **Abstract**

*In the new development strategy currently shaping Latin America, alternative social policy models have emerged. This article argues that far from being rival alternatives, each of these models considers the wide differences among countries. The region is emerging from a century of transformation – from a traditional agrarian economy to an urban industrial one – in which countries have taken diverse historical paths. Some have almost completed this transformation, others are taking early steps, and the vast majority are living through it. State-led transition has followed two successive development strategies. From the 1920s up to the 1980s, state developmentalism has mostly successfully assumed the twin challenges of economic and social progress. In the last two decades of the century, Latin American states adopted the policies of the Washington Consensus, which emphasized the importance of business in the framework of globalization and benefited the affluent few. However, an unambiguous shift in direction has been taking place in Latin America since the 1997 economic crisis. This article suggests that a new developmental welfare state model seems to be in the making. How will it evolve over the wider space of an increasingly integrated Latin America?*

### **Keywords**

*Social policy; Development strategy; Transition; Latin America; Chávez; Lula*

### **Porqué No Te Callas (Why Don't You Shut Up)?**

The phrase uttered by King Juan Carlos I of Spain to Hugo Chávez, President of Venezuela, at the 2007 Ibero-American Summit in Santiago, Chile, became an overnight sensation in Europe, gaining cult status as a mobile-phone ring tone, spawning a domain name, a contest, t-shirt sales, and YouTube videos. Certainly, none of this paraphernalia is anywhere to be seen around the streets of the bustling cities of Latin America, except perhaps in certain upper-middle-class quarters that make up the radicalized core of the opposition to the Venezuelan president. Everybody in the region knew and

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commented on the incident, and certainly not all are fans of Chávez. However, the arrogant kingly outburst was not well received by the vast majority, to put it politely.

At the same time, Brazilian President Lula, a man of working-class background the same as Chávez, is received everywhere in the old continent, from Davos to the G-20, and listened to with a certain awe. On the other hand, Bolivian President Morales, Ecuadorian President Correa, Nicaraguan President Ortega, and Paraguayan President Lugo are included in the 'populist' Chávez camp, supposedly inspired by Cuban ex-president Fidel Castro.

Argentinian presidents Nestor Kirchner and Cristina Fernández are presented as an even more dangerous blend of populism in the region's most advanced society and economy, which under their tenure has somewhat inexplicably recovered spectacularly from the catastrophic collapse a few years ago of the particularly corrupt Argentinian version of the 'Washington Consensus' model.

Mexican President Calderón, Uruguayan President Vázquez and Chilean President Bachelet are included in the 'moderate' and 'fiscally responsible' Lula camp. Colombian President Uribe's human rights record and close alignment with the USA are a little too much for the old continent, but he is approved as a 'serious' ruler all the same. The European press and think tanks, and most especially financial pundits, in varying tones but quite unanimous content, present this Manichean vision of the development strategy that is in the making in Latin America. It is a major mistake.

Perhaps the best rebuttal of such vision took the form of a major historical event that took place in Latin America in December 2008, when Latin American and Caribbean presidents met in the Brazilian resort of Costa de Sauípe for *I Cumbre de América Latina y el Caribe (CALC) sobre Integración y Desarrollo* (I Summit of Latin America and the Caribbean on Integration and Development). All governments were present, almost all represented by their heads of state, including Cuban President Raúl Castro. They had met before, rather frequently; however, it was the first time in two hundred years of independent statehood that they had done so *without* the presence of either the USA or Spain and Portugal, the present and former imperial powers that have dominated the region. President Lula hosted the meeting as the conclusion of a true integration marathon, because during the days preceding the event he chaired meetings of Mercosur and UNASUR, the most active and important integration initiatives in South America. The picture of over thirty heads of state is perhaps the highest expression to date of the new development strategy in the making in Latin America.

What follows is a brief vision of the socio-economic, historical and institutional background of what is taking place, which may be useful for a better understanding of this process.

## **Latin America: Ongoing Transitions, Different Stages, Varying Speeds**

Latin America (LA) is emerging from a century of tectonic transformation, moving out of its traditional agrarian economy into an urban industrial one.

