ECONOMIC AND SOCIAL POLICY IN POST-NEOLIBERAL LATIN AMERICA: Analyzing Impact on Poverty, Inequality and Social Wellbeing

Tara Ruttenberg*

INTRODUCTION

The Neoliberal Legacy

The implications of policies created in Washington and implemented in the South have now been exposed for their detrimental impact on widening income inequalities and deepening poverty throughout the developing world, most notably as a result of neoliberalization in the last two decades of the 20th century. Neoliberal policy packages designed by the Washington Consensus, implemented in countries throughout the South, and enforced by the IMF, World Bank and World Trade Organization included market-based approaches targeting improved economic growth through structural adjustment programs, privatization of state-owned enterprise, natural resources and services, marginal state involvement in the economy, and an emphasis on export-led growth through trade liberalization. In many cases, this framework also implied a weakening of social safety nets for the poor. At the start

* MA degree in International Peace Studies, at University for Peace. Worked in Latin American policy advocacy, in Washington, in global peace building for international NGOs, and in grassroots community development, in rural Costa Rica.

of the new millennium, neoliberalism's devastating implications for poverty and inequality were clear, as wealth accumulated at the top of the social pyramid to the detriment of middle classes and particularly the poorest echelons of society. Washington's "trickle-down" theory, whereby gains in growth would inevitably improve the lot of all social sectors, proved a fallacy; a rising tide does not, in fact, lift all boats.

Poverty and inequality now pose the gravest threats to social stability and human security across the globe. More than one billion people – a sixth of the Earth's population - live in conditions of extreme poverty (COLLIER, 2007), facing subhuman living conditions characterized by disease, hunger, lack of access to drinking water and sanitation, and dismal opportunities for employment, access to healthcare or education. Furthermore, income inequality has grown to unprecedented levels and is increasingly correlated with violent crime and conflict (CASAS-ZAMORA; DAMMERT, 2012; CENTRO INTERNACIONAL DE INFORMACION E INVESTIGACIONES PARA LA PAZ, 2000; BOURGUIGNON, 2001; FAJNZYLBER, LEDERMAN & LOAYZA, 2002). The Gini coefficient, used as an indicator measuring inequality in the distribution of family income (0 representing perfect equality and 1 representing perfect inequality), shows that global inequality ranges from .23 in Sweden (2005) to .707 in Namibia (2003), according to the CIA World Factbook (updated in January 2010), with extreme concentration of wealth in the hands of the powerful few contrasting markedly with the realities of those in extreme poverty. Stemming from such inequality, the worldwide perils of intrastate conflict, organized crime, terrorism, and the threat of global war are on the rise, particularly relevant in the countries of the South, but also affecting the North in distinct, albeit more distant, ways.

Exemplifying these stark trends of poverty, social inequality and rising violence in their most extreme expression, the region of Latin America and the Caribbean (LAC) is known as the most unequal and one of the most violent regions in the world, with over a third of its population living in poverty. LAC income inequality peaked in the early 2000s at a Gini coefficient of 0,53 (LOPEZ-CALVA; LUSTIG, 2010), and of the top 20 countries with the highest homicide rates in the world, 10 of the 20 are located in LAC (UNODC, 2011). The region has “long exhibited the highest income concentration in the world” (CASAS-ZAMORA; DAMMERT, 2012), and in 2003, the richest income decile in LAC earned 48% of total income, whereas the poorest ten percent of the population earned only 1.6% (FERREIRA ET AL., 2004). Poverty statistics a decade ago were equally staggering, with 36 percent of the population of LAC living below the poverty line in 2001 (LEIPZIGER, 2001). While the statistics have shown improvement over the past decade, poverty and inequality, as well as the associated violence to which they contribute, present a most serious concern for the region.

Many, including the World Bank (based on Michael Walton’s findings), the IMF, and other creators and advocates of neoliberalism unwilling to admit its social shortcomings, seek to maintain a neutral stance in judging its role in deepening poverty and social inequality, instead opting to conservatively concede that neoliberalism did not succeed in reducing poverty or inequality as it had hoped to (KINGSTONE, 2011). However, a number of studies show that neoliberalism is consistent with “worsening inequality and higher poverty” (HUBER & SOLT, In KINGSTONE, 2011, p. 76), and disprove the claim that inequality did not rise during the neoliberal period, as presented by Jaramillo and Saavedra (2010) and by looking at income deciles rather than quintile inequality data, which highlight the growing income share of the wealthiest ten percent as that of the poorest ten percent diminished (PALMA, 2011). Critics of neoliberalism, including Petras, Veltmeyer and Vieux (1997), Green (2003) and Grugel and Riggirozzi (2009, 2012) all "separately report the increasing levels of poverty and indigence over the [neoliberal] period from 1980 to 1999" (KINGSTONE, 2011, P.76).

In a similar vein, Regadas (2005) recognizes the indirect nature of the impact of neoliberalism on exacerbating inequality, referring to "inequality by expropriation and inequality by disconnectedness" as a result of unregulated trade liberalization favoring large corporations over small producers, corrupt elite plundering of public wealth under the guise of privatization, and the centrifugal income effects of the already wealthy getting wealthier and those "disconnected" social sectors lacking financial, technological and educational resources increasingly unable to access the means necessary to improve their economic situation (REGARDAS, 2005, p.139). Vilas (2005) lists the principal social sectors most negatively affected by neoliberalism's prioritization of macroeconomic concerns and resulting neglect of social wellbeing as including "wage workers, *campesinos* and small farmers, small and medium entrepreneurs oriented to the domestic market, women and young people" (VILAS, 2005, p.237). Kingstone (2011, p.76) emphasizes that "employment is one of the weakest areas of performance for the Washington Consensus".

Lustig (1999) offers further support to the connection between neoliberal policies and rising inequalities in the late twentieth century:

> The unequalizing effect of the [debt] crisis was compounded because safety nets for the poor and vulnerable were conspicuously absent (or poorly

> designed and inadequate) in the Washington-led structural adjustment programs in the 1980s (LUSTIG, 1999, in Lopez-Calva & Lustig, 2012, p.6).

Jaramillo and Saavedra (2010) further this claim by demonstrating that income inequality rose during the neoliberal reform period of the early 1990s. Finally, Grugel and Riggirozzi (2012) draw attention to the region's excessive unemployment as a result of economic restructuring in the 1990s, noting also that poverty incidence was higher at the end of the nineties than in 1980. As a result of neoliberalism's exacerbation of social challenges, leftist leaders in Latin America, aware of growing popular discontent associated with rising poverty and social inequality, put forward strongly anti-neoliberal policy platforms emphasizing wealth redistribution and improving opportunities for employment, housing, education and healthcare.

The New Left and Post-Neoliberalism

Frustrated with unresponsive governments and increasingly hostile toward the economic policies of neoliberalism which exacerbated the social ills of poverty and inequality, Latin America has become the epicenter for revolutionary change and resistance to social and economic exploitation, calling for systemic solutions that seek social justice and equitable income redistribution. Beginning in 1998 with the election of Hugo Chavez in Venezuela, leftist leaders have been democratically elected in the majority of Latin American countries, reflecting a turn toward participatory, constituent styles of democracy and implementing new socioeconomic policies that serve to correct the social disparities that need not exist in a region abundant in natural resources and extreme material wealth (RUTTENBERG, 2009). These policies respond to the foremost challenge of putting forth “a development model – or models – conducive to sustaining economic growth while distributing resources and opportunities widely to segments of the population that had long been deprived of both” (HERSHBERG; ROSEN, 2005, p.20).

