Abstract
In this study I argue that the state must help foster the conditions for the perpetuation of
development by addressing more than pure economic growth. As demonstrated in this project,
basic needs attainment is a function of social and political structures, as well as state
commitment to the well-being of its people and equality of access to educational opportunities to
end generational poverty. Efforts to promote growth are insufficient to address the root causes of
poverty.
Introduction

“If society is nothing but the expression of the will of a collective of individuals, for this will to express itself, first a minimum of material conditions is required and later the adequate mechanisms for said expression”1 (PREALC, 1986: 9). This simple statement from the Regional Employment Program for Latin America and the Caribbean is an argument for how the region should pursue not just growth, but equitable growth that results in the satisfaction of basic needs for its people. As developed in the 1977 United Nations’ International Labor Office report titled, “Employment, Growth, and Basic Needs: A One-World Problem,” “basic needs” was originally conceived of as a social right: that every human being has a right to a dignified life (Dixon, 1987: 129). Through a discussion of “basic needs” in the context of Latin America, a region riddled with inequalities and absolute poverty, I will demonstrate that the concept of basic needs has evolved from a method focusing on socio-economic indicators to a self-perpetuating approach to development with an emphasis on human capital and well-being. In this paper I argue that income-based indicators are insufficient for understanding basic needs satisfaction in Latin America and that a state’s focus on the well-being of children and human capital accumulation to break the cycle of absolute poverty is more vital to a higher form of sustained development of the population.

To this end, I will first contextualize “basic needs” within the context of Latin American development and the search for a strategy mindful of addressing absolute poverty. In this thorough review of the literature, I argue that “development” has typically been conceived of as economic growth, but increasing rates of GDP growth have been associated with more inequality and impoverishment. This paper will next lay out definitions for concepts such as absolute

1 Translation by author.
poverty and growth, discuss how scholars attempt to depict human dignity, and finally, examine tangible basic needs satisfaction in Latin America through the lens of the state’s role in the welfare of its people. In the empirical work, I examine states’ approaches to “development” since the 1980s in the cases of Brazil, Chile, Cuba, and Mexico. I expand upon how social policy for health and education, within the constraints of political and social structures, plays a role in fostering the well-being of the citizenry and access to opportunities to overcome poverty.

**Basic Needs: Conceptualization and Development Strategy**

Basic needs discussions originated in 1976 at the World Employment Conference. The discourse broke away from the assumption of a singular pathway of development where rapid industrialization would lead to greater competitiveness in the free-market economy and thus economic growth (Ghosh, 1984: 8). The international community traditionally defined economic development as economic growth, measured solely by the standard of GDP, as Brundenius encapsulates the standard working definition here:

> The most widely used reader on development economics defines economic development ‘as the process whereby the real per capita income of a country increases over a long period of time—subject to the stipulations that the number below an ‘absolute poverty line’ does not increase, and that the distribution of income does not become more unequal’ (Brundenius, 1982: 3).

Briefly touching on tenets of dependency theory, the Latin American region was seen as backward, needing economic modernization to “catch up” to developed, civilized nations (75). The Great Depression became the impetus for roughly fifty years of state-led development, and

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2 For more on the theories of dependency and “uneven development,” see Romagnolo, 1975; Cardoso, 1979.
more explicitly, the state’s role was to push industrialization for the purpose of modernization (PREALC, 1986: 86). While prior to this time, the region typically relied on agro-export economies centered on raw materials and basic goods, the drastic drop in international demand allowed a shift to the expansion of the domestic sector. Most states were able to practice inward-oriented economic development and create their own industries. As success was defined by high growth rates, they were quite successful up to the 1980s (Cardoso, 1979: 129).

In theory, expanding the capacity to export more advanced goods would simultaneously grow the economy, perpetuate rapid development, and benefit entire populations, but this did not happen in reality. The World Bank in particular still encouraged governments to pursue high GDP growth rates with complete disregard for broader social processes, advocating working within systems already in existence “to provide solutions only to the problem of mass poverty visualized as an anomalous situation which must be ‘eradicated’ from the social body, with secondary concern for population growth and income distribution” (Graciarena, 1979: 246). Latin American states were pursuing industrialization and achieving moderate to high growth rates (the region averaged a 3.3 percent per year increase in per capita GDP between 1960 and 1980), but the development community asked why there were still so many “poor” people—why was growth not helping the poorest too?

From this standpoint, in the late 1970s, scholars started to question whether basic needs could become a strategy for development, diverging from the traditional view of international institutions that equated growth with development (Graciarena, 1979). The operationalization of “basic needs” stems from the debate on this question: is the concept of poverty absolute or relative? If poverty is defined as inherently intertwined with inequality, the issue of poverty could be solved through income redistribution. The Regional Employment Program for Latin
America and the Caribbean advocated what sounds like a simple solution: redirecting just si
percent of the income of the top quintile would satisfy the basic needs of the population with
fewer resources, stimulate growth of production and employment, and raise living standards for
even the highest-salaried (PREALC, 1986: 118). However, “[a]ll but insignificant redistributions
of current income and assets (called radical and static redistributions) are rejected as either
politically impossible, too expensive because of the compensation that would be required (in the
case of assets), or damaging to productivity” (Weeks, 1979: 136). While scholars have thought
about how to address poverty in an ideal world, basic needs became a tangible way of
understanding absolute poverty, measuring it, and a set of directives for what a state could do
about it when existing socio-economic structures into account (Brundenius, 1982: 37). Through
these debates, the concept of basic needs came to mean a standard of goods and services human
beings need to survive for a long period and eradicate absolute poverty.