The Centro Latinoamericano de Demografía (CELADE 1996) classified the population into four categories of demographic transition. According to this, about 10 per cent of the population are still in the early or moderate stages, 75 per cent are in full transition, and 15 per cent have already achieved an advanced level of transition (see Appendix, tables 1 and 2).

Significantly, when other indicators were added to the data on population, they suggested that the classification seemed to capture not just demographic transition, but also the degree of overall socio-economic development in the different countries. Countries with an advanced level of transition, for example, show levels of per capita GDP adjusted by purchasing parity that are five times higher than those observed in countries with early transition (see Appendix, table 2). On the other hand, total per capita public social expenditure in the advanced group is 14 times higher than in the early and moderate groups together. In the case of public expenditure on social security, this ratio rises, in some cases to over 30 times (see Appendix, table 4).

The region has two of the four largest urban centres in the world, each of them approaching nearly 20 million inhabitants, and several with over 10 million. However, over 42 per cent of the total population are still peasants, according to the most recent World Bank estimates (World Bank 2004).

A single day will witness people living and working in ways that resemble almost every social formation recorded in history. They range from the highly qualified professionals employed by large LA private multinationals – the owner of one of which is among the richest persons in the world – to indigenous American peasants caring for their alpacas in the magnificent Andean highlands, and aboriginals in the depth of the Amazonian rainforests.

The peak of transition has already been left behind and the rate of peasant migration has declined from a very fast 0.8 per cent of total population per year from the 1960s to the 1980s, to a more moderate but still rapid 0.5 per cent per year in the 1990s and 2000s. However, in countries in the earliest stages of transition the rate is still at its peak and even accelerating (see Appendix, table 3). Even at the present rate, LA governments have to deal with around 3 million immigrants per year. As a reference, a recent study by Goldman-Sachs (*Financial Times* 2007) showed that, from 2001 to 2005, the European Union-15 (EU15) countries had been receiving net immigrants from outside this region at a rate of 0.5 per cent of their total population per year, which number 1.74 million per year. In the larger EU25 the rate is lower and the net number of immigrants from the outside is similar: 1.76 million per year. This is much less than those coming into LA cities, most of which are internal migrants in countries in the early and moderate transition stages, and especially those in full transition. However, many move across borders as well, and arrive *en masse* into cities in LA countries already in advanced transition stages.

The vast majority of LA citizens, however, will descend by the tens of millions, before sunrise, into packed metros or ride for hours cramped in noisy buses that inch through the tortuous traffic in congested streets, on their way to salaried jobs somewhere in the huge factory that a typical LA city has become. They will work long hours, even on Saturdays, Sundays and *fiestas de guardar*,<sup>1</sup> mostly in small or medium-sized private shops and firms, increasingly in the service sector.

Moreover, their jobs are often of short duration, and they are constantly forced to cross the porous boundaries between formal and informal employment, with periods of unemployment in between. Excellent statistics are available in Chile that track individual job histories of the entire workforce, perhaps the only undisputed positive outcome of the renowned pension system, the Administradoras de Fondos de Pensiones (AFP). Almost 96.5 per cent declare themselves salaried workers, and contribute to the pension fund as such while they are employed. However, only 11 per cent do so regularly throughout the year. On average, two-thirds contribute less than once every two months, one-third less than once in five months, and one-fifth less than once in ten months.

The number of women who hold AFP accounts – each is identified by name and a unique ID number, with most contributing to the pension fund in recent years – exceeds the official Instituto Nacional de Estadísticas (INE) estimate of the female workforce by over one-third, suggesting that, in addition to the above-mentioned formal–informal–unemployed rotation, they are also constantly moving in and out of the workforce altogether (INP 2004).

### Myriad Colours in the Many Rich Paths towards Modernity

Latin America seemingly presents a single face to the outside world, which is easily recognizable. However, a careful listener will distinguish the rich variety of tonalities in the Iberic tongues spoken by its peoples, who have traversed diverse historical paths – *huellas* and *chacuñanes* as the Andean trails are called – towards their amazingly different modernities (Therborn 1995, 1999; Draibe and Riesco 2007b).