Now more than a decade into the 21st Century, Latin America’s leftist governments have implemented progressive socioeconomic policies geared toward addressing their countries’ devastatingly high levels of poverty and inequality, representing a new post-neoliberal policy agenda with powerful implications for the region. While it is important to recognize the heterogenous, non-uniform nature of the varying post-neoliberal policy platforms among the Latin American left, authors like Vilas (2005), Grugel and Riggirozzi (2012) highlight some of their cross-cutting similarities, including government stimulus for investment, production and employment to satisfy social demands; democratic participation; and a revival of the state as responsible in areas of market failure such as poverty alleviation, infrastructure and job creation (VILAS, 2005). As such, “in addition to being a project of growth based on exports and expanded social spending, post-neoliberalism has a distinctive political character”, marked by aroused citizenship claims, social inclusion and more participatory styles of democratic governance (GRUGEL & RIGGIROZZI, 2012).

Generally speaking, post-neoliberal policies seek to abandon free-market-only principles espoused previously by the North, reversing the strictly neoliberal policy package imposed upon the region in the 1980s and 1990s while still focusing strongly on export-led growth promoted by the state. Interestingly, Kingstone (2011) notes that the shift toward enhancing social policies was put forward not only by critics of neoliberalism from the left, but also by many of its advocates: "By the late 1990s into the early 2000s, neoliberalism's advocates were noting that market-oriented policies needed to be complemented with good social policies to address poverty, inequality and labor market concerns" (KINGSTONE, 2001, p. 83). Specifically, the region's post-neoliberal frameworks include macroeconomic and social policy measures to broaden government revenue and increase public expenditure toward poverty alleviation and income redistribution. These policies can be identified to include:

- de-prioritizing debt repayment and increasing the state's share of natural resource wealth to increase government revenues;
- counter-cyclical economic policies including investment in infrastructure, emergency employment plans, and stimulus for business and social programs;
- social public expenditure on health, education, housing, agriculture and pro-poor cash transfers, social protection and services;
- prioritization of domestic production and labor demand seeking market complementarity through new regional integration mechanisms.

Post-neoliberalism in Latin America is a reflection of what is often referred to as the region's "new left", characterized by "a willingness to work within many existing global and national structures at the same time that it challenges those structures to change in ways that increase popular participation and redistribute income downward" (VILAS, In HERSHBERG & ROSEN, 2005, p. 23). This moderate pragmatism, as many are apt to point out, is not a complete rejection of neoliberal principles (KINGSTONE, 2011; VILAS,

2005; GRUGEL & RIGGIROZZI, 2012; DAMIAN & BOLTVINIK, 2005; HERSHBERG & ROSEN, 2005), but rather a widening of the state to increase social spending and redistribute the gains realized from a market-driven economy, particularly the windfall generated from export-led growth. Robinson (2010) determines redistribution to include pure transfers or the enhancement of public goods, both general and local.

While acknowledging this political pragmatism, let us also recognize the powerful role of the Latin American left in challenging existing power structures in the region (BEASLEY-MURRAY et al., 2010), particularly those associated with liberal representative forms of democracy, which have received criticism as serving the interests of the wealthy and powerful few while ignoring the needs of the majority. Authors have referred to this style of representative democratic government as polyarchy (DAHL, 1956, 1989, 1972; RASKIN, 2003); and plutocracy (PHILLIPS, 2002; DOWD, 2011; KRUGMAN, 2012) – political rule by and for the wealthy and powerful, excluding many sectors, particularly the poor, from participation through lack of power and access – and have pointed out its neglect of the public interest in order to preserve 'market democracy' at all costs (CHOMSKY, 1997).

Latin America's new left, on the other hand, while still pragmatic in working within the (post)neoliberal economic framework, constitutes an affront to that very same framework by challenging historical elite-dominated power relations through revamped citizen constitutions, expanding political participation, and prioritizing popular participation over liberal representative styles of government that favor the wealthy and exclude the poor. Beasley-Murray describe this phenomenon as follows:

> [S]uperficial continuities mask underlying departures from orthodox conceptions of citizenship, which were premised on the incorporation of individuals, as producers and consumers, into markets. What are emerging instead are openings to agendas that privilege collective rights and solidarities to achieve universal social citizenship. In so doing, they signal a fundamental rethinking of state-society relations. (BEASLEY-MURRAY et al., 2010, p.4).

And as Robinson (2010) reminds us, the political economy of redistribution cannot overlook the relations of power that influence how much wealth is redistributed, how it is redistributed and to whom. As the new left in Latin America challenges the power relations associated with conceptions of citizenship and redistribution, the trend toward more participatory forms of social democracy help explain why government spending has grown more progressive (LOPEZ-CALVA; LUSTIG, 2010), perhaps reflecting a more dynamic and responsive relationship between the people's incentive to demand redistribution and political actors' incentives to adopt it (ROBINSON, 2010).

Post-Neoliberalism: Critiques from the Left

While the pragmatic post-neoliberal paradigm may represent a shift toward social inclusion, more equitable wealth distribution, and greater state attention to the needs of the poor, it has been criticized by the left for its practical moderation as an outgrowth of the former neoliberal era rather than representing a fundamental transformation in the social politics of power or the exploitative structures of production that generate inequalities and deepen poverty in the first place. Structurally, neoliberalism is criticized from the left as a

> class project to restore the economic and political power of the wealthiest segments of society at the expense of the poor and working classes of the advanced industrial countries and the developing world generally (KINGSTONE, 2011).

Instead of seeking structural alternatives, the new Latin American left "ends up absorbing some of the worst habits of politics-as-usual, thus diluting its own proposals for transformation into a short-run pragmatism" (VILAS, 2005, p. 241). This reflects the reality that while the leaders of the new left have been elected on strongly anti-neoliberal political platforms, even promising a "citizen revolution" in some cases through participatory democratic means, their anti-system rhetoric has fallen quite short of the true structural transformation needed to overcome the "redistributive effects and increasing social inequality [which] have in fact been such a persistent feature of neoliberalization as to be regarded as structural to the whole project" (HARVEY, 2005, p. 16). Instead, the new left exemplifies a policy pragmatism that favors the short-term and continues to promote the same unsustainable, neoliberal means and relations of production that have exacerbated the social ailments that their new socioeconomic policies seek to relieve. In sum, the post-neoliberal left may be getting better at bandaging the wounds of the neoliberal system, but for the most part (arguably with the exceptions of the "contestatory left", defined by Lustig (2009) to include Argentina, Nicaragua, Venezuela, Bolivia and Ecuador to varying degrees), it has not dismantled the socially exploitative neoliberal machine it so vociferously claims and promises to oppose.