But who decides what that standard is and looks like? The question shifted from the level
of income that defines a person as “poor” to that which translates to the true well-being of a
person. But what does that standard mean? In your country, can you put food on the table every
day and every meal with your 40 dollars per month? Is it enough to put a roof over your head and
feed your children, or do you have to choose between the two? What is a “decent” standard of
living, anyway? Scholars were determined to create an acceptable working methodology to
assess poverty and address its systemic causes. The debate thus shifted from a discussion of
income distribution to that of material conditions, attempting to quantify and analyze with
consistency “quality of life.” Finally, in the late 1970s, absolute poverty had come to be defined
as inadequacy in any one of these needs: food, health, education, water and sanitation, and
shelter, and the poverty line was defined as the amount of income required to satisfy those needs
While methodological inconsistencies would continue to be debated, still many other questions regarding the application of basic needs in policy remained in the international discourse. Is basic needs intended to be a strategy for development? If so, a re-envisioning of development itself would be required.

If the condition of poverty is defined as a state in which one or more basic needs are unmet, a corresponding development strategy would call for the redistribution of the required goods and services and/or a reshaping of society for more equitable distribution that could ensure every person’s needs are met. But because health, nutrition, environmental hygiene, living situations, and education deemed vital to the human condition are inherently intertwined, a development strategy must address them all (Weeks, 1979: 134). Such a development strategy is indeed a strategy of poverty alleviation, and the state’s role is key. The state is the only actor that can redistribute income and/or resources for short-term results, but “no significant reduction in poverty is possible as long as a strategy leaves the productive structure of the economy unchanged” (Weeks, 1979: 139). Consequently, the 1980s marked a shift to addressing the feasibility of basic needs strategy given existing political and social structures.

Scholars could only see two ways governance geared towards meeting all citizens’ basic needs would be possible: either governing elites would willingly (or under pressure by other socio-political sectors) go this route within existing power structures, or the social structure itself would be transformed to sustain more equitable distribution. However, social reorganization is no easy task, and it is further complicated by the even more pressing drive to industrialize and modernize to survive in the global economy. Even without forcefully reshaping social processes, in the early 1980s scholars began to posit that education might be the key component to

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3 For further elaboration, see Garaciarena, 1979; Brundenius, 1982; Crahan, 1982.
systemically addressing the needs of the poor. As illustrated in Tim Gindling’s “Review: Poverty in Latin America,” the elderly and children in Latin American are the most vulnerable to poverty, and to build up a population and sustain development, countries cannot allow their children to be destined to poverty. He asserts that health and education specifically are imperative for both short-term well-being of children and long-term human capital accumulation to reduce their vulnerability to future poverty (Gindling, 2005: 211). All of the aforementioned basic needs are intertwined and vital to the success of the others, but within the relevant scholarship there is a general consensus that a truly successful basic needs strategy requires a solid education system to sustain it. The well-being of the individual and the skills and knowledge he or she acquires are vital to the development of a nation.

Thus because the state is seen as the prime actor for addressing the predicament of poverty within its borders, with the end goal of basic needs satisfaction in mind, scholarship has evolved from a consumption focus to a social service provision focus. Practically speaking, though, the political environment of 1980s Latin America placed severe restrictions on any possibility of basic needs strategy implementation. The region found it could no longer finance the industrialization process, which resulted in what is known as the “Latin American Debt Crisis.” While scholars in the development world were focused on attacking the root causes of poverty, Latin American states, in order to repay their debts, were forced to slash their spending for the people who relied on it the most.

Macroeconomic reform regarded the Latin American state, once the promoter of development through industrialization, as an inhibitor of growth. And because growth was equated with development, once the region’s economies returned to high growth rates, the welfare of its people should improve accordingly. In practice, however, Latin American
countries were already struggling with absolute poverty and income inequality, and the implementation of neoliberal reforms encouraged economic growth but widened the income gap (see Figures 1 and 2 for trends in HDI and Gini index). The singular focus on growth simply did not translate to improvements for human capital because growth was conceived as an end in itself. The presumed magic of the markets did not work in the advancement of human capital in the situation of systematic inequalities, demonstrated by how the concept of welfare during the neoliberal era was measured in terms of human capital development. Following crisis after crisis in these developing nations in the 1980s, the World Bank and IMF were severely criticized for their “shock therapy” structural adjustment programs that forced the state to take its hands out of the economy and cut back on social investments, and the international realm once again revived debate on “just distribution” (Margheritis, 2007: 29).

As the 1990s progressed, finally a convergence in the realm of development strategy among international institutions and scholars with a focus on the ethics of development emerged. This is especially evident in the creation of a more holistic index for the well-being of a population: the UNDP’s Human Development Index. “From an advocacy perspective, the HDI has been useful and, judged by its presence in the media and political discourse, a resounding success. It has succeeded in de-emphasizing a growth-centric view of development” (Lustig, 2011: 1). Notably, the concept of basic needs never completely disappeared from the discourse, but rather the ideal of basic needs attainment has been cemented in international institutions with the Millennium Development Goals (MDGs)\(^4\) outlined by the UN and its partners (Emmerij, 2007: 29).

\(^4\) For a complete listing of the Millennium Development Goals and targets, please see UN, 2011 and UN Publications, 2010.
The debate was no longer about how to address “basic needs” provision, especially in the short term, but an acknowledgment that it is the state’s responsibility to ensure the welfare of and opportunities for its people. Primarily, a “higher road to development,” as exemplified in these MDGs, connotes a focus on children and the provision of opportunities through health and education systems to reduce present and future poverty.

The Higher Road to Development

It has long been discussed that income-based quantifiers are insufficient to understanding the welfare of a population (Ghosh, 1984: 44). We also must look at how the country provides for its future citizens and labor force and attempts to break cycles of generational poverty. As early as the 1980s, scholars wrote, “In the rich countries, at least, it has become increasingly clear that ‘economic growth’ measured solely by GNP and similar statistical devices is insufficient for expressing the real social concerns of society” (Ghosh, 1984: 44). The MDGs attempt to achieve what Korzeniewicz and Smith (2000) terms the possible “higher road” to globalization, capable of achieving both more rapid economic growth and significant, lasting reductions in poverty and inequality. A “high-road strategy would place greater emphasis on equity and more generous and expansive compensation via safety nets, social investments, and skill retraining for the ‘losers’ in competitive integration into the global economy” (Korzeniewicz and Smith, 2000: 42). The UN especially now highlights the welfare of “the children of the world, to whom the future belongs” (UN, 2000), as the MDGs advocate combined emphases on economic growth, health, and education.