The fertile Andean valleys and highlands, from Mexico to Peru and Bolivia, have harboured most of the indigenous American population over the millennia, and continue to do so, even to this day. These people's hands forged the magnificence of ancient American empires, as well as the richness of their classical colonial and *latifundia* periods. Their monuments are witness to their greatness (Lipschutz 1972). It seems not at all improbable that when these regions finally complete their rapid – and sometimes painful and chaotic – transition to contemporary times, their deep roots, rich cultures and complex structures (Anderson 1974) may perhaps also infuse the distinctive richness of authentic American modernity. However, that is yet to happen, perhaps some decades into the twenty-first century, although some of it may already be surfacing in modern Mexico (Brachet-Márquez 2007; Sagasti *et al.* 2007).

In the late nineteenth and early twentieth centuries, a massive number of immigrants flooded the rich shores of the Río de la Plata. The twin cities of Buenos Aires and Montevideo became among the few million-strong metropolises of the world at that time. The railroads and army expanded their influence into the pampas all the way south to Patagonia in a pincer movement that virtually exterminated the sparse and nomadic indigenous population, in much the same way as in the North American West around the same time. These early developers have created what is today the most advanced LA social formation, although others are catching up quickly (Barbeito and Goldberg 2007; Bonino *et al.* 2007).

Brazil is a unique case, partly because of its sheer size. It encompasses 4.2 per cent of the surface of Latin America, and about one-third of its GDP and population. In addition, slavery has played a dominant role here, as it has in Cuba. Over four centuries, about 40 per cent of all African slaves came to Brazil. By the last decades of the nineteenth century, almost all the remaining slaves worldwide were in Cuba and Brazil (Blackburn 1997; Draibe 2007).

A different story may be told in the lands that lie on the meagre fringes of the ancient American empires, such as Costa Rica and Chile. In the past, they were never able to sustain anything more than peasants and very modest feudal lords. The poor Spanish settlers established there since the sixteenth century formed tight-knit elites that, early on, built relatively strong states. After several mutations, these families even now constitute the core of the emergent bourgeoisies (Jocelyn-Holt 1999; Barahona *et al.* 2007; Illanes and Riesco 2007).

It is interesting to note that these transitional stages and historical patterns were not confined to a single country only; some of the larger countries contain all levels and patterns within themselves. Even small Ecuador resembles three very different countries, depending on whether it is seen from the Pacific coast, the Andes or Amazonia.

### **The Rise and Pinnacle of the Latin American Developmental Welfare State: Holding the Rudder through the Great Tectonic Change**

During the last century, LA states led the transition by implementing two successive development strategies. Although the strategies often conflicted with each other, they nevertheless seemed to form part of a single process, against the backdrop of rapid socio-economic transformation.

Starting around the mid-1920s, but especially after the Great Crash of 1929, a number of states explicitly assumed the twin challenges of bringing both economic and social progress to societies that were mostly agrarian. State developmentalism sought to replicate the process set in motion in advanced countries. However, the vast masses of salaried workers and the industrial entrepreneurs, whose early emergence there had powered this process, did not exist significantly in Latin America at the time. Consequently, the state had to replace these actors, while nurturing them at the same time. Developmentalism shows quite impressive achievements on both counts in many countries.

By the 1980s, many states had built basic institutions, infrastructure and industries. Most importantly, they were remarkably active in changing the region's social structures. They taught millions of peasants how to read and write, improved their health and helped their massive migration to the cities. The fact that social policies played an essential role in this experience is frequently overlooked and should be stressed through the concept of developmentalist welfarism in Latin America (UNRISD 2003; Kwon 2005; Draibe and Riesco 2007a).

The block in power was led by the new bureaucratic elite, both civil and military, who were from the middle classes, rather than the traditional oligarchies. They were supported by the nascent bourgeoisie and workers, and the urban poor, as well as peasants in the later stages.

Developmentalism took several forms. In many countries, it started through progressive military coups, although at least two originated in an epic revolutionary manner. Some countries did not begin until the 1960s, or even later. Some developmental states reached their apogee under military rule; some, such as Brazil, were fairly conservative. In others, democratic governments pursued the strategy quite relentlessly, after being primed by the military. In the remarkable case of Mexico, a civil bureaucracy, consolidated after revolution and civil war, presided throughout developmentalism in a lasting alliance with entrepreneurs, peasants and workers. Moreover, it also led the way into the next phase, which would be called the Washington Consensus (Brachet-Márquez 2007; Draibe 2007; Díaz Vázquez and Carranza 2007; Sagasti *et al.* 2007).