CONTRIBUTING TO THE LITERATURE

Rationale

While quite comprehensive in delineating what post-neoliberalism looks like in the Latin American context as described above, the existing body of research and literature has yet to exhaustively analyze the impact of these and other post-neoliberal socioeconomic policies on poverty, inequality and social wellbeing. Some authors have opened the debate by recognizing that increased social spending in the region has contributed to declining poverty and inequality. Kingstone (2011) contends that "the most striking trend of the 2000s is the increase in social spending throughout the region accompanied by (and at least causing) marked decreases in poverty and inequality" (KINGSTONE, 2011, p.113). Lustig (2009) strengthens this argument by highlighting that poverty and inequality dropped markedly throughout Latin America after 2002, and that leftist governments, especially those representing the more "contestatory left" (Argentina, Bolivia, Ecuador, Nicaragua and Venezuela), have been most successful in reducing poverty and inequality as a result of both social spending and the favorable commodity boom[1]. Birdsall and Szekely (2003) emphasize that social policies that strengthen human capital, particularly in

1 Nora Lustig (2010), in her paper "Declining Inequality in Latin America: Market Forces, Enlightened States or the New Left?", presents the distinction between the results of descriptive analysis and regression analysis within her study, both of which find that leftist Latin American governments have been more successful in reducing poverty and inequality than their counterparts on the right. However, the descriptive analysis finds that the contestatory regimes have reduced inequality faster than the social democratic regimes, whereas results from the regression analysis, which controls for unobserved effects and the commodity price boom of 2002-2008, show that the social democratic regimes proved more effective. These findings show that contestatory regimes' social spending, while successful in reducing poverty and inequality, is highly dependent on wealth generated by commodities.

education and healthcare, contribute most to reducing poverty and inequality. Lopez-Calva and Lustig (2010) point out that the greatest contributors to declining poverty and inequality in the region are two-fold: a decrease in the earnings gap between skilled and low-skilled labor and an increase in transfers to the poor, including both government transfers and foreign remittances. Generally speaking, the consensus in the field is that increased social spending and social policy in the post-neoliberal area, particularly in countries with leftist leaders, has made progress in reducing poverty and inequality (KINGSTONE, 2011).

This paper is part of an ongoing study that seeks to contribute to the existing body of research by offering case study examples and drawing relevant conclusions on the post-neoliberal policy framework as a development model to improve social wellbeing. This contribution will have powerful implications for development in Latin America, and great potential for broader social impact in the countries of the South through enhanced South-South cooperation. Countries in the South have much to learn from the Latin American socio-economic experience as it relates to development. Toward that end, this study analyzes and shares findings on the Latin American post-neoliberal policy experience in order to help influence policy and strengthen social movements toward cooperative approaches to development in the South.

Justification for Case Studies

The broader research project of which this paper is a part examines the case studies of Ecuador's economic policy platform under President Correa and Brazil's exemplary *Bolsa Família* conditional cash transfer program in order to analyze the ways in which progressive post-neoliberal policies have contributed to reducing income inequality and alleviating poverty, while still achieving enviable levels of economic growth *vis-à-vis* other countries in the South, not to mention many in the North given today's global crisis of capitalism. In addition, the study seeks to evaluate these policies' impact on social wellbeing, calling for a subjective and nuanced understanding above and beyond income-based indicators measuring poverty and inequality.

The macroeconomic and social policy framework under Ecuador's Correa is presented as a case study for its relevance as a test-case for post-neoliberal policies resulting in strong export and public investment-led growth, with indicators demonstrating reduced poverty and inequality. In addition, Ecuador provides an example of what has been called the "contestatory left" (LUSTIG, 2009; WEYLAND, HUNTER & MADRID, 2010; KINGSTONE, 2011), classified as such for presenting itself as more antagonistic to neoliberalism and its associated political systems while still relying on neoliberal market and financial elements, such as foreign investment in natural resources and traditional markets for exports. In this way, the case of Ecuador can be considered as representative of a more contestatory form of post-neoliberalism, characterized by anti-neoliberal rhetoric and a number of unconventional economic practices combined with policy pragmatism, reliance on export-led growth, tax reform, commodity-funded social spending, and an increased role for the state in development.

Brazil's *Bolsa Família* program was selected as the second case study given its documented success as a conditional cash transfer program cited widely as the country's most influential poverty and inequality reduction strategy, providing service to 11 million low-income families, improving school attendance and ensuring health coverage for vulnerable populations. Other countries in Latin America and across the South have sought to emulate the *Bolsa Família* program and have implemented similar projects as a result. This paper presents the case of *Bolsa Família* as a telling example of post-neoliberal social policy in practice, and its powerful impact on lessening poverty and inequality.

Methodology and Limitations

The research presented here stems from development literature focusing on Latin America in the post-neoliberal era as its theoretical framework and offers preliminary statistical evidence on poverty and inequality variance, analyzing regional trends while focusing on the experiences in Ecuador and Brazil in particular. The section on the *Bolsa Família* program also incorporates primary research conducted through a personal interview with a local service provider in *Casarão do Cordeiro*, Recife, Brazil, in May 2012. The author recognizes that income-based statistics and indicators provide an inadequate evaluation of poverty, inequality and individual/ community wellbeing: "Measurements of poverty based only on income, being one-dimensional measurements that omit fundamental factors that affect living standards, are insufficient for an evaluation of how a country is progressing toward social development" (DAMIAN; BOLTVINIK, 2005, p. 168). However, given constraints associated with available data and the need for further field research to evaluate wellbeing on a community level, the statistics presented in this paper rely on Gini coefficient data for inequality, as well as ECLAC, World Bank, UNDP and official government numbers for measuring poverty, which are all predominantly income-based. Recognizing this shortcoming, the author acknowledges that a more nuanced approach must be pursued for further analysis and suggests that readers also recognize the conservative nature of many of the data sources presented, understanding that the actual incidence of poverty and social inequality, as well as the subhuman life conditions they entail, may be much greater than the statistics reveal.

Damian and Boltvinik (2005) share this concern for income-based poverty indicators and present the Integrated Poverty Measurement Method (IPMM), which combines ECLAC's poverty line method, the Unsatisfied Basic Needs method, and the index of working time, which is used to identify time poverty. This approach may be useful in the future for more in-depth statistical analysis on poverty for the purposes of the study at hand.

Regarding a more qualitative understanding of poverty, Max-Neef, Elizalde and Hopenhayn (1991) reject the income-based approach and instead contend that "any human need that is not adequately satisfied reveals a human poverty", suggesting that the development discourse speak of "poverties" as opposed to a general "poverty" (p.18). They therefore extend this needs-based argument to offer a platform for "human scale development", defining quality of life as dependent on "the possibilities people have to adequately satisfy their human needs" (MAX-NEEF, ELIZALDE & HOPENHAYN, 1991, p. 16). Their approach acknowledges the subjective nature of wellbeing and offers human-based indicators for development based on the satisfaction of human needs, which they organize into existential and axiological needs, the former including the needs of Being, Having, Doing and Interacting, and the latter including Subsistence, Protection, Affection, Understanding, Participation, Idleness, Creation, Identity and Freedom. Comparing this framework with that of income-based approaches to wellbeing and quality of life, we move closer to a more human-centered perspective on development.

Similarly, in an effort to design alternative indicators of social wellbeing, the new economics foundation (NEF, 2009) has made the case for the creation of National Accounts of Wellbeing in order to measure people's subjective experiences, feelings and perceptions on their lives, with a view toward shedding more accurate light on the "relative success or failure of countries in supporting a good life for their citizens". Their framework seeks to measure both personal and social wellbeing, taking into account the emotional aspects of positive (and absence of negative) feelings, optimism, resilience and self-esteem, as well as perceptions on life satisfaction, vitality, and "positive functioning" related to autonomy, competence, engagement, meaning and purpose, along with social aspects of supportive relationships, trust and belonging, and wellbeing at work (nef, 2009, p.21). As this study progresses, the IPMM, human scale development, and nef models may deepen our ability to evaluate the lived realities of people and their quality of life as part of a more nuanced approach to understanding the impacts of post-neoliberal policy reforms on poverty, inequality and social wellbeing.

