

## EDITORIAL

### SOWING IDEAS: CONTRIBUTIONS OF A DEVELOPMENT THEORY FROM THE SOUTH



More than a decade after the commodities boom in Latin America, the governments that led democratic regimes began to benefit from tax revenue on exports and enacted public policies with a social bent. The expansion of the middle class and poverty reduction have become reality, entailing not only greater economic, but also political and social, needs. Needs that cannot be satisfied amidst plummeting international export prices in the region. This situation has manifested itself in the voting booth. The result of the democratic elections in Argentina are proof of this, where, after 12 years of rising social spending, at the end of the term, inflation, unemployment, and tax revenue began to erode. Are new paths to development opening up?

In recent months, three events sought to gain a deeper understanding of the economic, political, and social development of Latin America, as well as its role in the world. The Latin American way of thinking in our region was debated by the following groups: the Latin American Society of the Political Economy (SEPLA) in Mexico City, the Latin American Council of Social Sciences (CLACSO) in Medellín, Colombia, and the eighth meeting of the Latin American and Caribbean Economic Association (AEALC) in Panama. All three events, in examining the situation in the region, addressed the radical ways in which the Latin American economic model has changed over the past three decades. The environmental harm caused by extractivist models and genetic modification, the fact that principal exports have fallen, and volatility in the international financial markets affecting the commodities that Latin America exports, in addition to a recession among the

BRICS countries, are all factors that have placed the region in an economically, politically, and socially fragile situation.

A decade ago, countries in Latin America stood up against the FTAA, but economic liberalization has persisted through other free trade agreements, including the Trans-Pacific Partnership (TPP) and the Pacific Alliance, and China's efforts to control strategic natural resources, such as water, minerals, and oil, putting the region in a fragile place. All of this means that a call to integration that goes beyond purely economic and social relations is imminent, and it must, above all, be a strategic political agreement.

One of the central points in the debate held by SEPLA was to show that global capitalism is in the midst of a worldwide crisis. Unemployment, precarious labor, monetary and financial volatility, economic stagnation, poverty, and growing inequality detrimental to workers are the markers of this crisis. The public policies implemented to overcome the crisis are only exacerbating labor-related problems. Budget austerity policies have become practically universal, dismantling and privatizing public services, including education, health, and solidary social security. Transferring pension funds to the hands of institutional investors does not resolve the problem of "over-indebtedness;" on the contrary, it sustains and amplifies the power and profits of monopolistic capital.

José Mujica's outstanding speech at the CLACSO event highlighted the fact that Latin American integration is a self-defense mechanism in response to the international environment. As such, the State must maintain control over its own natural resources and public spending. This entails a major challenge for countries whose wealth resides in their own culture. As such, attracting foreign investment through a war of incentives among countries is harmful to the environment. This is not the strategy to develop integration. This is bringing us to the defense of life against war. One noteworthy point he made was that democracy "...is not just an institution, it is a way for humans to relate to one another, to live alongside each other so that the freedom represented in the right to dissent can flourish."

Integration received lots of attention at the AEALC debate, precisely because Central America and Panama play a major role in trade relations through the Panama Canal, which accounts for more than 40% of GDP, with an equal percentage represented by the International Finance Centre. Imminent monetary integration, as well as the debate about the lack of a central bank in the event's host country, were key topics. But perhaps the most important aspect was the proposal that these countries join the Pacific Alliance and participate in trade between the Atlantic and the Pacific, a necessary path to trading with Asian countries.

Of course, the discussion would not have been complete without mention of the United States Federal Reserve's interest rates, monetary policy, the sovereign debt crisis in Europe, as well as new alternatives to meet the Millennium Goals and combat poverty.

In the wake of the radical change entailed by the end of the import substitution era, predominant in the region until the 1970s, Latin America has begun to join regional and global markets with a clear eye towards partnerships with industrial companies, making this new era the dynasty of the Latin American or transnational financial corporations. From a model that sought to achieve national industrialization, the region has transitioned now to a model embroiled in international value chains. This new landscape not only jeopardizes national sovereignty but also weakens institutions, manifest in the rise of so-called public-private partnerships, where the public and private sector build the infrastructure of countries at a high cost to society.

One notable element of the discussion among social scientists concerns the progress that countries in the region have made in recent years, especially following the 2007/2008 crisis, as the middle class has grown and poverty has levelled off. Despite the fact that central banks are allocating more resources to public policies aiming to reduce poverty indicators and improve human development indicators, the core of public policy continues to deal with monetary, fiscal, and financial matters. New democratic power blocs are yet to emerge. When looking at alternatives to the current policies, it is important to ponder other forms of public management. The “good living” or “living well” movement in Bolivia and Ecuador is forging its own path, in the midst of fierce political debate.

Adolfo Sánchez Almanza, in “City Systems and Urban Networks in Mexican Economic Models,” describes the evolution of economic models in Mexico, expressed in urban-regional development. The paper, “The Telecommunications Services Industry and Regulatory Reform in Mexico,” by Sergio Ordóñez and Daniel Navarrete, focuses on the centralization and spatial concentration manifest in the monopolistic control of networks, derived from a profit-seeking management model.

Ernesto Zepeda, Juan Antonio Leos, and Félix Carvallo analyze the dynamics of the financial services and credit markets in, “Social Capital and Financial Credit Markets: Credit Demand in Mexico, 2010.” They elucidate the variables that explain the informal credit market and the behavior of credit agents. The objective of the article is to shed light on how and in what ways social capital impacted Mexico five years ago. Along the same lines, René Rivera-Huerta, Nidia López, and Alejandra Mendoza wrote the article, “Policies to Boost the Productivity of Micro-Enterprises in the Informal Sector: Where is Mexico?” under the premise that policies should be developed to support and enhance the productivity of informal micro-enterprises.

Drawing on historical documentary and field work for their study, Baldemar Hernández Márquez, Judith Pérez Castro, and Efraín Pérez Cruz evaluated the integration centers program launched in

1985 as a strategy to decentralize administrative services at the municipal and state government level to plan and organize territorial development. The paper is entitled, "Integration Centers: A Territorial Planning Experience in the State of Tabasco," and the results of the research reveal differences and disparities among the integration centers. The authors Luis Quintana and Uberto Salgado, in "Internal Migration in Mexico from 1990-2020: A New Economic Geography Approach," characterize this phenomenon.

The journal closes with a paper entitled, "Is It Possible to Improve Sovereign Debt Restructuring?" by Susana Nudelsman, which provides a deep reflection on the pressing issue of how to proceed when a country defaults on its debt obligations to creditors.

The reviews section recommends the following books: *Social Minorities in Latin America in the Age of Globalization*, by Adalberto Santana and Tae Hwan Ahn (coords.), reviewed by Aderak Quintana; *A Critical History of the International Monetary Fund*, by Oscar Ugarteche, reviewed by Francisco González; *Prospects and Opportunities for the Pacific Alliance*, coordinated by Isabel Rodríguez Aranda and Edgar Vieira Posada, reviewed by Carlos Maya; and, finally, *Latin America: The Financial Architecture*, coordinated by María del Carmen del Valle, and reviewed by Andrea Reyes.

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