Everywhere, the states increasingly confronted traditional landed elite and foreign exploiters of natural resources (Riesco *et al.* 2005). Sometimes events turned violent, especially as developmentalism approached its climax in the 1960s and 1970s, resulting, in some countries, in full-blown revolutions that completely and irreversibly wiped out traditional structures within a few years. This explains the fact that these countries miraculously seemed to leap ahead during the following period.

## The Legacy of Neo-liberalism

In the 1980s and 1990s, states throughout the region adopted the policies pushed by the Washington Consensus, based on a neo-liberal theoretical support. As a strategy, it was little more than a short list of simple rules that emphasized the importance of a business-friendly environment and openness to globalization (Williamson 2002). In practice, the rules were applied unilaterally for the benefit of emergent capitalists, and especially foreign investors.

Often, the rules of the Washington Consensus resulted in a severe dismantling of state institutions (Suleiman 2003), especially within the realm of social policy, as a privatization and tariff reduction frenzy seemed to take hold of LA elites. Some profited considerably from it – foreign multinationals in particular, but also local capital – as they acquired privatized state companies at a bargain. New, segmented private services, including social services, were made available to those who could afford to pay. Most people enjoyed the flood of better-quality and lower-priced imported goods – except those who lost their jobs and their companies when tariffs were lowered precipitously.

A happy few, the affluent 10 per cent, secured for themselves over 40 per cent of the income, while the poorest 40 per cent had to get along with no more than 10 per cent on average (see Appendix, table 5). The inequalities in some countries were even worse, with two or three notable positive exceptions such as Costa Rica, Cuba and Uruguay (Draibe and Riesco 2007b). It must be



noted that in some countries such as Chile, this was a reversal of the rather extraordinary improvement in income distribution that took place during developmentalism (CENDA 2008b).

Furthermore, the dismantling of social policy affected the middle sectors the most. They were left largely unprotected, as their jobs became precarious and their livelihoods insecure in the face of globalization. Meanwhile, what remained of the reduced public social spending targeted the extreme poor, alleviating their terrible conditions slightly, or at least keeping them from deteriorating further.

However, the degree of unilateral implementation of these reforms varied widely, depending on the type of government in place and the timing of the reforms. A few countries pioneered the first wave of neo-liberal reforms in the late 1970s and 1980s in the midst of a severe economic crisis, a decade or more before consensus was reached in Washington. Military dictatorships, which were common in the region around that time, imposed the reforms. These were supported by young elites (who wanted to avenge the effects of the earlier, successful state-led reforms on their forefathers) or by threatened landed oligarchies (Therborn 1999).

A second wave was implemented in the 1990s by democratic governments that had replaced dictatorships almost everywhere (French-Davis 2002). These governments were moderate and came into power against the backdrop of an expansion in per capita public social spending that averaged 40 per cent during the decade (UNDP 2002b). Nevertheless, some measure of state dismantling took place, although it was now under the influence of 'third wave' ideologues, who made damaging efforts to transform public institutions into private service providers (Suleiman 2003).

The massive and rapid social transformation that had been taking place in Latin America under developmentalism continued in full swing during the neo-liberal period. It even reached new heights, although in a rather brutal manner. Literacy, housing and sanitation policies, on the one hand, and agrarian reform on the other, had been the main instruments of social change under developmentalism (Hobsbawm 1995). In the neo-liberal period, they were replaced by the violent culmination of agrarian reform processes that, instead of repositioning *latifundia*, forcefully expelled hundreds of thousands of people on to the country roads. This effect was also caused by protracted civil wars, especially in Central America, which resulted in massive peasant migration to cities and to the United States. Large economic displacements brought about by economic crisis and globalization also played an important part.

As a result, the rate of peasant migration declined only in the 1990s, and in the countries where this process started later migration is still ongoing at full speed and probably even accelerating (Illanes and Riesco 2007; Draibe 2007; Sagasti *et al.* 2007). On the other hand, the privatization of state enterprises, social services and pension funds replaced tariffs and credit policies used by developmentalism as means to promote local capitalists, and led to the growth of some huge private conglomerates (Fazio 2000).