'Buen Vivir': Toward a New Approach in Development Research

While these more complex models presented above may offer nuanced ways of evaluating poverty and wellbeing from an external perspective, it is still important to recognize that the concept of wellbeing is so subjective in nature that it is quite problematic to assume as an outside entity that what constitutes wellbeing in one community or society will be the same for others across the globe. This differs from the perspectives of the authors mentioned, including Max-Neef, Elizalde and Hopenhayn (1991) and Nef (2009), who present a set of specific needs and quality of life indicators assuming that all people have the same needs and thus similarly experience wellbeing when those needs are satisfied. Recognizing that each human experience of wellbeing is distinct and that human needs and the ways in which we prioritize the satisfaction of those needs differ across cultures and even within communities, this reality presents significant challenges for development studies in general given the desire to connect on-the-ground case studies with the larger framework and apply a universal one-size-fits-all mentality to development strategies. As conversations continue on creating new means of evaluating wellbeing in the development field, let us consider that subjective indicators of wellbeing must be developed from the community level up as an internal representation of quality of life rather than being determined as a top-down expression of outsider opinion on what constitutes social wellbeing. In this way, we might begin to reveal what wellbeing really looks and feels like in each community and within each society so that local and national policies can be more responsive in supporting the full realization of such wellbeing and satisfying the needs related to its achievement. Perhaps then we will discover policy applications toward truly sustainable development based on what people really need as opposed to what outsiders think they need.

To that end, it seems that many Latin American nations have begun putting forward their own definitions of wellbeing, and out of that progression has emerged the concept of "*buen vivir*", which can be translated to mean 'living well'. In countries such as Bolivia and Ecuador, new constitutions incorporate *buen vivir* as a social paradigm to

> better the quality of life of the population, develop their capacities and potential; rely on an economic

> system that promotes equality through social and territorial redistribution of the benefits of development; ….establish a harmonious coexistence with nature… promote Latin American integration; and protect and promote cultural diversity.[2]

As part of the post-neoliberal experience in Latin America, *buen vivir* as a development goal has become institutionalized, with social policies geared toward helping individuals and communities realize their potential for living well. It is the ultimate goal of the larger study of which this paper is a part to determine whether this post-neoliberal policy framework in Latin America is making progress toward improving citizen wellbeing at the community level based on the paradigm of *buen vivir*. This will require greater understanding of what *buen vivir* means within communities themselves, acknowledging the subjective reality that it will mean different things to different individuals within each community, as well as among different neighborhoods, communities, cultures and peoples. This presents the challenge for in-depth field research to define *buen vivir* at the community level and then evaluate whether or not post-neoliberal policies are addressing and/or contributing to the satisfiers necessary to realize *buen vivir* among those communities. While difficult, it is not impossible, and the value of a study of this nature will offer a comprehensive bottom-up understanding of sustainable development in practice, with the hope that it will inspire and motivate similar development studies and subsequent policy responses across the Global South.

With further statistical analysis and empirical field research into local communities affected by post-neoliberal policies in the

2 Article 276 of the Constitution of the Republic of Ecuador

case-study countries, the South-South development discourse as a whole will benefit from a broader understanding of the impact of post-neoliberal socioeconomic policy on reducing poverty and inequality and improving quality of life at the community level. Lessons from the research and case studies can help inform alternative policies geared toward greater social justice in Latin America and throughout the world, reflecting the South's homegrown contributions to the field of international development. Toward these ends, this paper presents findings from mainly secondary sources, draws relevant conclusions, offers a trajectory for new areas of related study, and serves as the justification for further field research into the two case studies presented.

PRELIMINARY THEORETICAL AND STATISTICAL RESEARCH FINDINGS

The Rise of the Post-Neoliberal Paradigm

In the late 1990s and into the 2000s, social unrest and extreme popular discontent led to the election of leftist leaders on platforms of anti-neoliberalism, anti-imperialism, and anti-elitism, particularly through mobilizing formerly marginalized voters in participatory approaches to democracy and promises of greater distribution of wealth and social inclusion. Following the election of Hugo Chavez in Venezuela in 1998, leftists were elected to the presidency of Brazil, in 2002; Argentina, in 2003; Uruguay, in 2004; Bolivia, in 2005; Ecuador, Honduras and Nicaragua, in 2006; Paraguay, in 2008; El Salvador, in 2009; and, most recently, Peru, in 2010. Kingstone (2010, p. 91) writes, "by 2009, more than half of Latin America's nations had voted in leftist presidents and more than 60 percent of Latin Americans were governed by them". These numbers have risen since then, demonstrating a strongly leftward trend in

Latin American politics and political economy. Latin America's new left has embarked upon an ambitious program of increasing social spending to address the shortcomings of the neoliberal era. In many countries, economic growth has risen substantially, providing extra government revenue to address social challenges, propelled by windfall rents of natural resources newly nationalized in some cases or under very profitable terms for governments in others.

As presented above, the existing body of literature and research shows that twenty-first century social and economic policies in leftist-led Latin America have demonstrated progress in achieving substantial economic growth while reducing poverty and inequality at the same time. Even mainstream analysts are now apt to recognize the "Good tidings from the south" (*The Economist*, December 2011) and the role social policy has played in their realization. In addition to pointing out Latin America's strong GDP growth of 5.9% in 2011, *The Economist* (December 2011) cites recent ECLAC statistics showing that 30.4% of Latin Americans live below the poverty line, which represents a steady drop from its peak of 48.4% in 1990, "the lowest figure since more or less reliable statistics began to be collected in the 1970s – and probably ever". In the same piece, *The Economist* acknowledges as a factor in the region's declining income inequality "better-targeted social policies, especially cash-transfer schemes for the poor".

In addition to consolidating social policies targeting poverty and inequality reduction, the new left has sought to solidify the post-neoliberal framework on a regional scale, designing regional integration schemes exclusive of the United States for the first time in generations. The Bolivarian Alliance for the Peoples of the Americas (ALBA), the Union of South American Nations (UNASUR), and the Community of Latin American and Caribbean States (CELAC), to mention a few, represent new political and economic fora based on complementarity, cooperation and South-South collaboration (RUTTENBERG; FUCHS, 2011). Now over a decade into the process of regional post-neoliberalization in Latin America, we can identify what this framework looks like from a macroeconomic and social policy perspective, as well as begin analyzing its impact on poverty, inequality and social wellbeing.

Post-Neoliberal Economic and Social Policies in Latin America

Grugel and Riggirozzi (2012) have compiled a thorough presentation of the post-neoliberal project in Latin America, understanding it as “the construction of a social consensus that is respectful of the demands of growth and business interests *and* sensitive to challenges of poverty and citizenship” (GRUGEL; RIGGIROZZI, 2012, p.4). Regarding policy, they highlight post-neoliberalism’s attempted shift in the purpose and direction of the economy through increased government spending, tax reform and management of commodity-dependent, export-led growth, which itself is contingent upon favorable export markets operating within the framework of the global economy (GRUGEL; RIGGIROZZI, 2007, 2009, 2012). This supports and summarizes much of the literature on post-neoliberalism explored above, recognizing the pragmatic nature of government policies seeking to respond to social needs exacerbated by the repercussions of neoliberalism, while still working within the same market-oriented economy characteristic of the neoliberal era.

As discussed previously, specific policy priorities identified in the post-neoliberal project include:

- Nationalizing natural resources and/or negotiating highly favorable resource ownership/tax agreements to increase government revenue;
- Tax reform to close loopholes and ensure proper collection;
- Repaying or de-prioritizing foreign debt repayment;
- Social policies targeting income redistribution and poverty reduction: cash transfers, social protection and services;
- Counter-cyclical economic policies: investment in infrastructure, emergency employment plans, stimulus for business and social programs;
- Social public expenditure on health, education, housing, agriculture, employment, poverty reduction, etc. funded by export-led growth, particularly dependent on commodities;
- Prioritizing domestic production and labor demand;
- Regional integration based on cooperation and solidarity to solidify the post-neoliberal economic and political framework;

It is important to note here that these policies form part of the larger post-neoliberal political project to expand citizenship and increase formerly marginalized social sectors' access to the political and decision-making arenas. In many cases this has taken the form of new constitutions, greater democratic participation and mobilization, as well as new electoral processes including the use of popular referenda in addition to periodic elections of representatives. We must also recognize that while many leftist governments have begun implementing the policies listed above, they have done so in distinct ways, reflecting the non-uniform, heterogeneous nature of post-neoliberalism across the region, as discussed in previous sections. In the case study country of Ecuador, these policies have, for the most part, all been adopted to a certain extent, providing further justification for Ecuador's policy platform as a relevant representation of the post-neoliberal framework.