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5 Partners include the UN Development Programme, World Bank, UNICEF, World Health Organization, IMF, World Food Program, and World Trade Organization, organs that throughout this discourse have at times been at odds with each other and with development scholars. Particularly valuable to this collaboration is the World Bank’s shift in focus from economic growth to poverty alleviation (Korzeniewicz and Smith, 2000).
The “infantilization of poverty” is the predominately worrisome pattern elucidated in the 2010 assessment of Latin America’s progress towards the Millennium Goals. One in every five children in Latin America is extremely poor (over 32 million children), and between 1990 and 2008, poverty among children decreased less than in the rest of population (UN Publications, 2010: 39). Most importantly, it is now conceived of as the state’s duty to simultaneously pursue economic growth so its people have access to enough income to purchase the goods and services vital to the welfare of the individual, and provide access to the services vital to the development of potential (10). While “development” has typically been conceived of as economic growth, we have seen the push for growth has led to even more inequality and impoverishment in its absolute form. Accordingly, in order to reverse trends of Latin American poverty, the state must take on a larger role in terms of education, envisioned as “a right and precondition for development” (UN Publications, 2010: 11), and the right to health, “understood as a state of physical, mental and social well-being and not merely the absence of disease or infirmity” (14).

Regarding the health of children, the state’s responsibility is to work to lower child mortality rates through access to doctors, nurses, vaccines, safe water and sanitation—factors discussed in the shaping of the concept of welfare through basic needs scholarship. The key is to determine which types of deaths are avoidable, such as those related to famine and preventable diseases that reflect lack of access to (and thus the state’s failure to provide) health services (UN Publications, 2010: 14). As Banerjee and Duflo (2010) conclude, “undernourished children are more likely to become short adults, to have lower educational achievement, and to give birth to smaller infants. Undernutrition is also associated with lower economic status in adulthood” (31). The UN goals seek to first target the most immediate concerns to the welfare of children, and once child mortality rates are deemed under control, the next step is to encourage universal
reproductive health to simultaneously address the needs of both mothers and future generations (UN Publications, 2010: 15).

The second of the MDGs is to “achieve universal primary education” (UN, 2011). Consequently, we must revisit arguments in favor of equating education with an investment in the country’s future and in the alleviation of poverty. The UN attributes the challenge of absolute poverty to huge income disparities that plague resource distribution in Latin America. Social spending devoted to education has been shown to help reduce income inequality, demonstrating that more equitable access to necessary goods and services and should significantly reduce total poverty (UN Publications, 2010: 9). Meeting basic consumption needs has been associated with higher workforce productivity, especially with regard to the investment in children that pays off roughly fifteen years down the road (Brundenius, 1982: 42). For a government to direct resources to education signifies prioritization of the needs of their whole population and its future well-being.

As we have seen, the concept of basic needs has evolved from merely a measurement of absolute poverty to a method of re-evaluating the goals of development, and furthermore, as consolidated in the MDGs, the global ethic of sustainable development demands the state be at the forefront of health and education services. The following section encompasses a discussion of the variables I will use in my empirical case study analysis to examine how different strategies for development have resulted in variation in the health and well-being of Latin American populations, especially in light of the Millennium Development Goals.
Variables and Methods

**Income-based Indicators:** Basic needs has come to mean the basket of goods and services a person needs to survive and lead a dignified life, and the current international standard for income level that reflects this basket across all countries is $1.25 per day. But for those whose incomes fall just above this line, are basic needs met at the individual level? What does poverty in its most absolute sense look like? I have found that measuring basic needs with national income or a poverty line often fails to assess the well-being of the population and its poor. Therefore, I intend to use both consumption-based and outcome-based indicators to compare levels of absolute poverty, public expenditures in social services, the well-being of a population (especially children), and human capital.

A country’s GDP, has long been used as the indicator for the size of its economy and its capacity to provide for its people. This refers to gross domestic product, or the value of all goods and services produced within a country’s borders. Through the history of basic needs, however, growth has been reconceptualized as a means, not an end in itself (Ghosh, 1984: 1). An increase in GDP does not translate to equal increases in salaries throughout the socio-economic strata in Latin America. Rather, it widens the gap in income and resource distribution. To explore the link between economic growth and poverty alleviation I will employ the measure of GNI (gross national income, or the total economic value produced by the country’s citizenry) per capita to determine if a country’s economic resources is a limiting factor on its capability to raise people out of poverty. The United Nations Development Programme (UNDP) uses GNI per capita in composite indices for human development, and regression analysis demonstrates that GNI per

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6 For more on how this poverty line was established and measured, see Ravallion et al., 1991; Feres, 1997; Chen and Ravallion, 2001; Chen and Ravallion, 2007; Chen and Ravallion, 2009.
capita is a more robust predictor of variance in indicators of poverty within a nation. Income inequality is relevant to this research insofar as it does play a role in stopping the cyclical nature of absolute poverty when resources are available,\(^8\) so we must also take into account the Gini coefficient (the standard measure for income inequality).\(^9\)

While it can be still useful to operationalize growth in terms of GDP, Gini coefficient, etc., I argue that that development and progress should instead be considered in terms of children’s well-being. The well-being of children is especially crucial in this respect because a country’s commitment to its children should provide a clear indication of the development of its citizenry, both in terms of physical needs but also the skills necessary to contribute to society and the labor force. Therefore, I will use countries’ budgeted public expenditures devoted to healthcare and education services to demonstrate significant association between state investment and basic needs satisfaction (which reflects current well-being) as well as increases in human capital (which indicates attainment of life-sustaining goods and services and of viable skills, as discussed later).