Why did the Washington Consensus replace developmentalist strategies in Latin America? An assessment of the data will probably contradict commonly



held views. Stagnant growth was not responsible because the developmentalist period showed a still unparalleled record in growth, especially as it approached its high point. The 1980s crisis affected the extremely neo-liberal Chile the most, and pragmatic and 'unorthodox' Costa Rica the least. Nor was it due to 'big government', because public expenditures – especially concerning social policies – had been very low in Latin America by international standards, and regulations rather slack. It also seems difficult to blame 'populist monetary irresponsibility' (Dornbusch and Edwards 1991): while developmentalism was generally expansionary, the worst episodes of hyperinflation took place under neo-liberal ministers. Conspiracy theories critical of the Bretton Woods institutions (BWIs) are inadequate to explain such an overarching phenomenon, in spite of the fact that the BWIs actively promoted it.

It was, perhaps, just the success of developmentalism in modernizing social structures that eventually made it not only redundant but an obstruction, especially in some of its economic aspects. It also created its own gravediggers in some of the new social actors it helped come of age, and who now support modern economic development. This is certainly market-based today, although not in the unilateral manner that became fashionable among the LA elite in the neo-liberal period (Draibe and Riesco 2007b).

### Another Turn of the Rudder?

What was characterized by *The Economist* (2002), assessing Luiz Inácio Lula da Silva's first election in 2002, as an 'unambiguous shift of direction' away from neo-liberalism, has been taking place in Latin America since the 1997 economic crisis. Throughout the region, wide – and sometimes unexpected – coalitions have sprung up and have accessed political power in many countries, or have come close to doing so. Neo-liberal thinking remains strong, still dominating academia and holding its own among government cadres, especially in the seemingly impregnable citadels of finance ministries and central banks. However, it has now been pushed on to the defensive, and not even right-wing parties use it in their campaigns. The current world crisis has precipitated its demise, as in the rest of the world.

A new development strategy is evolving, which repositions the state as a leading actor, although this time it may rely on modern civil society actors who came of age during the two previous periods. Now the state is assuming a strategic and regulatory role, relying on emergent private enterprise for most economic matters.

Social policy is once again centre stage: the new strategy explicitly offers a Rooseveltian New Deal (PT 2003) to the massive – and precarious – urban *salariat* that is emerging in the region's booming cities, and renews its commitment both to the urban poor and the peasants who continue their migration in huge numbers, especially in some countries. Income support has been extended to wider segments of the poor.

A new kind of developmental welfare state model seems to be in the making in Latin America. Its design is based on the models of Western Europe and other advanced regions in the twentieth century. This is not surprising,

because the new social structure also bears a strong resemblance to those existing in Europe at the time.

However, the different moments of the transition process that the diverse countries are living through result in some of them necessarily adopting policies that closely resemble the old developmentalist model. In these countries the state is still forced to assume directly many more economic functions. At the same time they emphasize nationalizations (Riesco 2008), agrarian reform, universal literacy and sanitary campaigns, and other basic social interventions mostly aimed at the peasantry and recently migrated urban poor. Politics in these countries also assumes particular forms which were common during the developmentalist period, when charismatic leaders and strong parties and movements led governments sometimes for decades. Particular historical paths are determinant as well, and in the case of many of these countries the indigenous aspect emerges as very important this time.

These are the main reasons why two distinct forms of the emerging strategy are clearly visible in the region, as set out in the opening paragraph. However, both are not competitive or alternative models, but rather the forms that are more adequate to the diverse characteristics of the different groups of countries. This is well understood by all the regional leaders, who constantly emphasize the need to respect each country's path. Moreover, both flavours of the emerging model coincide in the need for regional integration.

### **A Young Giant in the Making?**

The new relevant questions may be: Will the emerging strategy remain confined within the national borders of the different countries? or will it evolve over the wider space of an increasingly integrated Latin America? If so, what might be the role of regional social policy in this construction?

The magnitude of the challenges facing a rapidly modernizing Latin America exceeds the dimensions of its present republics – even in the case of the largest. Strategies designed to achieve a certain minimal level of autonomy in science and technology, energy provision, fast communication networks and complex industries (such as informatics, aerospace and defence), are not possible within their current dimensions, at least for most countries in Latin America. The challenge of building a modern market itself, with a degree of sovereignty that may enable it to compete with the major players of the twenty-first century, evidently requires a wider space (Goldman-Sachs 2003).