Current Regional Indicators in Latin America and the Caribbean

This section presents current and relevant statistics related to poverty and inequality in the region.

According to ECLAC's Social Panorama of Latin America for 2011, between 1990 and 2011, the LAC poverty rate dropped 18 percentage points (48,4% to 30,4%), and the indigence (or extreme poverty) rate fell by 10.3 percentage points (from 22,6% to 12,3%). In 1999, at the beginning of the end of the neoliberal policy era, poverty hovered at 43,8%, with extreme poverty at 18,5% (ECLAC, 2004). ECLAC (2011) mentions that Peru, Ecuador, Argentina, and Uruguay lead poverty reduction, all of which have invested in progressive social spending, as well as poverty reduction strategies and/or targeted social policies. Regarding inequality indicators, ECLAC (2011) shows that the region hosts countries with Gini coefficients ranging from 0.578 (Colombia) to 0.394 (Venezuela), in 2011. These two extremes are notable given that Colombia remains one of the few governments in South America to maintain a center-right regime and has not initiated a policy platform of high government spending on social welfare. Contrastingly, Venezuela represents the first and most long-standing post-neoliberal regime, as well as the most well-known example of heightened public spending on social programs and policies for the poor funded by lucrative returns from the country's oil wealth. As such, Venezuela has succeeded in reducing income inequality significantly as demonstrated in its lower Gini coefficient, whereas inequality in Colombia is the highest in the region by the same standard.

Regarding employment indicators, noteworthy is that urban unemployment is down to 7% in 2011 from 11% in 2002, with improvements in job quality, and the region has experienced an increase in urban employment by 0.8 percent, now reaching an historical record at 55,2 percent (ECLAC; ILO, 2011). LAC growth in GDP averaged a strong 5,9% in 2011, with 2012 growth projected to be between 3,3% (IMF projection) and 4,5% (*The Economist* projection). These quantitative indicators reflect significant progress in the region in terms of economic growth as well as successful poverty and inequality reduction strategies, representing gains attributed to the post-neoliberal policy agenda and its positive impact on social wellbeing, at least in material (income) terms. While the region has experienced gains in poverty reduction, employment, greater income equality and economic growth, we must also recognize that the challenge of achieving widespread social wellbeing for all is far from complete, and in 2011, 174 million Latin Americans remain in poverty, with 73 million in extreme poverty or indigence (ECLAC, 2011). In addition, improvements in income indicators do not present a comprehensive understanding of the human face of poverty or social wellbeing, and to draw related conclusions based on the quantitative income-based data would be both oversimplified and premature. Evaluating the qualitative side of social wellbeing as a result of post-neoliberal policy thus requires deeper study.

ECUADOR: Economic Growth with Poverty Reduction

Ecuadoran economic and social indicators have received much attention in recent years, particularly since the election of leftist President Rafael Correa, in December 2006, whose confident macroeconomic and social policy platform is both progressive and unconventional; successful in achieving significant economic growth with improvement in inequality and poverty reduction. The following list of indicators shows both economic and social progress (all numbers are official Government of Ecuador statistics unless otherwise noted):

- The national poverty rate dropped 9 percentage points in one year from 2010 to 2011: 32,8% poverty in 2010 down to 28,6% in 2011 (GOVERNMENT OF ECUADOR, 2011). The number of Ecuadorans living in poverty fell nearly 10 percent since 2005 (GRUGEL; RIGGIROZZI, 2012). Since 2010, poverty has fallen by about one-third, to 17.4 percent in 2012, and by about one-fourth over the last five years (RAY; KOZAMEH, 2012). Rural poverty remains at 50,9 percent down from a peak of 61,3 percent in 2007 (RAY; KOZAMEH, 2012). Urban poverty has dropped from 26.3 percent in early 2006 to 17.4 in late 2011 (CENTRAL BANK OF ECUADOR).
- The country's Gini coefficient (measuring income inequality) dropped from 0,54 to 0,47 from 2006 to 2011. In 2004, the bottom two income deciles in Ecuador earned 1,3% and 2,4% of GDP, while the top two deciles earned 16.3% and 39.9%; in 2010, the numbers were 1,5% and 2,7% vs. 16,1% and 38,7% respectively, demonstrating mild improvements in income redistribution (ECLAC, 2011);
- Ecuador's GDP growth reached 7,8% in 2011, with per capita GDP at $7,776[3] for the same year and inflation hovering around 5,5 percent in January 2012 (Central Bank of Ecuador);
- Foreign Direct Investment inflows totaled $164 million in 2011 (HERITAGE FOUNDATION, 2012), and Grugel and Riggirozzi

3 It is important to note here that when adjusted for Purchasing Power Parity (PPP), Ray and Kozameh (2012) estimate Ecuador's per capita GDP to be significantly lower, at $4000.

(2012) highlight China's increased investment presence in the country, particularly in infrastructure and energy, including hydroelectricity, an example of the Asian economic giant's growing economic influence throughout Latin America;

- Currently, unemployment is at 4,9 percent, its lowest point since 2007, while there has been a 40 per cent rise in the minimum wage over the last five years (RAY; KOZAMEH, 2012). Moreover, unemployment dropped an entire percentage point over the one-year period from 2010 to 2011, down from 6,1% in 2010 to 5,1% in 2011. Ray and Kozameh (2012). The real minimum wage increase is further supported by the implementation of the *salario digno*, which requires business profits to first be distributed among employees until their earnings reach the level of a "living wage" (MINISTERIO DE RELACIONES LABORALES DEL ECUADOR, 2012, in Ray & Kozameh, 2012). Underemployment has dropped 52,6 percent in 2007 to 43.5 percent in 2012, its lowest level since 2007 (RAY; KOZAMEH, 2012). Social security coverage has jumped from 30 percent of workers to 40 percent from late 2007 to late 2011 (RAY; KOZAMEH, 2012). These indicators imply that employment numbers and quality of employment have both improved markedly since 2007.

The above list is a reflection of the post-neoliberal policy project underway in Ecuador since the election of Correa, with notable improvements in employment, economic growth and poverty reduction, as well as some improvement in income equality. Let us now turn to what those policies look like and the ways in which they have been successful in raising government revenue while targeting poverty reduction and greater income equality. Madrid et al. (2012) note the "highly contestatory" nature of Correa's economic and political strategy, emphasizing increased state intervention in the oil industry and stronger government spending on social programs, as well as strong-arm foreign debt renegotiations. The following sections detail the post-neoliberal macroeconomic and social policies as well as the political project of the Correa government. First, the macroeconomic policies attributed to strength in positive economic and social indicators include the following:

> **Debt Re-structuring:** In November 2011, Ecuador stated that it would default on billions in what the government referred to as "illegitimate" foreign debt leftover from the 20th century, which totaled $15.03 billion, equal to 23% of the country's GDP (ALVARO, 2012). While legal proceedings are still underway and there is an alternative settlement option that would result in a 70% devaluation of foreign debt while still requiring the rest to be repaid, the sheer numbers show how costly debt repayment would be, and how lower interest payments resulting from a default or significant devaluation have helped free up government funds for social and other public penditures[4-5].

