Abstract

In this work we analyze the relationship between the dispute over democracy and the political economy of inequality in Latin America in the 21st century. We examine the different economic and political models that have been implemented, their impact on inequality and the consequences for democracy. Democracy in Latin America has experienced fluctuations in the 21st century, with advances and setbacks. Economic inequality, a historical problem in the region, has been considered a factor that threatens democratic stability. To address the proposed objectives, we implement a research methodology that combines: bibliographic review and comparative analysis of cases where we study the experiences of different countries in the region that have implemented left-wing governments, with emphasis on the public policies applied and their results in matter of redistribution. Preliminary findings: The research revealed a robust correlation between economic disparity and democratic fragility in Latin America. Countries with higher levels of disparity are more likely to experience political instability, social protests, and governance crises. In conclusion, economic disparity constitutes a threat to democracy in Latin America. It is necessary to implement public policies that reduce disparity and promote social inclusion to strengthen democracy in the region.

Keywords: economy, democracy, inequality, Latin America.


Introduction

“Society, opinion, education, the press, history, everything lives absorbed in the heroic age of independent America, that is, in the infancy of its new regime, in the military and warrior period with which its existence began. autonomous and sovereign world”

Juan Bautista Alberdi (1876)

The objective of this study is to analyze the political economy of the redistribution of income and wealth in Latin America during the last 20 years, in the context of the dispute for democracy that the region is experiencing. Additionally, we seek to understand to what extent the reduction in inequality in the region is due to political decisions? In a regional context characterized by a profound disparity in the distribution of resources and capabilities, the increased rents from oil, minerals and agricultural products have evidenced a historic regressive impact on income and wealth levels. However, since the beginning of the 21st century, various governments in the region have implemented public programs and policies with the aim of overcoming the neoliberal paradigm and promoting a more equitable redistribution of wealth. These governments, characterized by a left-wing, national-popular and integrationist ideological matrix,
have generated a scenario of debate about the relationship between their political decisions and the results obtained in reducing inequality.

With this study we seek to contribute to the debate on the construction of more just and egalitarian societies in Latin America and the Caribbean as well as make a contribution to the understanding of the complex relationship between democracy and redistribution in the region.

**Materials and Methods**

We carry out a comparative analysis of case studies, including countries that have implemented neoliberal policies, progressive governments and models of participatory democracy. We also use quantitative data on economic inequality, indicators of democratic quality and qualitative analysis of academic and journalistic literature.

**Investigation**

According to Gallegos Ramírez René (2021), Latin America is in a state of uncertainty. Although neoliberalism was mentioned when governments came to power with an agenda that goes against the Washington Consensus in the region, what the former vice president of Bolivia, Álvaro García Linera, described as the first "wave of progressive governments", it was also It was mentioned that there was growing competition for conservative and neoliberal recomposition strategies, which led to institutionalized governments coming to power and leading to the reconstruction of the region.

The offensive was due to coups d'état, illegal and illegitimate replacement processes, obvious political betrayals of campaign promises and corruption. “…Neither neoliberal long nor short night, nor progressive interregnum. These are not extreme points, but rather a continuum of disputes… It is a constant battle to define the orientation and meaning of our political and economic regimes and our societies…” Ramirez, R. (20-2021).

The Economic Commission for Latin America and the Caribbean (ECLAC) has highlighted equality as a fundamental value of development and an irreducible ethical principle since 2010. This position has been reflected in the main documents presented to the countries of the region during the last four sessions. In this way, ECLAC has positioned equality as a fundamental pillar of development, both from a rights-based approach and a humanistic perspective, and from a necessary condition to move towards a development model focused on innovation and learning. Therefore, inequality is not only a result of economic functioning, but also a determining factor thereof. Inequality conditions the access of economic agents to capabilities and opportunities, and shapes the rules of the game and incentives. The central argument is that inequality entails high efficiency costs, which means that overcoming it is a sine qua non for development.

The traditional dichotomy between economic growth and inequality reduction has been the subject of intense debate in recent economic literature. In contrast to the orthodox view that defended lower growth as an inevitable toll for redistribution, a new consensus has emerged: inequality is now conceived as an obstacle to economic development. The new economics of inequality and redistribution focuses on analyzing the mechanisms by which inequality generates antagonistic incentives that discourage innovation and investment.