Elementary education expenditure per capita (public spending per student at the primary level, percentage of per capita GDP) is better suited for measuring inputs to children’s education than total public expenditures on education (as a percentage of GDP). In the realm of health services, public expenditures on health (as a percentage of GDP) is most typically used as a predictor for the well-being of children as opposed to total health expenditures (including both public and private). Therefore, unless data analysis proves otherwise, for the general population I

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\(^8\) Unequal structures reinforce income inequality and thus diminish the likelihood for future generations to improve their situation. Furthermore, “[i]nequality of educational opportunities and achievement has aggravated the inequality of incomes, and probably that of health as well. In most of Latin America, the human potential of nearly all people in rural areas, and much of the urban poor, was blocked by lack of primary education until the latter half of this century” (Birdsall, 1998: 36). So by addressing inequalities in human capital one could posit a future reduction in income inequality as well, a vital component to the transition of “basic needs” to the political realm.

\(^9\) For further explanation on how the Gini coefficient is constructed, please see World Bank, 2011.
will apply public education, and for children I will use elementary expenditure per capita and public health expenditures when available.

**Well-being:** I will also operationalize the independent variable of basic needs satisfaction (and thus the overcoming of absolute poverty) by income level but also well-being, as the international focus has shifted to quality of life as an important component to human development. HDI takes into account in equal portions of measurement health (life expectancy at birth), education (mean years of schooling and expected years of schooling), and “decent standard of living” (GNI per capita (PPP US$)). But does even this development index provide an indication of basic needs satisfaction? The term “basic needs” is often tossed around in discussions of responsibilities of the political system to the human condition, so I test the strength of the correlation between this indicator of development and consumption-based indicators of basic needs satisfaction.

The cornerstone of a basic needs basket is proper nutritional consumption. Unfortunately not enough statistics on calorie consumption per capita in each country exist for reliable regional analysis, but certain output indicators incorporate consumption variables as well. Life expectancy is a typical standard for well-being as seen in the HDI composite, and to further assess the validity of life expectancy as representative of the well-being of a population, I will look at incidence of undernourishment as measured by “the percentage of a population whose food intake is insufficient to meet dietary energy requirements continuously” (UNDP, 2011). In addition, to formulate the correct model for addressing child poverty, I create a combined index of the rate of infant mortality, which indicates a “relative commitment to improving the health and nutritional levels of the population” (Dore, 1982: 163), and life expectancy at birth. Furthermore, as to the quality of nutrition children in Latin America are receiving, I will also
analyze patterns of malnutrition (percentage of children under age five whose weight for age is more than two standard deviations below the median for the international reference population).

**Education:** Turning to education, operationalization precludes many questions with regard to distribution and efficacy. While we must address children’s enrollment and completion rates, these measurements provide no indication on quality of the schooling they receive or regional disparities within nations. I will discuss those trends further in depth in the case studies, but in analysis for Latin America as a whole, an index that combines expected years of schooling and gross enrollment suffices for the national distribution of education for children. The typical variable for examining efficacy of the school system is adult literacy, which this analysis will have to rely on as the outcome variable.\(^{10}\)

**Human Capital:** Finally, I will analyze further whether income-based indicators of absolute poverty that attempt to cover “basic needs” truly are the best measurements for basic needs consumption, or if human capital indices matter more. I have also created a composite index for human capital to focus on the well-being and potential of children as the Millennium Development Goals mandate to sustain development and growth of a country and its citizenry. This index will incorporate aforementioned health and education indicators that target children: life expectancy at birth, under-five mortality rate, expected years of schooling, and combined gross enrollment. My approach attempts a holistic analysis on the state’s role in poverty alleviation and human capital accumulation.

**Cases:** The cases in which I will examine both current data and the socio-political factors that explain different trends in the development of human capital are Brazil, Chile, Cuba, and Mexico. Cuba is the sole example of a country able to pull off a basic needs approach. This situates Cuba

\(^{10}\) There is not enough data for the average years of schooling of the adult population.
within Graciarena’s argument on the “other development” strategy: a complete and total reorganization of social structures is the only way in which more equitable development and meeting the basic needs of the population can be put in practice. Meanwhile, Brazil, Mexico, and Chile make up half of Dore and Weeks’ watershed qualitative study of six countries that fall into the World Bank’s “middle income” category, which indicates “the most extreme forms of poverty, malnutrition, and physical deprivation in general can be eliminated through appropriate policies and within a relatively short time frame” (Dore, 1982: 151). The authors also take note of international agencies’ distinction of Brazil and Mexico as semi-industrial economies.

Existing socio-economic structures and political coalitions barred the appropriate distribution up until Dore and Weeks’ work published in 1982, but this research signifies that the implementation of redistributive policies could effectively reduce poverty. López-Calva and Lustig (2010) included Brazil and Mexico in their study titled, “Declining Latin American Inequality: Market Forces or State Action?” because of their large-scale conditional cash transfer programs and Brazil’s rank as one of Latin America’s top five most unequal countries. This research is not so much concerned with the lowest sectors becoming poorer relative to the upper echelons of society, but rather how accessible the most basic of all goods and services are to the poorest. I do not wish to discuss the ethics of inequality as much as how it plays a role in basic needs and opportunities for the poor. The investment in children and investment in human capital gives a better projection of a population’s future, thus the state’s role in the development of its population is to focus on the needs of children to restrict the cycle of generational poverty.
The Cases Today

I will first assess the educational opportunities and well-being of the four cases with the most current statistics and note the remarkable similarities for their populations given where they began in the 1980s. These four countries rank within the “high” to “very high” human development ranges according to the UNDP (UNDP, 2011), and yet there appears to be significant variation in trends of education, health, and overall HDI, with the most obvious variance in income since 1980 (See Figure 3). Neither pure income measures nor percentage of the population living below the $1.25 per day line provide insight into well-being, especially with the case of Cuba and its double-currency predicament that causes measurement distortions (Cole, 2002). Within this group, Brazil represents the highest proportion of the population living in absolute poverty according to this standard, with 3.8 percent. However, higher percentages of malnutrition in all countries indicate even more people are lacking in basic nutritional needs than the line suggests.