4 Ray and Kozameh (2012) explain the public debt audit process and its impact on freeing up public-sector revenue for social spending as follows: "In mid-2007 Ecuador established a public debt audit commission, the CAIC, with a mandate to review current debt arrangements. The commission's December 2008 final report recommended that two major bonds be declared illegal: the Global 2012 and Global 2030. These bonds were the product of restructuring prior debt, which included debt assumed under military dictatorship as well as debt transferred from the private sector under the "sucretización" bailout process. The commission found both of these arrangements to have been illegal, and also cited irregularities in the restructuring process such as the absence of a competitive bid process when Solomon Smith Barney was chosen to direct the process…. the debt default had a moderate impact on the already low level of public debt. However, it had a larger impact on the amount spent on interest payments, due to the comparatively high interest rates on the Global 2012 and 2030 bonds. This has freed up public-sector revenues for social spending…" (p. 6-7).

5 Ecuador's recent debt restructuring process follows a successful earlier default and buyback scheme, as Weisbrot and Sandoval (2009, p.3) note:

Increased state revenues: The Ecuadoran government has set out on an ambitious and successful program to increase public revenue for spending on social welfare (CLEMENTS et al., 2007). This has been done in a number of ways, including increasing the government's share of profits from natural resources and commodities along with fiscal reform to strengthen tax collection:

- Highly favorable oil contracts and taxes on oil production negotiated through the implementation of new legislation in July 2010 mandating a much wider share of oil revenues for the government to maximize income for the state without disrupting oil production (TOCKMAN, 2012; GRUGEL & RIGGIROZZI, 2012). Following the implementation of the law, the government's share of oil windfalls jumped from 13% to 87% of gross oil (GHOSH, 2012). Mining royalties have also been negotiated to increase the government's share of profits, and projections expect these royalties to yield $3 billion annually from gold and copper, as well as other metals (SOLANO, 2012). Grugel & Riggirozzi (2012) emphasize that given the goal of Ecuador's natural resource policy to increase government revenue rather than nationalize large sections of those industries, the objective has been to encourage production. They also note the long-term development risks associated with an export-dependent

"The government defaulted on $3.2 billion of foreign public debt, and then completed a buyback of 91 percent of the defaulted bonds, at about 35 cents on the dollar. The default has apparently been very successful for the government's finances. In addition to clearing off a third of the country's foreign debt and much of its debt service at a huge discount, the debt reduction appears to have convinced foreign investors that Ecuador's ability to repay its non-defaulted debt has increased".

economy, including resource depletion and environmental degradation, lack of incentives for economic diversification away from the export sector and labor exploitation.

- Stronger income tax collection has resulted in nearly doubling what was collected previously – jumping from \$4.9 billion in 2007 to \$8.4 billion in 2011 (SOLANO, 2012).

Economic growth, while derived almost entirely from primary commodity exports and the current boom in natural resources (GRUGEL; RIGIROZZI, 2012), has also been driven by an increase in household consumption, along with high levels of public investment and a construction boom (ALVARO, 2012). Ray and Kozameh (2012) highlight that the construction industry grew nearly 7 percent in 2010 and 21 percent in 2011, largely due to improved access to housing financing for the poor as a result of the government's *bono vivienda* program, as well as concessional mortgage loans offered by the Social Security Institute, which now account for more than half of the country's housing credit.

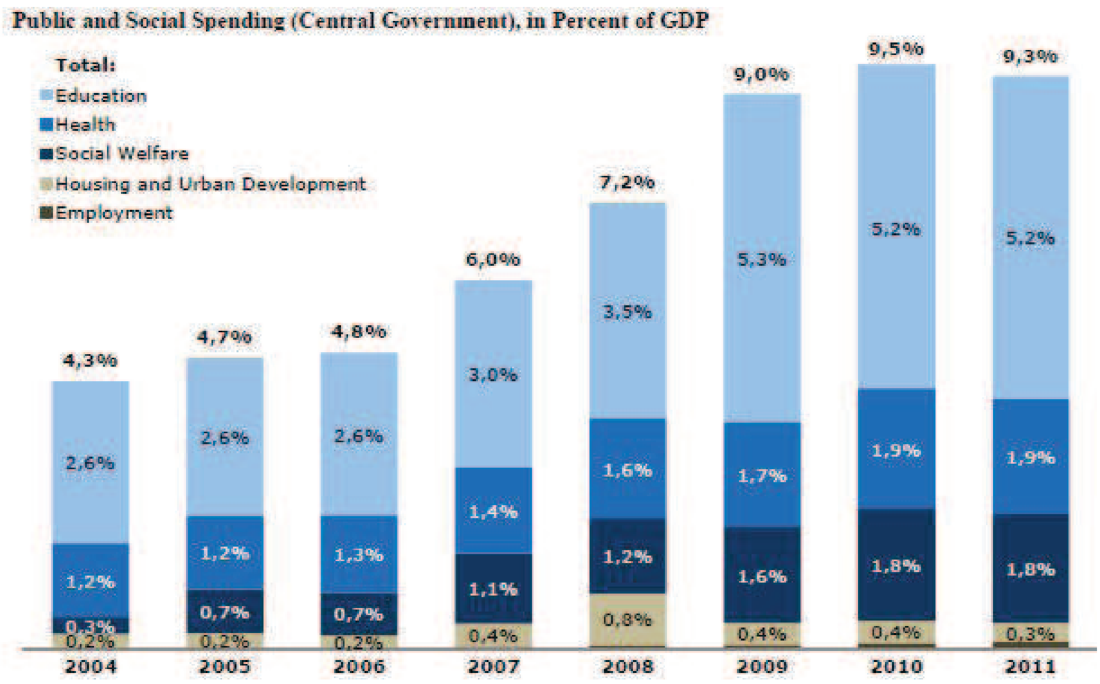
As shown here, the policies listed above have resulted in a significant increase in government revenue through natural resource wealth and improved tax collection, as well as freeing up a significant chunk of the budget that would have been spent on debt repayment. With access to a larger amount and a wider array of government funds, Ecuador's public spending on social policies and programs has largely increased:

- Since 2006, the Ecuadoran government has nearly doubled public spending as a percent of GDP to 9,5% of GDP in 2010 and 9,3% of GDP in 2011 (RAY; KOZAMEH, 2012), which according to Ghosh (2012), represents the highest proportion of public investment to GDP in the LAC region. Madrid et al. (2010) show government expenditures increasing from \$9.8 billion to \$13.2 billion in the one-year period from 2007 to 2008. Also important to note is that government spending on health care rose to 3,5 percent of GDP (about \$1.8 billion) in 2009, with an expansion of free health care programs for children and pregnant women (WEISBROT; SANDOVAL, 2009). Ray and Kozameh (2012) point out that public spending on education doubled from 2,6 to 5,2 percent of GDP from 2006 to 2009, and spending on social welfare grew from 0,7 to 1,8 percent of GDP in the same period, funding social programs including cash transfer schemes like *Bono de Desarrollo Humano*[6], supporting children and families through the *Instituto para la Niñez y la Familia*, as well as providing funding for the *Alimentate Ecuador* food security program and the construction of local community centers. *See public and social spending breakdown in the figure below*.

