Theoretical fundaments of neoliberalism: its linkage with social issues and its effects in Latin America

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Resumen: La teoría neoliberal, en auge en América Latina en la década de los noventa, es una de las principales variables para explicar la situación de creciente pobreza en esa región. Por ello se analizarán en este artículo los destacados referentes teóricos de esta corriente. Asimismo, se examinarán las principales características de la profundización de la pobreza en la región.
Palabras clave: neoliberalismo, Consenso de Washington, América Latina, pobreza.

Abstract: The neoliberal theory is one of the most important elements to consider in order explaining the growing poverty in Latin America. Due to this fact, the emphasized theoretical references will be analyzed in the present article. At the same time, the main characteristics of poverty in Latin America will be examined here.
Key words: neoliberalism, Washington Consensus, Latin America, poverty.

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Introduction

In the 90's, the neoliberal thinking was constituted in the current with the highest consensus among the influential international financial institutions and sectors. The highest consensus took place after the fall of the communism in Eastern Europe and in the Soviet Union. Seemingly, the only option of opposition to the market economy, the neoliberal capitalism was installed and the only viable alternative. From there that it was called "unique thinking"

> Not because it was one of a kind, but because before it all the alternative interpretations (from Marxism, which also had its hegemony momentums, to the different variables of the Keynesianism and the Welfare State) seem to have been melted as snow (Rapoport, 2002: 357).

The nineties also experienced the boost of a social problem: poverty. In the middle of the 90's there were 200 million poor people in Latin America were registered, about 70 millions above the previous decade average in the same period.

Both issues, neoliberalism and poverty, are related closely and theoretically; due to that, the objective of the present work is to analyze and demonstrate such linkage. For doing so, to begin with, the historical evolution of neoliberalism will be developed, and the relevance of this thinking current the social issues have. Secondly, the consequences of the application of the theoretical current in Latin America will be analyzed. We shall part from recognizing the differences between a theory and its application, since this varies in the measures and the degree there are applied, as well as the influence of the characteristics own of the countries were they are put into practice. With this, the situation of the poverty cannot be attributed exclusively to the theoretical current that guides the State. This is, such situation of poverty can be explained by the characteristics of the application of each country in particular.

Part 1: the neoliberal theory

Emerging of the neoliberalism

On the middle of the XX century, in the capitalist world there were different forms of the social State, among them the Keynesian State. This is not an impediment for the Austrian Von Hayek published is book *Camino de servidumbre*. In this work he proposed a strong impugnation to the Keynesian State of welfare and with it, to the neoliberalism, as a fervent theoretical and political reaction against the interventionist and welfare State, in words of Perry Anderson (Anderson, 1999: 15). In 1947, Hayek summoned to a meeting in Mont Pèlerin, Switzerland those who shared his ideological orientation. To the meeting attended not only firm adversaries of the European welfare State, but also ferrous enemies of the American *New Deal*. There were present in the meeting, Milton Friedman, Kart Popper, Lionel Robbins, Ludwing Von Mises, Walter Eukpen, Walter Lippman, Michael Polanyiy Salvador de Madariaga. There it was funded the Mont Pèñerin Society, that —according to Perry Anderons— became in a "kind of neoliberal franc-masonry, highly dedicated and organized with international reunions every two years. Its purpose was to combat the ruling Keynism and soldiarism, and prepare the bases of another kind of capitalism, strong and free from rules for the future" (Anderson, 1999: 15-16). For the assistants, the present situation, which was summarized in the advancement of the totalitarism, it proposed a serious threat to the fundamental valued of the civilization: the private property and the competitive market. For this society, these values represented the institutions that better guaranteed the preservation of the freedom.

Friedrich Von Hayek

Von Hayek did, in an emerging and constitution stage of the neoliberal current, an important labour as creator of the guidelines of such current. Its inspiration was the product of the rejection that provoked all kinds of state intervention, but particularly that promoted by the Keynesian theory. As Mario Rapoport mentions (Rapoport, 2002: 359), Von Hayek had in mind not only the German Nazism, the "Stalinist" socialism or the English labor, but, above all, the Keynesian theoretical "aberration"; which, however, with its interventionist policy had helped to take the capitalism from the great depression of the thirties. Concisely, for Von Hayek the socialism and the freedom were incompatible and the role of the State in a capitalist system had to be limited. Hayek did not hesitate in comparing the welfare State with the dictatorship, since for him the planning such State represented had implicit the suppression of freedom. As sympathizer of the neoliberalism, pleaded for the free competence of the society forces, as a means to coordinate the human efforts. Nonetheless, he recognized in his work an active role of the State in certain aspects as for example that guaranteed a legal framework to ensure the private initiative.