So how are the citizens of Brazil, Chile, Cuba, and Mexico faring today? In terms of health, Chileans are predicted to live the longest with a 78.6-year life expectancy, with Cubans and Mexicans just behind and Brazilians at roughly 72 years. These countries have the lowest rates of malnutrition in Latin America with the top three at the five percent rate and Brazil still has just six percent. All countries fall within a 2900-3300 calorie per-person, per-day average range. There is slight variance in incidence of child malnutrition, however, as Chile has the lowest in the region at .5 percent, stretching up to 3.4 percent in Cuba and Mexico alike. To use

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11 Unless otherwise noted, all statistics used are pulled from the World Bank, MDG, International HDI, and Sociómetro databases (World Bank, 2012; UN, 2012; UNDP, 2012a and b; Inter-American Development Bank, 2012).

12 Since data mapping started in 1964, Latin America has been above average in calorie consumption compared to rates for developing countries and for the globe (FAO, 2012).
Guatemala as a reference point, this Central American nation in a similar income bracket to Cuba is struggling with malnourishment of 17.7 percent of its children. A composite index of the under-five mortality rate and life expectancy at birth\textsuperscript{13} presents the most striking variance and indication that Latin America can still make significant progress towards the well-being of its citizens. Cuba tops the Latin American charts with a score of .558, yet ranks 34 in the world. Chile, Mexico, and Brazil respectively come in at .455, .325, and .283, suggesting Cuba performs best in terms of care dedicated to children from birth and opportunity for health and longevity.

In terms of opportunities provided by each nation’s education system, each country has performed relatively well in educating its adult population to at least a threshold of functional literacy. Brazil and Mexico still lag behind with 90 and 93.4 percent literacy, respectively, which are significant given their large populations and therefore greater absolute numbers of people to educate. Meanwhile, Cuba and Chile are standouts with 99.8 and 98.6 percent literacy, respectively. As for the education of the future workforce, in a composite index of expected years of schooling and combined gross enrollment,\textsuperscript{14} the region ranges mainly between .3 and .8, and these three middle-income countries score between .74 and .77. Cuba by far leads the pack, and is top five in the world, with .933. Finally, in the index for human capital that provides a clear indication on where these countries could be headed in the next couple decades, Cuba again tops the region with .721, Chile comes in second, Mexico fourth, and Brazil eighth. When three of these countries fall within the same middle-income range in terms of the amount of wealth available to their citizens but a tiny island nation with half the GNI per capita can keep pace in health outcomes and outperform much of the world in educating its people, how should we

\textsuperscript{13} Like HDI values, this index is measured in equal weighting and is on a scale of zero to one.

\textsuperscript{14} Like HDI values, this index is measured in equal weighting and is on a scale of zero to one.
evaluate progress and development? We will first look at the approaches to development in Chile, Brazil, and Mexico with regard to the political bindings on their national resources and finally contrast their paths with that of socialist Cuba.

Well-being and Human Capital in Middle Income Countries

Huber, Mustillo, and Stephens (2008) in their unprecedented type of analysis on Latin American spending from 1970 to 2000 on the political determinants of social spending found that social security is typically highly regressive, while much of health and education spending is either neutral or progressive. Furthermore, “democracy matters in the long run for both social security and welfare and for health and education spending… Highly repressive authoritarian regimes retrench spending on health and education, but not on social security” (42). And finally, “health and education spending is more vulnerable than social security and welfare spending,” which suggests that the norm for when budgets get tight is to shortchange future generations, especially under right-wing authoritarian regimes. Brown and Hunter (1999; 2004) and Huber et al. have established the link between democratization and increased expenditures on health and education, so is it reasonable to expect that increased political competition should translate to better outcomes in well-being and human capital formation? Brazil, Chile, and Mexico all dealt with pressures to reduce expenditures during the debt crises following their years of expansive growth (Crahan, 1982: 430), so the next section will delve into their approaches to development and poverty reduction.15

We can examine how Mexico has approached issues of inequality and poverty within relative political continuity until 2000. With its own approach to market-oriented development

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15 In examining trends in health and education inputs and outcomes, I focus on statistics and figures that are most relevent to a full understanding of well-being and development in these cases.
mainly led by the centrist, state PRI party since the 1934, only Mexico’s trajectory saw the lowest quintile’s portion of national income increase from 1960 to 1980 (Dore, 1982: 158), yet significant mismanagement of the economy is attributed to the PRI. This was especially true during the 1970s and 1980s when dealing with crises, devaluation of the peso, the “Lost Decade” of economic stagnation in the 1980s, and issues of equitable distribution played a large role in basic needs satisfaction for the population. While Dore and Weeks (1982) observed that only Mexico and Nicaragua had surprisingly high calorie supplies for their per capita income in their study, a member of Mexico’s rural Indian population on average was consuming only 85 percent of the calories an average urban worker does (174). This poverty indicator reflects significant urban-rural inequality in incomes as well as educational opportunities to overcome those inequalities (Weisskoff, 1976).

On the whole, 14 percent of Mexican children in 1990\textsuperscript{16} were found to be malnourished, but the UN’s Food and Agriculture Organization found that in both rural and urban areas, the prevalence of malnourishment in children younger than five decreased remarkably (FAO, 2011). Mexico’s life expectancy in 1980 ranked 69\textsuperscript{th} in the world but it has moved up to 48, and while public expenditures on health and education have stayed relatively constant, the state has extended better opportunities in these sectors to more of the population. One indication of the prioritization of elementary education is that in less than twenty years, Mexico almost doubled its gross enrollment in elementary school. It was 46.8 percent in 1990 and rose to 82.6 in 2008. Figures 4a-d point to the work the Mexican state has done to democratize access to education for its population, demonstrating significant reductions in historic urban-rural inequality.

