

Public Policies for Sustainable Growth

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While Latin America in recent years has demonstrated that many of its economies can achieve high levels of growth, the question is whether the region's leaders can continue to implement the policies needed to sustain expansion and to do so in a socially progressive and responsible manner.

A key goal of course should be the sustainable use of resources. However, besides the environmental imperative, Latin America faces critical challenges on many fronts including how to achieve equitable income distribution, how to increase the productivity of its workforce, how to cultivate greater openness and inclusiveness in its societies, and how to promote innovation and creativity to create knowledge-based economies.

In terms of income distribution, Latin and America and the Caribbean region is the most unequal in the world. But strong growth over the past seven years has reduced poverty and inequality, with 60 million people rising out of poverty since 2002, reducing the number of poor to 180 million.

The number of those in extreme poverty dropped from 73 million to 41 million. However, the food, energy and economic crises are conspiring to reverse the fortunes of up to 6 million who had just risen above the poverty line, raising alarms in many countries, especially those hardest hit by the global turmoil.

Rising unemployment is a particular concern. Especially worrying is the impact on the middle class who tend to have fewer safety nets available to them than the poor do. Yet Latin America is in a better position to deal with the socio-economic impact of this crisis than it had been during previous downturns.

"Latin America is faced with the twin challenges of poverty and inequality, but is now better equipped to handle them," said Pamela Cox, Vice-President for Latin America and the Caribbean, World Bank, Washington DC.

A number of countries in the region, for example, have instituted effective social assistance programmes, such as Mexico's Oportunidades and Brazil's Bolsa Família, that provide payments to poor families that keep children in school and regularly take them to clinics.

Participants agreed that such programmes are essential but should not be open-ended. They also agreed that Latin America must focus on restructuring its education systems at all levels to prepare people better for the workplace and to ensure that its economies have sufficient entrepreneurial talent. New models must emphasize experiential learning and problem solving over traditional classroom schooling. More students should be enrolled at the secondary and tertiary levels.

Government should forge partnerships with the private sector and civil society to improve education. In the future, "no country will succeed without a large portion of its population in high school and college," said Jim Goodnight, Chief Executive Officer, SAS Institute, USA, and Co-Chair of the World Economic Forum on Latin America.

"We need more people that are educated. "Education is the key; it is the solution to all the problems in Latin America." Also critical is investing in technology to improve productivity, boost the region's

knowledge base and address the digital divide in societies. Especially important is the proliferation of broadband Internet connectivity.

"If we do not invest in the population and digital integration, we may end up with a social problem in Latin America," argued Mario Anseloni, General Manager, HP Brasil, Brazil. "Technology has been a key enabler of social inclusion."

Added Magid Abraham, President, Chief Executive Officer and Co-Founder, Comscore, USA: "It is ironic that we are living through a downturn, but at the same time we have never had better access to technology than we have today. There is a lot of reason for optimism in terms of technology-driven growth." Harnessing technology, especially the Internet, will narrow the social gap between the haves and have-nots, Abraham stressed.

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