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Barbara Khol

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by Barbara Khol

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On Feb. 24, the Agence France-Presse reported on statements by economists and multilateral financial institution officials on the impact of market-oriented economic reforms implemented by Latin American governments. According to Enrique Iglesias, president of the Inter-American Development Bank (IDB), political consensus is necessary to prevent the failure or reversal of such reforms. Such consensus is more likely if governments act to shore up living standards of the poor.

Arturo Valenzuela, professor of government at Georgetown University, said a solid consensus for free market economic reforms exists at present. However, in the medium term reform programs may be at risk, excepting in large diversified economies such as Argentina, Brazil and Mexico. Lance Taylor, professor of development economics at the Massachusetts Institute of Technology, has warned that sectors of Latin American populations who are the last in line to benefit from economic growth constitute a virtual "time bomb." These sectors effectively carried a disproportionate burden of the costs resulting from excessive indebtedness of the 1970s, and are now forced to bear the burden of economic adjustment. In statements to The Journal of Commerce, Taylor said "market-led" reforms are ripping existing social welfare structures to shreds such as the case of the virtual abandonment of agrarian reform in Mexico. He also dismissed the notion put forth by monetarist theorists that "the market" will correct income distribution inequalities. Iglesias said governments must prioritize "emergency aid" to the poor in order to create the political space and time needed to resolve deeply rooted economic problems. A special IDB report released last year, however, indicated that social security systems are bankrupt in almost all Latin American countries, with the exception of Chile. The report recommended major restructuring via raising social security contributions, reducing retirement age, and cutting benefits to relatively high-income persons in order to expand capacity to meet the needs of the poor. In a report released in February 1992, Marcelo Selowski, the World Bank's chief economist for Latin America and the Caribbean, emphasized that 25% of pre-school age children in Latin America suffer from malnutrition. Inadequate nutrition causes high rates of disease and child mortality, as well as learning disabilities. In Latin America as a whole, the 20% of the population at the bottom of the income scale receive only 4% of GDP. Public spending equals between 25% and 33% of GDP. According to Selowski, a modest reallocation of public spending could significantly increase consumption among the poor.

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