Latin America appears to be the natural space for such an institutional construction. The total population of the region approached 600 million in 2007 and will reach around 1 billion by mid-century, on a par with the world's most populous countries (CELADE 1996). Furthermore, the population will no longer consist largely of subservient, ignorant peasants, as it did at the turn of the twentieth century, or even masses in full transition, as it does today. In two or three decades, at most, the vast majority will have achieved the status of modern citizens. They will have acceptable health standards, full basic and secondary education of reasonable quality, with large numbers completing the tertiary level as well. The economic projection of the emergence of this huge

concentration of qualified, commodity-producing workers will constitute a sound base for an important market (Draibe and Riesco 2007b). This could become a reality if – and this is a big ‘if’ – in addition, Latin America manages to acquire some degree of sovereign power.

The new state-led development strategy will probably only make sense over this larger, increasingly integrated space. However, there are plenty of obstacles to overcome, not least of which are the large differences in socio-economic, historical and institutional evolution of the different countries and regions. These difficulties may not be insurmountable, especially when compared to the complexity of uniting myriad peoples, languages, cultures, histories and relative levels of development during the process of building Western European nations in the nineteenth century, or during the formation of the European Union.

The largest hurdle to LA integration is the powerful gravitational pull of the huge economy of its neighbour in the north – which also represents an immense economic opportunity. In 2002, the GDP of Latin America as a whole, when adjusted by purchasing power parity (ppp), added up to around 40 per cent of the GDP of the United States. Brazil, the largest country in the region, accounted for a third of this, which means that it is about 13 per cent of the US economy (Draibe and Riesco 2007b). Even without taking other aspects of relative state power into account where the differences are even more overwhelming, it seems out of the question that the United States would, in this way, consider surrendering even a minimal degree of its sovereignty for the benefit of building an integrated zone on more or less equal terms.

Surmounting these obstacles requires strong actors committed to integration. Certainly the main promoters of the process are the emerging bourgeoisies that make direct foreign investment. They concentrate practically all their projects in neighbouring LA countries. They say of those who do not: ‘Se pasan de giles [they behave like fools]’, as Hörst Paulman, the owner of the giant Jumbo LA retail chain has declared. European capitals, mainly Spanish, that have invested heavily in LA in the recent decade also play a role that may be similar to the one English capital played in the expansion of the USA in the nineteenth and early twentieth centuries (CENDA 2004).

The LA bureaucracy, which, as a group, is by far the largest, most structured and with the most stable employment in any country for over a century, has been a primary actor in the region. It may also seem surprising to many that the LA military, the branch of bureaucracy that is the most powerful, autonomous and strategically aware, is also perhaps one of most important actors behind national integration (CENDA 2004). The regional chancelleries are another part of the bureaucracy that has quite consistently been a key driving force behind the process of national integration. Itamaraty – the Brazilian foreign office – has assumed the leading role in this respect for decades, despite the presence of governments of otherwise divergent political stances (Pinheiro Guimarães 2007).

However visionary and powerful the above-mentioned actors may be, integration will not be possible unless they are able to convince the region’s

new massive social force: the emerging urban salaried middle classes. In the present social setting of Latin America as a whole, and especially in countries in the more advanced phases of transition, any progressive strategy – especially regional integration – must include this emerging force as a basic part of the power block required for it to succeed. How is this force to be persuaded to support a political alliance that may realize this strategy?

On the other hand, it has been noted above that the current changes in state development and integration strategies follow two quite distinctive and complementary paths. Both share the idea of *cambiar el modelo neoliberal* [change the neo-liberal model], but are quite different in nature and in their socio-economic foundations. This difference derives mostly from the presence or absence of a single group: the peasants. The term ‘peasant’ is used loosely to include recent immigrants, the marginalized and the urban poor. The integration of Latin America must consider this group if it is to succeed. This group includes almost half of the overall population, and there is always the danger – as tragic historical experiences have shown – that it may become prey to separatist, nationalistic and xenophobic sentiment.