\textsuperscript{16} Earliest data available (World Bank, 2012).
While the percentage of those living in abject poverty according to the international poverty line seems quite low, Mexico continues to struggle with income inequality with a Gini coefficient of .517 (18 in the world), but fewer and fewer are going without basic necessities such as safe water and sanitation systems (Inter-American Development Bank, 2012). While the employment-to-population ratios decreased in the past twenty years (UN, 2012), an indication of increased employment woes, the percentage of the population below Mexico’s poverty line fell six percent after 1980, but remains at over 40 percent of the population. Despite possessing the national income resources to dispel poverty, Mexico continues to struggle with uneven access to basic needs and services due to poor governance and corruption (Pérez Yarahuán, 2007).

The Mexican state began to target well-being and educational opportunities according to the trends of democratization that Brown and Hunter (2007) and Huber et al. (2008) asserted. Pérez Yarahuán (2007) asserts that the political system in Mexico is characterized by the misuse of public funds and social programs for political gain, exacerbating existing inequalities, but there was hope that the end of one-party rule in 2000 would translate to better democratic outcomes (4). Earlier attempts at state-run poverty alleviation programs were distorted by clientelism (Pérez Yarahuán, 2007: 7), but decentralization of the education and health systems with the PROGRESA program in the late 1990s “appeared to have set the basis for the elimination of rampant presidential discretion in the allocation of resources” (8), and changes to the bureaucracy mark a new focus on social development (9). Out of these trends of clientelism and need for poverty alleviation was born the successor to PROGRESA: Oportunidades, the extraordinarily streamlined conditional cash transfer program, horizontally-based for the state to provide holistic opportunities for health and education to poor families and mechanized to minimize avenues for corruption (Niño-Zarazúa, 2010).
The Brazilian experience is characterized by the incredible size and diversity of the country as well as the so-called “miracle” of growth attributed to its military regime (1964-1985) (Dore, 1982: 156). However, when debts ran high from unsustainable borrowing to finance industrialization, the poor were disproportionately affected by the combination of higher unemployment, rising inflation, and cuts in social spending (Korzeniewicz and Smith, 2000: 14). Subjecting the existing production structures to the whims of the international economy only served to reinforce inequalities in income distribution; the benefits of growth were not reaching the poor. Brazil’s Gini coefficient peaked at .63 in 1988, and the country found itself still with 41.9 percent of its population below its national poverty line. Income inequality was indeed reflected in the absolute sense in health and education outcomes as well. In 1990, the under-five mortality rate was 56 out of 1000 births, over double that of Chile’s (UNDP, 2012). Since then, that number has fallen in conjunction with government efforts to increase access to improved sanitation and water sources.

Educational opportunities for the poorest also fall within a context of enduring inequality. In the years of Brazil’s technocratic military government, while education made up 7.5 percent of the total government budget, 70.8 percent of that went to higher education, while just 2.6 percent was dedicated to primary schools (Dore, 1982: 180). Since 1980, though, Brazil has increased its literacy rate by a full 15 percentage points (Index Mundi, 2012). Starting in 1986, the year after the transition to democracy, specifically, Brazil saw a spike in public spending on education that continued to increase with the exception of the hardest-hitting crisis years (Index Mundi, 2012). Brazil’s first objective is to better provide access to elementary education, and especially extend access to the large rural swaths of the country (See figures 5a-b).
The state’s main efforts to democratize access to basic needs and educational opportunities did not originate from a leftist government, nor do they represent significant shares of public expenditures. Political leaders recognized in the 1990s that a more sustainable form of development was necessary for the well-being of the citizenry. Out of political discussions on the merits of a “Citizen’s Basic Income” law that was put on the back-burner until the early 2000s, the state began piecemeal cash transfer programs that targeted specific sectors of the population (Britto, 2011). Under the leadership of pragmatist president Fernando Henrique Cardoso (1994-2002), inflation was tamed, the economy was stabilized, and by the end of his time in office programs focused on the disabled and elderly, schoolchildren, child labor, and nutrition reached more than 15 million citizens (Hall, 2004: 3). It was not until leftist President Lula da Silva came to power, though, that political forces came together under his agenda to consolidate a considerable number of these programs into one, overarching conditional cash transfer program, Bolsa Família. Modeled after Mexico’s Oportunidades, the state targets families that fall in the lowest two income quintiles and provides cash transfers based on their commitment to education and health targets for their children. Concurrently, total health expenditures have increased dramatically since 2003, even though the public health portion of the budget has not (Index Mundi, 2012). “By prioritising social investments, Brazil has achieved significant results in reducing poverty and inequality, and has improved access to food, education, health and infrastructure services. Between 2003 and 2006, 14 million people escaped poverty, entailing a 31.4 per cent decline in the country’s poverty levels” (UNDP, 2011). It did take bringing a leftist to power to consolidate this program, but democratic competition among all parties has ensued to claim credit for its implementation, effective management, and continuation, indicating an institutionalized commitment to poverty reduction and human capital investment (Melo, 2008).
To use the standard measure for a snapshot of Brazilian poverty reduction, the percentage of the population living on less than $1.25 per day has decreased from 15.5 percent in 1990 to 3.8 in 2009, and the Gini index dropped a remarkable nine points. Meanwhile, the prioritization of educational access especially for low-income, rural areas has led to clear improvements in regional and income-based equalization of elementary education (see figures 5c-d). Poverty reduction in Brazil cannot be divorced from significant economic growth in recent years nor income-based measures such as minimum wage increases in the early 2000s (Britto, 2011), however redistributive measures that have targeted the well-being and educational opportunities for children have also been deemed a resounding success.