> To maintain a free society, only the part of the right that consist on rules of "fair behavior" (this is, essentially, the private and penal right) should be compulsory for the citizens and imposed to everyone. It is the ultraliberal thesis, based on the decentralization and the total regularization of the economic activity, which even includes the individual freedom, does not depend on the political democracy and being free is, on the contrary, not being subject, except in the case of the mentioned rights, to the interference of the State (Rapoport, 2002: 359).

When particularly approaching the subject of the social justice and equity, Von Hayek was confessed the importance they carried, but he set clear that in order to get to that point there had to be a support to plan a better distribution of the richness. It is here where the author left the debate open: if it was willing to pay the cost such distribution implied. Continuing with his analysis in favor of the competence and against the planning, he explained that a minimum economic safety could be guaranteed in a competence system and that it enclosed a threat to the individual freedom. This is, in his work deals with the relevance of the minimal social safety that seemed incompatible with the lineaments of the neoliberalism. However, he is explicit when highlighting in which circumstances must be applied.

> There is not any reason for the State does not assist individuals when they try to forestall from those common hazards of life against which, due to its

> uncertainties, few people are in conditions of doing it by themselves [...] as it is the case of sickness and accident [...] or victims of calamities such as earthquakes and floods. Always that a common action can mitigate disasters against which the individual cannot try to protect himself for its consequences, this action must, without a doubt, to be put into practice (Von Hayek, 1995: 157).

Observe that it is annotated how the State, within an economical neoliberal system, must procure assistance to the people being object of actions that far from their reach to avoid them. This is of his interest to set clear, so he puts in clear the exception the state assistance the cases where the individuals are protected:

> Against some diminutions of their incomes that, although they do not deserve that, they occur everyday in a society in a competence regimen, against some losses that impose severe sufferings without moral justifications, but that are inseparable from the competence system. This demand of safety is, then, another way of the demand for a fair remuneration, of an adequate remuneration to the subjective merits and not to the objective results of the men efforts (Von Hayek, 1995: 158-159).

Therefore, Von Hayek does not reject the state intervention. He supports certain participation of it in certain aspects. But, he gives priority to the guard of the free competence and the private property.

Boom of neoliberalism

Perry Anderson, as well as Julio Pinto (Pinto, 1996: 26) mentions that the emerging of this current does not occur in the right historical moment, since it coincides with the boom of the Keynesian State model. Both authors indicate that it is in the seventies, with the arrival of the great crisis of the post-war economic model, that the neoliberal current starts to acquire numerous supporters. When analyzing such crisis, Von Hayeck and his followers considered that it was the product of the "excessive and disastrous power of the syndicates and, in a more general way, of the working class movement, that had undermined the bases of the private accumulation with it reivindicative pressures on the salaries and their parasite pressure so the State increased the social expenses" (Anderson, 1999: 16). The solution they proposed was a State with two opposite functions: strong to weaken or break the power of the syndicates; and limited in relation to the social expenses and the economic interventions. The main goal of this current was to achieve a monetary stability, and for that it was indispensable a budget discipline. Therefore, this implied the reduction of the social expense and the restoration of the unemployment rate to break the power of the syndicates. This is, they did not stop acknowledging the social inequities that the kind of system they suggested and argued intrinsically generated, that the inequity was a positive value, indispensable by itself.

Milton Friedman

In this context of the seventies crisis the work by Milton Friedman: *Capitalism and Freedom* acquires more relevance. The well-known American economist and guide of the influential Economy School of Chicago joined at the University of Chicago to the Hayek ideas. For Friedman the governmental power was necessary but dangerous; so that such power had to be limited and decentralized. The author highlighted the importance and needs of the existence of a government. He saw in it the determiner and referee of the "rules of the game". Nonetheless, its participation scope had to be limited, since "what the market does is reducing much the spectrum of problems that had to be politically decided and therefore, it minimizes the extent in which the government has to participate directly in the game" (Friedman, 1966). About the way the government had to be set, he was inclined towards democracy and he mentioned that the market's free development was complemented with that way of governing.