Salaried workers will support integration if they perceive it as associated with their rights and concrete regional social policy to their direct benefit. Furthermore, in the case of most LA peasants and the urban poor, regional social policy measures seem indispensable to motivate them to integrate.

Appendix

Table 1

Latin American and Caribbean countries according to groups of demographic transition, elaborated by CELADE

| Classes of demographic transition: CELADE definition   | Countries   |
|--|---|
| <p><i>Group I: Early transition</i></p> <p>Countries with high birth rate and mortality, and a moderate natural growth of around 2.5%. Countries in this group have a very young age structure, and a high dependency ratio.</p>   | Bolivia and Haiti   |
| <p><i>Group II: Moderate transition</i></p> <p>Countries with high birth rate but moderate level of mortality. Because of this, their natural growth is still high, around 3%. Lowering of mortality, especially during the first year, has caused a rejuvenation of the age structure, which has also resulted in a high dependency ratio.</p>  | El Salvador, Guatemala, Honduras, Nicaragua and Paraguay  |
| <p><i>Group III: Full transition</i></p> <p>Countries with moderate birth rates and low or moderate mortality, which determines a moderate natural growth rate of around 2%. As lowering of fertility is recent, the age structure is still relatively young, even though the dependency ratio has already decreased.</p>  | Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Panama, Peru and Venezuela in Latin America; and Guyana, Surinam, and Trinidad and Tobago in the Caribbean |
| <p><i>Group IV: Advanced transition</i></p> <p>Countries with low birth rates and low or moderate mortality rates, which translates into low natural growth rates of around 1%.</p> <p>Two subgroups may be defined as follows:</p> <ul style="list-style-type: none"><li>• countries that have had low fertility and mortality for a long time (Argentina, Uruguay and, in lesser terms, Cuba) and consequently, have growth and age structures that are similar to developed countries;</li><li>• countries that, although having recently attained very low fertility and mortality rates, still have higher growth rates because their population is relatively young.</li></ul> | Argentina, Chile, Cuba and Uruguay in Latin America; and the Bahamas, Barbados, Guadelupe, Jamaica, Martinique and Puerto Rico, in the Caribbean.                             |

Source: CELADE (1996); UNDP (2002a); ECLAC (2002); World Bank (2002). Table taken from Riesco (2007: appendix tables 1–4).

Table 2

Population and GDP in Latin America and the Caribbean, according to demographic transition groups

| Classes of demographic transition            | Population 2005 (thousands) | Population growth (annual percentage, 2000–10) | GDP (ppp) 2002 (US\$ million dollars) | Per capita GDP (ppp) 2002 (US\$ per inhabitant) | Position in GDP ranking 2002 (175 countries) | GDP growth 1960–2002 (average percentage per year) |
|--|-----------------------------|--|---------------------------------------|---|--|--|
| Group I: Early transition                    | 18,361 (3.3%)               | 1.9  | 34,996 (0.9%)                         | 2,081   | 145  | 1.6  |
| Group II: Moderate transition                | 39,293 (7.1%)               | 2.3  | 138,102 (3.5%)                        | 4,109   | 112  | 3.6  |
| Group III: Full transition                   | 418,623 (75.2%)             | 1.3  | 2,968,667 (75.7%)                     | 7,164   | 73   | 4.2  |
| Group IV: Advanced transition                | 79,926 (14.4%)              | 0.9  | 779,478 (19.9%)                       | 10,262  | 61   | 2.6  |
| <i>Total Latin America and the Caribbean</i> | <i>556,203 (100.0%)</i>     | <i>1.4</i>                                     | <i>3,921,243 (100.0%)</i>             | <i>7,050</i>                                    | <i>73</i>                                    | <i>3.8</i>   |

Source: CELADE (1996); UNDP (2002a); ECLAC (2002); World Bank (2002). Table taken from Riesco (2007: appendix tables 1–4).