Chile is an interesting case because of its longstanding history of universalism to incorporate the poor and working sectors into political processes and social benefits, but it saw vast increases in socio-economic inequality as a result of the Pinochet military dictatorship (1974-1990) (Dore, 1982: 154). The poorest quintile has the highest portion of national income in Chile over all the other countries, which reflects how this society is characterized by strong worker organization and social investment in education in particular (155). “The greatest improvement in Chile occurred in the early 1970s, during the Popular Unity government, when the infant mortality rate fell from 865 per thousand in 1970 to 69.2 in 1973,” which Dore and Weeks attribute to the government’s conscious effort to devote more resources to public health (164). Political and economic pressures coalesced to force Allende from government with the technocratic mantle of controlling hyperinflation to restore economic growth. Opportunities for the lowest sectors to get out of poverty were reduced as well, as the education spending of Allende’s socialist leadership in 1971 and 1972 was halved by the military government by 1975 (180). The Pinochet dictatorship is unique as a right-wing regime type in that made significant,
targeted efforts to reduce absolute poverty. However, the dictatorship was also a classic example of pursuing growth for growth’s sake and severely undercutting the universal social programs, redistributive measures, as well as economic opportunities for the lower classes, which pushed more people into the ranks of the poor (Palma and Urza, 2005).

Chile in the 1990s saw a return to leftist governance and the prioritization of universal health and education to tackle the immediate needs of the population’s well-being as well as human capital for sustained development. While the infant mortality rate has continued to decline since the 1980s irrespective of regime type, the prevalence of undernourishment significantly declined over the 1990s under the center-left coalition, Concertación. While the military government devolved many poverty-alleviation responsibilities to NGOs, the succeeding democratic governments took on policy to provide more opportunities for the poor to escape absolute poverty and for their future well-being. As a result, a number of programs were established in the 1990s and early 2000s, with the anti-poverty program Solidário, created in 2000, at the forefront of human capital investment. This program, which also notably streamlined governance, works with families for two years who fall into the category of absolute impoverishment to ensure the well-being of the family through counseling support and guaranteed cash subsidies as well as skills development and social services (Palma and Urza, 2005). While Solidário does not feature an educational component targeted towards children, this facet is reflective of the pre-existing effectiveness of the Chilean educational system that did continue to improve in the last three decades as well (see figures 6a-d).

While proportion of a country’s public budget directed towards social services can serve as an indicator for political commitment, is not necessarily the case that increasing public
expenditures for health and education will translate to better outcomes. Quality matters more, and better quality can be achieved by strategic usage of resources, as Roberts elaborates:

Test scores have been observed to be unresponsive to increases in school budgets. Increases in school budgets can easily be absorbed by higher input unit costs (e.g. if salaries are raised to increase the supply of teachers), leading to no increase in real input supply… There may be little value in raising school budgets if the effect of so doing is counteracted by poor resource allocation and management, poor educational method, and low morale (2003: 21-22).

And he further demonstrates that when faced with a choice, the poor would rather pay more for higher-quality private health services than go to poorly managed, but free, public clinics, so in order to actually benefit the poorest, the system needs incentives for proper resource use and management. While a large incentive for extending good quality education and healthcare services to the broadest sectors of the population may in fact stem from the nature of political competition, as eluded to by Brown and Hunter (2004), how does this track differ from that of the socialist experience?

**Cuba: the Lone Wolf**

This tiny island nation has managed to achieve incredible outcomes in health and education that surpassed those of countries with substantially more resources and income, progress accomplished mainly in the first few years of the Revolution that still astonishes scholars. Cuba is the prime example of a government pursuing a strategy to satisfy the basic needs of its population, but it required social revolution to do it (Brundenius, 1982: 8). Jorge Graciarena, in his work “The Basic Needs Strategy as an Option: Its Possibilities in the Latin
American Context,” laid out his concern that a development strategy that seeks to solely alleviate the worst levels of poverty never resolves the issue of why people are poor. In fact the social and political systems in existence perpetuate poverty. As he calls it, “The ‘other development’ approach, with the accent on the satisfaction of basic needs, is based on a very different assumption, which from the start involves the elimination of poverty through a drastic reorganization of society and of human co-existence” (1979: 247). Many scholars contributing to the discussion on basic needs maintain that it cannot stop at transferring or redistributing resources to the poor (Brundenius, 1982: 41). Inherent to the basic needs strategy is the overhauling of political and economic systems that have perpetuated patterns of inequality and poverty.

After the 1959 Revolution, Cuba dedicated much higher portions of its national income to health and education as compared to the rest of Latin America, and it is still the frontrunner in the last three decades (see Figures 7 and 8). Just as one example of Cuba’s development plan, its literacy campaign in the early 1960s sent educated youth from the cities to the countryside and in less than one year, the illiteracy rate dropped from 23.6 percent for Cubans over age 10 (and twice that rate in the countryside) to 3.9 percent, an accomplishment later corroborated by UNESCO and described as probably unequalled in the history of education” (Brundenius, 1982: 151). Consistently well over 90 percent of Cuba’s health expenditures come from the public budget, as compared to 40-something percent in Chile, Mexico, and Brazil (World Bank, 2012). A nation with so few resources must manage those resources and the expectations of their people extremely prudently to preserve power for the future. In this scenario, a government that provides for the most basic needs of its people and can use this political tool as leverage, especially in times of crisis, as Cuban leadership has been accused of being a “gatekeeper state,”
only allowing political criticism to release pressure in times of struggle to provide much-needed calories and goods (Corrales, 2004). The “Special Period” in the 1990s was indeed a time of struggle for all Cubans, as when the USSR fell apart, as much as 80 percent of Cuba’s market disappeared. As a result, “caloric intake fell by 27 percent from 1990 to 1996. It became difficult to obtain medicines and, for a few years, food. New diseases appeared and those that had seemed eradicated reappeared. The quality of medical services deteriorated as well” (Dominguez, 2004: 21). So Cuba remained a highly educated population, but there was hardly any work to be found and imports of even the most basic of goods disappeared.