> The fundamental threat to the freedom is the power of coerce, whereas in hands of a monarch, of a dictator, oligarch or a momentary majority. The preservation of the freedom requires of that concentration of power in the most extent possible and the dispersion and distribution of any power that cannot be eliminated —a checks and balances system. When subtracting the organization from the economic activity from the control of the political

> authority, the market eliminates this coercive power source. It allows the economic power being a balance against the political power instead of being reinforcement (Friedman, 1966).

Friedman's vision in terms of poverty was to consider the inequity as inherent to the economical system.

> The market guarantees the individual the freedom of taking the most advantage of the resources that are at his disposition, as long as it does not interfere with the freedom of the rest of the people's freedom of doing the same. But it does not guarantee that he will have the same resources as the others [...] and there is nothing that can avoid that they lead to a large disparity of richness and incomes.

This was this way, as long as it was "far from the individual charity, there is no way of eliminating those richness inequities that would remain even in an ideal free market, except by the interference with the freedom of the luckiest" (Friedman, 1966).

However, he proposed that historically a free market has produces less inequity, a wider richness distribution and less poverty than any other kind of economic organization. He understood that there was less inequity in the advanced capitalist countries, such as the United States, rather than in underdeveloped countries such as India.

In the neoliberal context he argued that it should ensure a minimal income, but nothing else, since every measure against poverty weakened the impulse of self-aid of the poor.

To sum up, this neoliberal thinking current has been directed to give a secondary importance to the social matters such as poverty and inequity. They privileged above all the pre-eminence of the private property and individual freedom principle. Therefore, they even considered that despite the fact that the inequities could be produced by the economic system they defended, it was on the hands of every individual to procure their own security and maintenance. They promote a limited State, and such characteristic is mainly reinforced in the social issues.

This current was the one that guided the policies that were applied in Latin America, mainly in the nineties; the following section will be in charge of demonstrating this affirmation.

Application of the neoliberalism in Latin America

Washington consensus

In 1989, in Washington D.C., took place a meeting promoted by the International Monetary Fund and the World Bank. In such event officials from the State Department of the United States of North America, Ministers of Finance of industrialized countries, Chairmen from renowned international banks and well-known economists participated. The result and product of such meeting was the Washington Consensus, whose paternity was granted to the economist John Williamson. The Consensus was characterized by being a series of "recommendations" given to indebted countries, mainly in Latin America, at the moment of applying for debt renegotiations as new loans.

So the neoliberal thinking penetrated in the Latin American countries, since as Frances Stewart mentions:

> The changes in the thinking in and about the developed countries have tended to being followed, a little later, due to similar changes in the thinking of the underdeveloped countries. This is a natural result of the strong influence of the developed countries in the important actors, especially as a result of the domination of the International Monetary Fund and the Word Bank by the developed countries (Stewart, 1998: 28).

Mario Rapoport, as well as Eduardo Bustelo (Bustelo, 1998 mention this, who manifest that by means of such institutions this philosophical current is spread throughout America with the name of the "Washington Consensus". The implementation of such Consensus is materialized in the change of the productive pattern, which moves from moving a substitution imports model to being a model of economy aperture.

The strategies elaborated by the Consensus can be summarized in the following way:

1. Fiscal discipline that implies the drastic reduction of the budget deficit:

its goal was to solve the large accumulated deficits that lead to the crisis in the payment balance and high inflations.

2. Decrement of the public expense, especially in the part destined to the social expense. Williamson, in fact, was proposed to redistribute the expense in benefit to the growth and the poor, for example, from the unjustified subsidies towards the basic sanitary attention, education and the infrastructure.

3. To improve the impositive collection on the base of the extension of the indirect taxes, especially the VAT. The goal was that the tributary system combined a wide tributary base with moderate marginal rates.

4. Liberation of the financial system and the interest rate.

5. Maintenance of a competitive change rate.

6. External commercial liberation, by means of the reduction of the tariff rates and the abolition of the current imports drawbacks.

7. To give ample facilities to the external investments.

8. To perform an energetic policy of public enterprises privatizations.

9. Strict fulfillment of the external debt.

10. Right to property: to had to be ensured and widen by the legal system.

Analysis of the Washington Consensus

None of the ten points expressed by the Consensus, that were to guide the economic policies of the global economy, had to do directly with approaching the ruling great inequities or poverty. By the way, "the tributary reform, privatization, abolition of the subsidies and the reduction of the public expense to eliminate the budget deficit would tend, indirectly to increase the inequity" (Stewart, 1998: 37). Therefore, the importance of the social in such proposals has been clearly secondary. In the economic policy proposal dominated a clear hegemony of the market mechanism and a conception of "the social" restricted to the individual interest. There was not worry for the income and richness distribution. The inequities were natural and product of the fittest. Therefore, the State policies had to be marginally and distributive neutral.