In this context, equality is configured as a necessary condition for the dynamic efficiency of the system, by fostering an institutional, political and social environment that prioritizes innovation and capacity building. The relevance of equality is currently accentuated due to the impact of the technological revolution, which makes building capabilities and closing gaps an even more urgent and imperative task.

The unsustainability of the current growth pattern, characterized by its high environmental impact, forces us to take advantage of the technological revolution to transform the energy matrix and reorient
production processes towards low-carbon paths. The mechanisms through which the causal relationship between equality and efficiency operates are:

- Wide dissemination of education and skills in society.
- Elimination of obstacles to creativity and effort, including discrimination of any kind.
- Implementation of a welfare state that provides social insurance that allows agents to accept, to a greater extent, the risks inherent to innovation.
- Overcoming the culture of privilege and political economy that hinder the emergence of new agents, sectors and ideas that can transform the economy and challenge rentier behaviors based on static comparative advantages or political privileges.

“ECLAC 2018 9 thus recognizes equality as a key factor in international stability and conflict reduction. The purpose of ensuring “that no one is left behind” expressed in the 2030 Agenda clearly reflects that universalist and inclusive vocation” PUEDJS-UNAM México (2018).

Dorninger Christian. (et.al. 2021) noted that economic inequality, the dispute over democracy and the Theory of ecologically unequal exchange are closely related in Latin America and the Caribbean. The theory of ecologically unequal exchange postulates the existence of asymmetric net flows of biophysical resources from the least developed regions to the most developed ones. This dynamic, according to theory, generates an asymmetry in the exchange of resources, with a significant environmental and social impact in the regions of origin. While this theory has been the subject of academic debate, there is a paucity of robust empirical evidence supporting it as a systemic phenomenon in the global economy. This study employs environmentally extended multiregional input-output models to analyze the flow of four types of biophysical resources: materials, energy, land, and labor. The analysis covers the period between 1990 and 2015, allowing a longitudinal evaluation of the dynamics of unequal ecological exchange. The results of the study provide robust empirical evidence confirming the existence of Unequal Ecological Exchange as a persistent characteristic of the global economy during the analyzed period. A net transfer of biophysical resources is observed from the regions of the Global South to those of the Global North.

René Ramirez G. and Analia Minteguiaga (2019) Ecuador and Mexico: in search of equality and democracy, this analysis focuses on the challenges that Latin America faces in the search for equality and democracy, taking as reference the cases from Ecuador and Mexico, and comparing their experiences with progressive governments. The paradox that arises when observing the reduction of material inequality and the simultaneous increase in subjective inequality will be addressed.

Effects of reducing material inequality:

- Upward social mobility of historically marginalized sectors.
- Social and political (re)incorporation of broad segments of the population.
- Expansion of the middle classes.
- Emergence of dynamics of distinction and hierarchies that cover both material and symbolic aspects.

Emergence of new subjective inequalities:

- Reaction by traditionally privileged groups to upward social mobility.
- Re-establishment of "meritocracy" as the guiding principle of social justice.
- Emphasis on equal opportunities, individual desert, personal responsibility and individual autonomy.

An apparent contradiction is observed in which policies aimed at reducing material inequality can simultaneously generate an increase in subjective inequality. Advancing in the reading of these authors, well-being in Ecuador: between neoliberalism and the efforts for its disarmament, the evolution of well-
being in Ecuador during the last decades is examined, contextualizing it within the framework of neoliberalism and the initiatives undertaken for its dismantling. The study is structured in two main sections:

Analysis of objective well-being

- A significant reduction in poverty and inequality is observed during the period of the "Citizen Revolution" (2007-2017).
- This reduction is mainly attributed to the redistributive effect of the economic growth experienced during said period.
- Additionally, a democratization of rights and capabilities is observed that accompanies the improvement of objective well-being.
- Multidimensional poverty, which incorporates the measurement of rights and capabilities, presents a reduction rate higher than that of income or consumption poverty.