Cuba has indeed made huge strides in healthcare and education, but with this healthy and educated population, the only sector of the economy viable to raise revenue for the state is tourism. This perplexing situation continues to beg the question about development and if being able to compete in the global market is a more worthy goal that then education and well-being of the citizenry. Is “development” possible within the condition of one without the other, or are they inherently intertwined? Montero assures that in comparison with other Latin American countries, the successes of the Revolution are clear in that there is no abject poverty in Cuba and “you don’t see a level of inequality in the sense that people have nothing and no hope… but with the ‘basic-needs approach to development,’ you can’t even sustain those benefits without development” (8 Feb. 2011).

The Future of Latin American Development

Zooming out our lens to the Latin American region as a whole, it can be argued that much of the variation in well-being of the population can be attributed to the state’s role in human capital investment. Through the 1990s, the region still underperformed in terms of not
only educating their children, but also training their labor force. Compared to other regions
categorized in a similar point of development, Latin America lagged behind in indices of health
and education compared to other countries at similar income levels (Birdsall, 1998: 115). Further
analysis demonstrated that “low and unequal accumulation of human capital has limited Latin
America’s growth, particularly the growth in income of the poor, and has exacerbated the
region’s high income inequality” as the Gini coefficient ranks 15 points higher than the average
for the rest of the world (121). It has been demonstrated that while a nation’s income level may
indeed play a large factor in its parameters for development, “it is politically more feasible to
ensure better distribution of a flow of new assets, such as education, than to redistribute existing
assets. Similarly, it is easier to affect the incidence of taxes and public expenditures—thus
redistributing real income—than to redistribute assets” (Birdsall, 1998: 11).

All across Latin America, in line with the MDGs, states are reinvesting resources in this
production of new assets, namely human capital formation by way of decentralizing and
democratizing access to education (132). Further takeaways from the Cuban experience include
its “Yes I Can” literacy program, which it has modeled for application in other developing
nations around the globe—12 Latin American countries have already adopted this method for
their populations (Zabala Arguelles, 2011). Additionally, an exciting trend that this island is able
to offer the world is a system of sustainable agriculture and food security that can provide not
only further insight into the basic needs governance model, but also new ideas that can be
applied in wealthier nations for a more sustainable and equitable global distribution system.

Meeting basic needs of nutrition, healthcare, and primary education is seen as the most
basic level to lift up a population and set a foundation for future development. However, these
Millennium goals must be qualified by the combination of access and quality, as existing
inequalities within education and healthcare systems themselves struggle to meet the needs of the underprivileged, females, rural inhabitants, etc. No longer about purely economic growth, nor a right to X grams of protein per day or Y number of calories, development is finally depicted within the context of an individual’s right to basic welfare and education, and it is precisely the state’s charge to foster the conditions for its people to thrive. Through re-envisioning the goals of development, the concept of basic needs has evolved from a method focusing on socio-economic indicators to a self-perpetuating approach to development with an emphasis on human capital and well-being.

The state must help foster the conditions for the perpetuation of development by addressing more than pure economic growth—growth does not address the root causes of absolute poverty. As demonstrated in this project, basic needs attainment is a function of social and political structures, as well as state commitment to the well-being of its people and equality of access to educational opportunities to end generational poverty. In the “developed” West, education development followed democratization, but now education may be more of a global norm expected no matter the regime type (Birdsall, forthcoming). However, scholars have recently been exploring the link between leftist regime types and higher emphasis on social service provision and higher expenditures on health and education, as without social revolution taking place, especially social democratic governments have shown the highest efficacy in redistributing income and resources to combat absolute poverty and build human capital for future generations (Martinez Franzoni, 2008; López-Calva, 2010; Birdsall, forthcoming). These findings especially have implications for today’s Latin America that has seen a “New Left”
wave\textsuperscript{17} of leaders focused on this new type of sustainable development, so we should all look out for further efforts of investment in health and human capital formation.

\textsuperscript{17} For further reference, see Cleary, 2006.
Figures

Figure 1. Regional Trends in the Human Development Index: Latin America, 1980-2011 (UNDP, 2012).
Figure 2. Regional Trends in the Gini Coefficient from the early 1980s to present\textsuperscript{18} (Index Mundi, 2012).

\textsuperscript{18} The Gini coefficient excludes Cuba due to the questionable validity of statistics on income produced by the Cuban economy. However, it is estimated that between 1953 and 1986, Cuba’s Gini coefficient decreased dramatically from .55 down to .22, but increased to .38 in 2000 (Espina, 2008).
As previously mentioned, HDI is a composite index of equal portions of measurements of health (life expectancy at birth), education (mean years of schooling and expected years of schooling), and “decent standard of living” (GNI per capita (PPP US$)). The education index weights the adult literacy rate with two-thirds and the combined primary, secondary, and tertiary gross enrollment ratio with one-third. The health index is purely life expectancy, and the income index is GDP per capita (UNDP, 2012).

Figures 4c and d. Mexico (2008): Percent of 15-24 year-olds completing at least primary school, as broken down by region and by class (Inter-American Development Bank, 2012).
Figures 5a and b. Brazil (1990): Percent of 15-24 year-olds completing at least primary school, as broken down by region and by class (Inter-American Development Bank, 2012).

Figures 5c and d. Brazil (2009): Percent of 15-24 year-olds completing at least primary school, as broken down by region and by class (Inter-American Development Bank, 2012).
Figures 6a and b. Chile (1990): Percent of 15-24 year-olds completing at least primary school, as broken down by region and by class (Inter-American Development Bank, 2012).

Figures 6c and d. Chile (2009): Percent of 15-24 year-olds completing at least primary school, as broken down by region and by class (Inter-American Development Bank, 2012).
Figure 7. Public education expenditures per primary school student, percentage of GDP (Index Mundi, 2012).
Figure 8. Public health expenditures, percent of GDP (Index Mundi, 2012).
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