The denominated social policies had to focus on poverty and the socially more vulnerable groups, and not on the distribution of income. In the adjustments programs that the Washington Consensus it was perceived the social policy, similarly, as an essential tool to establish the governability bases that guarantee the legitimization of the reforms demand by the market. The different forms of transference income to the poor that implied the social policy were based on a compassion ethic the subsidy founded. At the same time, the subsidy was considered as a discouragement (we see the influence of Friedman), and its use had to be transitory and marginal. When analyzing the main variables of the neoliberal current can glimpse that the individualist conception print its central characteristic, along with the primacy given to the market. These values correspond with the predomination of the individual responsibility feeling. However, although with this theoretical current corresponds to the individual procuring his welfare, the State is recognized a certain action margin. So, referring to social issues as the poverty problematic, the neoliberal prevised certain participation of the State. As we saw with Von Hayek or Friedman, in the social policies that are currently proposed there is a little space for the population's welfare. Based on the precedent development it can be affirmed that the theoretical fundaments of the neoliberalism were already presenting a trend to giving a marginal importance to poverty or to consider them inherent to the economic system, as in the case of Friedman. Next we shall analyze the consequences of the application of this theoretical current as starting point the position of recognition of the differences there are between a theory and its application.

Part 2: poverty in Latin America

The development model

The poverty is a constant characteristic in the history of Latin America. Nonetheless, in the middle of the XX represented a problem of noticeable magnitudes. According to ECLA, by the end of the fifties, 51% of the people were under the line of poverty. The instauration of the development economic model allowed facing the social problem that took place in that time. On the base of this strategy, the *per capita* product of Latin America grew in average 2.7% annually between 1950 and 1980. The development model was guided by the economic theory of the Economic Commission for Latin America (ECLA). This theory articulated this model around a conception that attributed the States the capability of producing a promising economic and social development by means of an accelerated industrial modernization. Therefore, this model had as an objective achieving "an industrialization that led to the economic self-sustenance" (López, 1991: 470). The developing or "unfolding" Latin America strategy (in the case of Brazil) implied orienting, economically, to the development to the inside, searching for the reduction of the vulnerability to the international economic events. It meant an industrialization policy that took as a nucleus and revitalizing focus the internal market. This strategy provided important relevance to the massive aid by the State to the establishment and perfection of the material infrastructure and for the subsided credit for the private sector.

In the case of the development model performance the acquisition of capitals was necessary, which was obtained through internal and external sources. Regarding the external capitals, institutional changes were traced in order to facilitate their entrance, having this great importance in the Latin American industry, marking a new independence. The ECLA, which was looking for generating independence regarding the primary exports, it does not see contradiction in using foreign capitals, since it lack internal sources. At the same time, the development model endorsed the impulse of the social policies since these implied the foster of the public investment in social infrastructure (education, health, etc.), as well as dwelling construction programs by private enterprises with private and public financing; they widened the collective consumption of the workers and elevated their level and the individual consumption through the employment, salaries and prices policies. According to Carlos Vilas, "the social policy was faced as a dimension of the investment and not of the expense [...]. The social policies contributed to the capitalist development, they print it a reformative slant and feed the social mobilization, and in that extent gave a wide base of legitimacy to the State" (Vilas, 1997: 933). Therefore, the social policy was considered an important vortex in the growth of the countries oriented to the development model. These policies were not the result of a feeling of solidarity, but of economic objectives, as it was the generation of the collective consumption. The development model as a whole got, between 1960 and 1980 that the population in poverty conditions to reduce from

51% to 33% of the Latin American total population [See Table 1]. Nevertheless, the weaknesses of the development model were soon evident. The manifested weaknesses came, in part, from the utilization of the protectionism and the dependence on the exporting sector. The first weakness, the protectionism, considered primordial for the industrial development, was able to create "high cost and inefficient in every sense" industries, as Bulmer-Thomas mentions. This was provoked by the "distortions of the price factor, the lack of competence in the internal market and the tendency to an oligopoly structure, with high income barriers" (Bulmer-Thomas, 1998: 329

