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**Towards a Consensus of the Global South**

*By Andrés Rugeles*

Adam Smith used to say that "No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable". Latin America faces the challenge of advancing its sustainable and inclusive development, within the framework of its democratic institutions and the rhythms they impose.

Following the Second World War humanity has achieved the highest levels of well-being and progress in its history, as evidenced by literacy, health or life expectancy indicators. However, there can be no room for complacency in the face of the challenges and megatrends to be overcome.

The strengthening of the middle classes stands out as one of the main characteristics of this century. According to Centennial Group projections, 80% of the world's population will be in the middle and high-income brackets by 2060. 4 billion people in emerging economies will join this segment over the next 40 years. The vast majority of the inhabitants of East Asian countries will achieve it, while in Latin America and Africa this figure will be 66% and 50% respectively.

However, there are risks of setbacks in the region. The emerging middle classes -as growth engines- are less resilient and can decline back into poverty. Their role is critical for greater social cohesion, less conflict and breaking with the intergenerational transmission of inequality. It is therefore necessary to consolidate them.

The so called Asian Tigers (Korea, Hong Kong, Singapore, and Taiwan) offer valuable lessons. Their level of development, in the 50's, was very similar to that of Latin America. Today they have achieved a per capita income similar to industrialized countries. For example, Singapore's is higher than that of the United States, France or Spain and 9 times higher than that of Brazil.

They also managed to converge with the major economies, while Latin American economies did not. The latter continue under the multidimensional concept of "middle-income trap" and comparatively have ceded a lot of space in terms of trade, investment, innovation, and presence in major forums and debates.

According to the former Minister of State of Chile and president of CIEPLAN, Alejandro Foxley, the trap consists in the difficulty of sustaining growth superior to 5% for more than a decade, accompanied by a reduction in inequalities and the consolidation and improvement of democratic institutions.

East Asian countries -with the particularities of their political regimes- managed to make progress by virtuously combining different elements of public policy and institutionality, focusing early and strategically on certain sectors. Indeed, their leaders paid attention on long-term visions; prioritized economic issues, leaving aside ideological debates; boosting the total productivity of the factors; stimulating savings and investment rates; promoting human development and education; favoring the equitable distribution of income and assets; investing in infrastructure; innovating continuously; promoting changes in productive structures and their chains; opening their economies and enhancing exports; establishing a favorable investment and business climate with clear and stable rules of the game; they promoted the construction of solid bureaucracies based on meritocracy, among other factors.

Are Latin American countries following the route of the "Tigers"? In this regard the region has many lessons to learn and value from the positive and negative experiences. It must transverse the remaining half of the route and redouble its efforts for structural transformation, under close public-private collaboration. Productivity and quality employment are at the heart of the debate.

Today advantage must be taken of the technological dynamism of natural resources, generating greater added value to exports and modernizing educational systems to strengthen innovation. An updated development strategy is required, one that is not anchored in the past, responding to the new demands of the twenty-first century and one which is sustainable in the long term.

We are evolving from the theories of Raúl Prébisch and the "Washington Consensus" towards a "Global South Consensus" that promotes sustainable, stable, and equitable development. New political leadership, greater international cooperation, and intelligent international integration are key elements to this end.

The crossroads of our time demands that democracy, development, and social justice become a virtuous and indissoluble trinity in compliance with the 2030 Agenda.

## **ABOUT THE AUTHOR.**

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