Table 3

Urbanization and salaried workers in Latin America and the Caribbean, according to demographic transition groups

| Demographic transition classes               | Urban population (%) |             | Average urbanization rate (% of total population per year) |            | Economically active population (EAP) in agriculture (%) |             |
|--|----------------------|-------------|--|------------|---|-------------|
|  | 1960                 | 2005        | 1960–85  | 1985–2005  | 1970  | 1990        |
| Group I: Early transition                    | 26.2                 | 55.2        | 0.5  | 0.8        | 63.2  | 39.3        |
| Group II: Moderate transition                | 33.4                 | 50.9        | 0.4  | 0.4        | 58.2  | 43.9        |
| Group III: Full transition                   | 47.4                 | 78.4        | 0.9  | 0.5        | 43.3  | 23.1        |
| Group IV: Advanced transition                | 69.3                 | 86.5        | 0.6  | 0.3        | 20.5  | 12.4        |
| <i>Total Latin America and the Caribbean</i> | <i>48.9</i>          | <i>76.7</i> | <i>0.8</i>   | <i>0.5</i> | <i>41.8</i>   | <i>23.6</i> |

Source: CELADE (1996); UNDP (2002a); ECLAC (2002); World Bank (2002). Table taken from Riesco (2007: appendix tables 1–4).



Table 4

Public social expenditure in Latin America and the Caribbean, according to demographic transition groups

| Demographic transition classes               | Public social expenditure 2000–1 |                   |                             |                      |                   |                      |                   |                      |                   |
|--|----------------------------------|-------------------|-----------------------------|----------------------|-------------------|----------------------|-------------------|----------------------|-------------------|
|  | Total                            |                   |                             | Education            |                   | Health               |                   | Social security      |                   |
|  | 1997 per capita (\$)             | Percentage of GDP | Percentage of public budget | 1997 per capita (\$) | Percentage of GDP | 1997 per capita (\$) | Percentage of GDP | 1997 per capita (\$) | Percentage of GDP |
| Groups I–II: Early and moderate transition   | 114                              | 9.8               | 44.2                        | 51                   | 4.4               | 25                   | 2.4               | 22                   | 1.6               |
| Group III: Full transition                   | 618                              | 14.2              | 54.3                        | 161                  | 3.9               | 111                  | 2.7               | 320                  | 7.1               |
| Group IV: Advanced transition                | 1445                             | 20.2              | 65.1                        | 335                  | 4.7               | 308                  | 4.3               | 653                  | 9.2               |
| <i>Total Latin America and the Caribbean</i> | <i>686</i>                       | <i>14.8</i>       | <i>55.1</i>                 | <i>175</i>           | <i>4.1</i>        | <i>130</i>           | <i>2.9</i>        | <i>338</i>           | <i>6.8</i>        |

Source: CELADE (1996); UNDP (2002a); ECLAC (2002); World Bank (2002). Table taken from Riesco (2007: appendix tables 1–4).

Table 5

Human development and income distribution in Latin America and the Caribbean, according to demographic transition groups

| Demographic transition classes               | Human Development Index (HDI) 2001                |                                  |                         | Share of total income (%) |             |             |   |
|--|---|----------------------------------|-------------------------|---------------------------|-------------|-------------|---|
|  | Relative position in HDI ranking of 175 countries | Life expectancy at birth (years) | Adult literacy rate (%) | Poorest 40%               | Medium 50%  | Richest 10% | D <sup>10</sup> /D <sup>40</sup> (per capita) I |
| Group I: Early transition                    | 132   | 56.2                             | 68.5                    | 10.1                      | 50.8        | 39.3        | 25.0  |
| Group II: Moderate transition                | 110   | 68.3                             | 75.8                    | 13.2                      | 49.6        | 37.2        | 20.1  |
| Group III: Full transition                   | 65  | 70.3                             | 89.6                    | 12.4                      | 47.5        | 40.1        | 24.0  |
| Group IV: Advanced transition                | 41  | 74.8                             | 96.4                    | 14.7                      | 47.7        | 37.7        | 16.6  |
| <i>Total Latin America and the Caribbean</i> | <i>65</i>   | <i>70.3</i>                      | <i>89.2</i>             | <i>13</i>                 | <i>47.8</i> | <i>40.0</i> | <i>23.0</i>                                     |

Source: CELADE (1996); UNDP (2002a); ECLAC (2002); World Bank (2002). Table taken from Riesco (2007: appendix tables 1–4).

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## Note

1. Sundays and religious feast days, which had formerly been scrupulously respected as days when peasants did not have to work. Saturday, however, was a regular working day in the *haciendas*.

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