Table 1
Evolution of poverty in Latin America (%), 1960-1990

Poverty in Latin America (%)	
1960	51
1970	40
1980	33
1986	43
1990	46

Source: ECLA, 1999

These factors impeded establishing an industrial production capable of installing itself in the international markets, which manifested the agricultural dependency, the second weakness. This dependency of the exporting sector is explained because the necessary capital assets for the industrial development had to be financed by the agricultural-export sector, before the effective incapability of exportation of industrial products. The agricultural-export sector, mainly due to the attacks of the variations of the international prices, was incapable of covering the costs for the industrialization. This situation led to the disequilibrium of the payment scales. The international recession and the crisis of the debt of the eighties, plus explained debilities of the protectionism and the dependency of the exporting sector, marked the end of the development model.

The debt crisis

The debt crisis characterized the whole eighties. In concrete numbers the total debt of the region represented 399% of the total exports of 1987, this is, near 340 milliard dollars. The interest reached, for the same year, 30% of the exports [see Table 2].

In Argentina, as in Chile and Uruguay, the external debt problematic, added to the impossibility of finding markets for their exports, led to the establishment of austerity measurements that included “lower real salaries, cuttings in the governmental expense, incentives for the private investment, devaluation and less protectionism” (Cardoso-Helwege, 1993: 106).

Table 2

Indicators of the Latin American external debt

	1978	1980	1981	1982	1984	1987	1990
Debt total (US$ thousands of millions)	153	228	285	328	368	428	440
Debt in % of the GDP (in U$S)	31	28	32	44	56	58	44
Debt as % of the exports	253	215	249	322	329	399	294
Payment of interests as % of exports	16	20	28	41	37	30	25
Transference of net funds (thousands of millions US$)	16	13	11	-19	-27	-16	-15

Source: ECLA, 1991.

In this period, the poverty and the inequity of the income worsened. The increment of the poverty was a process that included most of the Latin American countries [see Table 3], but it reached alarming numbers mainly in Argentina and Brazil. This increment of the poverty indexes led to reversing the decreasing trend of the number of poor people that had been achieved with the development strategy.

Table 3

Evolution of poverty and indigence in Latin America 1980-1990 in (in millions)

Latin America: Indigent and poor population 1980-1990		
	Poverty	**Indigence**
1980	135,9	62,4
1990	200,2	93,4

Source: ECLA, 1994.

The inequity, on the other side, was deepened; in Argentina, Venezuela, Brazil, Costa Rica and Chile the inequity increased. There were, however, some exceptions as was the case of Colombia and Uruguay. Altimir affirms that "almost every Latin American country experienced a severe redistribution of the income in that crisis, adjustment and reforms decade, in most of the cases with a regressive negative net balance at the end of the decade" (Altimir, 1999: 30). The social expense was also affected: if before the crisis it was not enough, the adjustment policies used to heal the economic situation reduced it even more [see table 4]. This is, the debt crisis brought along a series of measurements that implied the reduction of the budget destined to social programs. This reduction entailed, consequently, the worsening of the social situation.

The social policies also faced variations in that period (variations that were consolidated in the 90's). With the crisis of the development model, the social policies wrapped in the social development concept (investment) perished. In their place it was established a new type of social policy, where the approach of seeing it as social compensation (expense) predominated. The social policies were considered of an assistance nature, as well as temporal.

Table 4
Evolution of the social expense (%) 1980-1989/1991

		Social expense/GDP	
		1980-81	1982-89
High	Argentina	16,8	15,1
	Uruguay	14,9	16,3
	Chile	17,7	18,7
	Costa Rica	15,2	15,2
	Brasil	9,7	9,4
Moderate	Venezuela	11,5	9,5
	México	8,6	6,8
	Ecuador	10,3	8,9
	Colombia	7,8	8,1
Low	Bolivia	5,7	4,7
	Paraguay	3,9	4,2
	Perú	4,5	3,6

Source: ECLA, 1994.