- In addition to the social welfare programs mentioned above, social policies in Ecuador reflect a wide range of reforms, safety nets for the poor, support for small businesses, government transfers and social services, including: stipends for the disabled, public housing projects, expanding public employment, increasing the minimum wage, enforcing social security provision for all workers, supporting public banking

6 Ray and Kozameh (2012, p.15-16) highlight the *bono de desarrollo humano* (BDH) program as an "important factor in improving income, public health, and education". BDH is a cash transfer scheme for families in the lower 40 percent of income distribution with children under 16, family members over age 65, or disabled family members. In 2009, the BDH expanded its service provision dramatically, increasing beneficiaries by 25 percent.

to reach small and medium sized enterprises (SMEs), programs toward achieving constitutional goals of free education at all levels and free healthcare for all citizens, as well as land and agricultural reform. While this list provides a general overview, it is important to note that further study would benefit from a broader understanding of the specific projects underway as part of the wider social policy agenda described briefly here.



Source: Ministerio de Finanzas del Ecuador (n.d., as cited in Ray & Kozameh, 2012)

Regarding environmental policy, Ecuador has recently embarked on a unique campaign to protect the Yasuní-ITT biosphere reserve from drilling in the known oil reserves there, instead raising funds through international payments to promote conservation and eco-tourism in the area (GHOSH, 2012). This campaign may be a reflection of the country's new constitution and its particular attention to the rights of the environment as part of the institutionalization of the socio-cultural values of "*buen vivir*".

Accompanying the macroeconomic and social policies detailed above, Ecuador's progressive political framework has put forth an agenda promoting direct social democracy through what has been called a 'Citizen's Revolution', seeking to transform power structures and expand political participation. This political shift was institutionalized by the creation of a new constitution "mandated by a popular referendum. A hallmark of the changes that have occurred since then is that major policies have first been put through the referendum process. This has given the government the political ability to take on major vested interests and powerful lobbies" (GHOSH, 2012). Through this more participatory form of social democracy, many of the political decisions traditionally controlled by powerful elite interests now reflect the more horizontal, inclusive and representative nature of Ecuadoran politics. A second noteworthy change is the limiting by law of bank ownership of media to 25%, a policy implemented to curb elite control of the media, which has long been a challenge to the provision of objective news in the country, with a range of distorting social and political effects beyond the scope of this study. Currently, most likely as a result of Ecuador's progressive post-neoliberal policy agenda and institutionalized citizen revolution, President Correa's approval ratings are over 70% (GHOSH, 2012).

Resulting from Ecuador's post-neoliberal macroeconomic and social policies, along with broadened political participation, the process of the redistribution of wealth and its associated power seems to be underway; as the project progresses and further studies are conducted into the qualitative aspects of poverty and inequality, we might gather greater insight into the ways in which post-neoliberal policies have impacted social wellbeing. As demonstrated in this section, the Ecuadoran experience is illustrative of the economic, social and political framework of the post-neoliberal era in Latin America, highlighting the ways in which export-led growth, increased government revenue through natural resource windfalls and strengthening tax collection, progressive public social expenditure and political transitions toward social democracy are redefining government priorities, as well as contributing to greater income equality and poverty reduction. The case study of Ecuador thus supports the conclusion presented by Grugel and Riggirozzi (2012) that post-neoliberalism reflects "an attempt to deliver a democratic and inclusive social contract in Latin America within the confines of market-oriented, export-led growth" (p. 16).

The following section explores Brazil's conditional cash transfer program, *Bolsa Família*.

BRAZIL – Impacts of *Bolsa Família* on Poverty and Inequality_

A recent publication on combating poverty and inequality by the UN Research Institute for Sustainable Development (UNRISD) (2010) presents the case of Brazil as a model for inclusive social welfare. The report highlights that the country has enjoyed the right to basic minimum income for all by law since 2004 in the form of partial basic income grants; social transfers have been successful in reducing old age poverty by 75% (67,8 % of age 65+ lived in poverty before the program down to 16,9% after); and public insurance and pension reforms have also been included in the welfare policy agenda. Of Brazil's progressive social policies, perhaps the most well-known is that of *Bolsa Família*, a conditional cash transfer (CCT) program "for simultaneous poverty alleviation and human capital formation" (MADRID et al., 2010) in place at the national level since 2001, the impact of which has been awarded internationally, cited widely in the post-neoliberalism literature, and emulated in countries including Chile, Bolivia and Mexico as one of the most successful and innovative poverty reduction programs in the world (KINGSTONE, 2011; MADRID et al., 2010; KINGSTONE & PONCE, 2010).

Bolsa Família directs public social expenditure to the poor through monthly cash transfers to poor households (determined as earning below two times the minimum wage) who meet the following criteria: those with children under 16, pregnant women, and/or the extremely poor regardless of household composition. The ongoing conditions for households to receive funds include: 85% school attendance for children, updated immunization cards for children under 6, regular visits to health centers for pregnant or breast-feeding women, and participation in training programs for the extremely poor (UNRISD, 2010). Funds are administered to the mothers of each household, and transfers are made digitally whereby recipients withdraw the cash from an automatic cash machine at a participating local bank. *Bolsa Família* is one of 24 social programs available at the community level in Brazil and all are managed through Social Assistance Reference Centers (CRAs for the Portuguese acronym) responsible for administering funds, inscribing new program recipients into the system and providing assistance and support. Emmanuel Arruda, CRA service provider since December 2001 in *Casarão do Cordeiro*, located in Brazil's northwest province of Recife, explained that the digital database called *Cadastro Único* has been essential in expanding service provision and improving program quality. The database consolidates household information and systematizes the administration of funds to monitor that all recipient conditions are met in order for households to continue receiving services. If school attendance is not at 85% for all children, or if all members of the household have not visited a health center each two-month cycle, funds are blocked for the following two months. *Bolsa Família* employs a 'three strikes you're out' policy such that if a household's funds are blocked three times as a result of not fulfilling program conditions, that household is no longer eligible for funding.

Barros et al. (2010) point out that "45 percent of all Brazilians live in households that receive some sort of public transfer" and that in 2007, 17 percent lived in households benefiting specifically from the *Bolsa Família* program (p.150). Although there are other factors contributing to improved social indicators in Brazil, such as higher minimum wages and labor market influences, Barros et al. (2010) find that nonlabor income has been central to reducing inequality, emphasizing the powerful role of *Bolsa Família* in poverty reduction and greater income equality. Lopez-Calva and Lustig (2010) confirm this assertion and acknowledge the "equalizing contribution of public transfers in the 2000s", as well as the "remarkable power of well-targeted cash transfers to the poor in redistributing income and reducing inequality (and, of course, poverty)" (P.16). Similarly, Kingstone and Ponce (2010) assert that poverty reduction in Brazil stems from the country's moderate economic growth combined with income transfer programs, particularly *Bolsa Família*.

While the cash pay-outs at each *Bolsa Família* attention center vary, the following is an overview of the average expenditures of the program compared with impact and poverty and inequality indicators.