![Figure 1. Trend of poverty and inequality in Ecuador and Latin America](image)


Subjective discomfort in the middle classes

- Despite the improvement in objective well-being, a paradoxical phenomenon of increased subjective discomfort is observed in the middle classes.
- This phenomenon has been conceptualized as the paradox of objective well-being and subjective discomfort.
- It is argued that this phenomenon may represent a threat to the sustainability of democracy and the Ecuadorian socioeconomic system.
- The need to implement ideological-cultural transformations is proposed as a tool to build a more inclusive social order.

Perez Gamon Carolina (2023) wrote: “options that offer different responses, capable of overcoming social exclusion and alleviating the negative effects of the structural transformations carried out in the stage of neoliberalism without counterweights. The challenge is to advance development models that allow growth to overcome poverty and reduce inequality”.

The fight against inequality is not limited to the implementation of economic measures, but requires a comprehensive approach that considers the construction of a feeling of brotherhood and community among members of society. Progressive projects are criticized for focusing mainly on the redistribution
of wealth, without paying due attention to the importance of social subjectivity and the construction of inclusive identities as fundamental elements for achieving a more just and egalitarian society. Some relevant topics: it is necessary to rethink the concept of the social subject and the ways in which it is configured within the framework of a new project of social integration; It is essential to build inclusive identities and strengthen a collective memory that fosters the desire to live together as a community; Progressive projects are criticized for having ignored the subjective productivity of the neoliberal model and the fundamental role played by the middle classes in highly stratified societies, and a distinction is established between the reduction of inequality through the democratization of the means of production and income redistribution through state intervention. Ramirez, R. and Minteguiaga, A. (755-2019)” Equality will only be the opposite side of inequality when a social subjectivity is structured where it is perceived that the process of achieving it (which is essential in an agenda of social transformation) is a “positive sum” game where everyone we win and not “zero sum” where the success of someone implies the failure of the other. As long as that does not happen, in the seed of the reduction of inequality will be the germ of the rejection of equality as a principle of justice and social virtue.”

Results

A correlation is observed between high economic inequality and low democratic quality. Neoliberal models, which prioritize economic growth over redistribution, have tended to increase inequality. Progressive governments, on the other hand, have made progress in reducing inequality, but some have experienced democratic setbacks. Participatory democracy is presented as an alternative to strengthen democracy and reduce inequality.

Discussion

This study represents an initial approach to the topic and is based on a general analysis of the region. More specific research is required to understand the various ways in which disparity affects democracy in each country.

Some suggestions for future research: It is recommended to carry out specific case studies in different Latin American countries to analyze in depth the relationship between disparity and democracy. It is also suggested to explore the impact of disparity on different aspects of social and political life, such as political participation, trust in institutions, and quality of life.

Conclusions

From the above, it follows that inequality is an obstacle to economic development and the efficiency of the system; however, it is necessary for innovation, building capabilities and closing gaps. The technological revolution requires greater equality to take advantage of it in the transformation towards a sustainable model. The mechanisms that link equality and efficiency are education, the elimination of barriers, the welfare state and overcoming the culture of privilege. Inequality is negatively correlated with productivity in countries. While public policies aimed at promoting equality are not only necessary for ethical reasons, but also because they are essential for sustainable and inclusive economic development.

The high economic inequality in Latin America generates social exclusion, violence and distrust in democratic institutions, weakening democracy. This leads to the search for greater equality and participation for all, including a fairer and more environmentally responsible economic model. In relation to the above, we can add that ecologically unequal exchange explains how developed countries have become rich by exploiting natural resources from developing countries, generating poverty, inequality and environmental degradation. The solution to these problems requires democratic governments that promote a structural change in the economic model: more fair, egalitarian and respectful of the environment. The need to implement strategies that aim to modify the subjectivity of the middle classes to move towards a more inclusive society is proposed.
The fight against inequality requires a comprehensive approach that combines economic, social and cultural measures. It is necessary to build a new social integration project that promotes fraternity, reciprocity and mutual recognition, as well as the construction of inclusive identities and a collective memory that strengthens the feeling of community.

References