The incorporation of neoliberal policies

Even if there were some attempts to revive the development strategy, at the same time the idea of a new kind of economic model started to spread. This new model, different to the development one, was leaning towards the state intervention, the privatization and the liberation. By the 90's, a large part of the Latin American countries were already applying neoliberal policies. Some of those policies were: the regressive redistribution of the income, the adjustment of the labour market, the re-assignation of the resources between actors and economic sectors, the asymmetric aperture to the exterior, the markets liberation (mainly the financial one), and the weakening of the industry. At the beginning of the decade of 1990 there was a moderate economic growth of the region. Nonetheless, the achieved growth was not bale to revert poverty. The poverty and the inequity still presented large numbers: by 1990 there were registered 200 million of poor people, close to 70 million above the previous crisis period of the debt. However, there were some cases where the poverty manifested a slight descent, as Chile, the Dominican Republic, Panama, Uruguay and Brazil. On the contrary, Peru, Mexico, Nicaragua, Venezuela and El Salvador, the poverty increased. Regarding the social policies of this new model, Vilas the neoliberal mentioned three basic characteristics of them (Vilas, 1997: 936-941):

Decentralization: it implies the transference of social policies to municipalities, provincial governments and Non-Governmental Organizations. The critic to this characteristic is the scarcity existing in those governmental levels regarding administrative, material and human resources.

Privatization: its objective was to alleviate the fiscal crisis of the States and improve the quality of the services. But, the author mentions, the taxation of the public services provoked the limitation of the access to such services, since only the people with enough resources can afford them.

Focalization: as opposition to the universalism characteristic of the previous economic model, it responded to the need of facing the massification of the social problems with cut finances. For the author within the "neoliberal scheme, the social policy relates to the economic policy by an imminent passive via: to liberate financial resources for the accumulation and to prevent social tensions in limit situations" (Vilas, 1997: 945). Before this context of a new economic and of social policies model of a neoliberal nature, the poverty presented an increasing trend. This trend was maximized by the crisis of the last years of the 90's. At the end of 1994 and the beginning of 1995, the Mexican crisis affected the region, and in 1998 the Asian crisis was spread to Brazil. The continent was able to recover from its crises, but the economies were extremely exposed to external *shocks* due to their own vulnerabilities. In this development of the evolution of the poverty in Latin America we could mention the main characteristics of the situation had in the different periods the Latin American crisis pass through since the XX century to the present. During the application of the development principles the poverty decreased. In part that was the product that the very economic model generated the incorporation of important quantities of population to the labour market. However, also the social policies faced by this model, encouraged the improvement of the population's social situation. The limitations of the development model, plus the debt crisis of the 80's began a continuous process of poverty growth. In those times the poverty reached unprecedented indexes which were not reverted in the following decade. The crisis situation led to incredible poverty levels in the region, and when returning to a time of certain stability, this indicator was maintained and even increased [see Table 5]. The incorporation of neoliberal measurements in the Latin American economies had limited positive effects: it was able to increment the economic growth of the region at the beginning of the 90's. Nonetheless, this did not lead to the decrement of the poverty, since it, from 1990 to 1999 presented an ascending trend. All of this favored, in part, the characteristics the social policies acquired in the implemented model.

Table 5

Evolution of the poverty and indigence in Latin America 1990-1999 (in millions)

Latin América: Indigent and poor population 1990-1999		
	Poverty	**Indigence**
1990	200,2	93,4
1994	201,5	91,6
1997	203,6	88,8
1999	211,4	89,4

Source: CEPAL, 1994.

Final considerations

The main variables of the neoliberal current focused and focus their attention on an individualist conception of the human being and on the privileged role of the market on the society. Regarding the social subjects, such as the poverty problematic, the neoliberalism foresaw certain participation of the State. However, the predomination of individual responsibility in the values of the neoliberalism printed a tendency to give poverty a marginal importance or to consider it inherent to the economic system.

The little relevance given to the subject was maximized in the Washington Consensus, where none of the ten points had to do directly with approaching the huge ruling inequities or poverty.

At the same time, the debt crisis and that of the development model started a continuous growth process of the poverty in Latin America. In those times the poverty reached unprecedented indexes that were relatively reverted at the beginning of the decade of 1990. We say relatively because, despite being reduced the indexes were within the elevated parameters.

The incorporation of neoliberal measurements in the Latin American economies did not improve the situation. Its incorporation had limited positive effects that were circumscribed to the increment of the economic growth of the region at the beginning of the nineties. This situation, by itself, could not fight against poverty effectively.

To sum up, this work tried to relate poverty and the neoliberalism, in both their theoretical aspects as well as in their practical applications in Latin America. The combination of both subjects and their effects in the social, economic, etc, spheres has established a new reality in the Latin American scenarios, which has to be debated, understood and approached efficiently to achieve an access to a dignifying life, which is *everybody's right*.

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