Expenditures of Bolsa Família	**Program Impact, Poverty & Inequality**
•Program budget: $5 billion in 2005 (0,36% of GDP) •Administration 4% of program costs •$35 per extremely poor family; $11 (variable) per child, up to 3 children; $17 (variable) per adolescent under age 16, up to 2 adolescents Source: Expenditure info adapted from UNRISD (2010)	•In 2006, 11 million households served, benefitting 40 million people (UNRISD, 2010) •Poverty reduced at an annual average of 7,9% between 2003-2007 (KINGSTONE; PONCE, 2010; Instituto de Pesquisa Economica Aplicada - IPEA) •Poverty headcount (living below $1.25/day PPP) 11% of population in 2000; 5% in 2007 (ECLAC) •37,5% of the population living below the poverty line in 2001; down to 24,9% in 2009 (ECLAC) •Population living in extreme poverty declined by 11 million and total number of poor people was reduced by 13 million (BARROS et al., 2010) • Gini coefficient: 0.639 in 2001; 0.576 in 2009 (ECLAC) •In 2001, bottom 2 income deciles earned 0,6% and 1,4% of income with top 2 deciles earning 15% 52,8%; in 2009 income composition was 0,8%; 1,9%; 15,2% and 46,5% respectively (ECLAC). •"Levels of poverty and extreme poverty, measured by all three basic indicators (headcount ratio, poverty gap, and severity of poverty) declined between 25 percent and 40 percent from 2001 to 2007" (BARROS et al., 2010, p. 136)

Barros et al. (2010) are comprehensive in their findings on reductions in poverty and inequality in Brazil over the period of 2001 to 2007. They note that “about half of the recent decline in income inequality was due to changes in distribution of nonlabor income” (p.147), including the *Bolsa Família* program, which itself “explains about 10 percent of the overall decline in income inequality” (BARROS et al., 2010, p. 154). The income of the poorest income decile grew 7.0 percent per year (compared with the national average of 2.6 percent), demonstrating that over 60% of the growth in income of the poorest Brazilians resulted from declines in inequality, and that nearly the same was true for the poorest quintile (20%) of Brazilians. Their findings demonstrate that “reductions in inequality can be an extremely effective instrument for reducing poverty” (BARROS et al., 2010, p. 137), with government transfers administered through the *Bolsa Família* program “unambiguously more effective than the minimum wage in reducing inequality” (p. 168). This notion is also supported by Kingstone (2011), who comments on the remarkably cost-effective nature of the program and by Madrid et al. (2011), who note the program’s significant impact on social wellbeing while still maintaining budget discipline. Similarly, Kingstone and Ponce (2010) point out that *Bolsa Família* increases the purchasing power of the poor without significant increases in overall public social expenditure, which points to the program’s redistributive approach redirecting social spending toward the social sectors most in need through low-cost, high-impact transfers to the poor.

While *Bolsa Família* has received praise from a wide range of authors and practitioners in the fields of social policy and development, others recognize the systemic shortfalls of the program, particularly regarding its lack of potential to transform Brazil’s social and economic structures that maintain and/or exacerbate the poverty and social inequality that cash transfer schemes like *Bolsa Família* seek to ameliorate (HALL, 2007). Perhaps polemically, Robinson (2010) makes the case that equity in middle-income countries should not be promoted through stressing the impact of policies like *Bolsa Família*, but rather through supporting an institutional environment conducive to income redistribution, including the consolidation of relevant political parties, in order to "nudge the political equilibrium in the direction of greater equity". Despite its significant contribution to greater income equality and poverty reduction in Brazil, these two critiques of *Bolsa Família* as a development strategy echo those of the leftist critique of the post-neoliberal project, calling attention to the larger systemic transformations required throughout the region and the world if true social welfare is to become a policy priority.

CONCLUSION

This paper set out to contribute to the dialogue on post-neoliberalism in Latin America as a new paradigm for economic development in the South. The case studies of Ecuador's social and economic policy framework and Brazil's *Bolsa Família* conditional cash transfer program highlight the ways in which leftist governments in the region are seeking to address poverty and inequality through processes of public social expenditure toward more equitable distribution of wealth within a market-oriented economy. While the post-neoliberal policy agenda has made progress in reducing poverty and income inequality in the case studies presented and in the region as a whole, further study is still required to examine the non-income aspects of social wellbeing whereby the development and evaluation of new social indicators based on the emerging concept of *buen vivir* at the community level has been proposed as a potential research trajectory.

Finally, although South-South cooperation for development can learn from and emulate the Latin American post-neoliberal experience as a short-run technical-fix approach to development, the limitations of the post-neoliberal framework must also be acknowledged. First is the argument articulated by Grugel and Riggirozzi (2012) and Reygadas and Filgueira (2010) of the unsustainable nature of export-led growth reliant on natural resources and the commodity boom to fund social expenditure for development. In addition, the critique from the left is essential in recognizing the systemic nature of poverty and social inequality as outcomes of a market-oriented neoliberal economy wherein post-neoliberal policies have begun to address these market failures only superficially. Changing the social and power relations that sustain and exacerbate poverty and inequality, however, requires an overhaul of the neoliberal economic system itself. This conclusion supports arguments offered by David Harvey (2005) that neoliberalism is non-equalizing by nature, resulting in the concentration of wealth and its associated power in the hands of the capital-owning economic elite to the detriment of the poor and middle class majorities. Similarly, Arturo Escobar's (1995) call for endogenous development to counter the socially harmful homogenizing aims of top-down development schemes is vital for conceptualizing new grassroots approaches to development and social wellbeing designed at the local level to inform policy objectives from the ground-up.

Understanding poverty, inequality and social wellbeing in these more systemic terms, we recognize the shortcomings of the post-neoliberal project as an alternative sustainable development paradigm. While moves toward greater political participation and social inclusion as part of the 21st century leftist agenda show signs of challenging traditional elite dominance characteristic of the neoliberal era, dismantling the socially detrimental power relations solidified through neoliberalism will require a shift away from the neoliberal market economy itself, a development approach that has yet to be pursued in earnest by any of the post-neoliberal regimes.

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ABSTRACT

At the start of the 21st Century, Latin America's leftist leaders have implemented progressive economic and social policies to address their countries' devastatingly high levels of poverty and inequality, reflecting a new post-neoliberal policy agenda with powerful implications for development in the South. This article focuses on Ecuador's macroeconomic and social policy framework under President Correa and Brazil's exemplary *Bolsa Familia* conditional cash transfer program highlight the ways in which post-neoliberal projects have helped reduce income inequality and alleviate poverty in the region, while also achieving enviable levels of economic growth led by exports and the highly lucrative commodity boom. While recognizing achievements in confronting traditional elitist power relations through greater social inclusion and political participation, this paper also draws attention to the systemic shortcomings of the post-neoliberal project when envisioned as an alternative sustainable development paradigm, emphasizing its continuity with the market-oriented neoliberal growth model and the destructive social inequalities inherent to its very structure.

Keywords: Post-neoliberalism. Latin America. Ecuador. Bolsa Família. New Left.

RESUMO

No início do século 21, os líderes de esquerda da América Latina implementaram políticas progressistas econômicas e sociais para lidar com os níveis devastadoramente elevados da pobreza e desigualdade de seus países, refletindo uma nova agenda política pós neoliberal, com fortes implicações para o desenvolvimento no Sul. Este artigo concentra-se no quadro da política macroeconômica e social do presidente Correa, do Equador, e utiliza como exemplo o Bolsa Família, programa de transferência condicional de dinheiro do Brasil, que destaca as formas em que os projetos pós neoliberais têm ajudado a reduzir a desigualdade de renda e a pobreza na região, ao mesmo tempo em que atingem níveis invejáveis de desenvolvimento econômico, no qual o crescimento é liderado pelas exportações e pelo estrondo das comodidades altamente lucrativas. Embora reconheça as conquistas no enfrentamento tradicional das relações de poder elitista através de uma maior inclusão social e da participação política, este trabalho também chama a atenção para as deficiências sistêmicas do projeto pós neoliberal, quando concebido como um paradigma alternativo de desenvolvimento sustentável, enfatizando a sua continuidade com o neoliberal orientado para o modelo de crescimento do mercado e as desigualdades sociais destrutivas inerentes à sua própria estrutura.

Palavras-chave: Pós-neoliberalismo. América Latina. Equador. Bolsa Família. Nova Esquerda.