

The Freeman Spogli Institute for International Studies
Stanford University

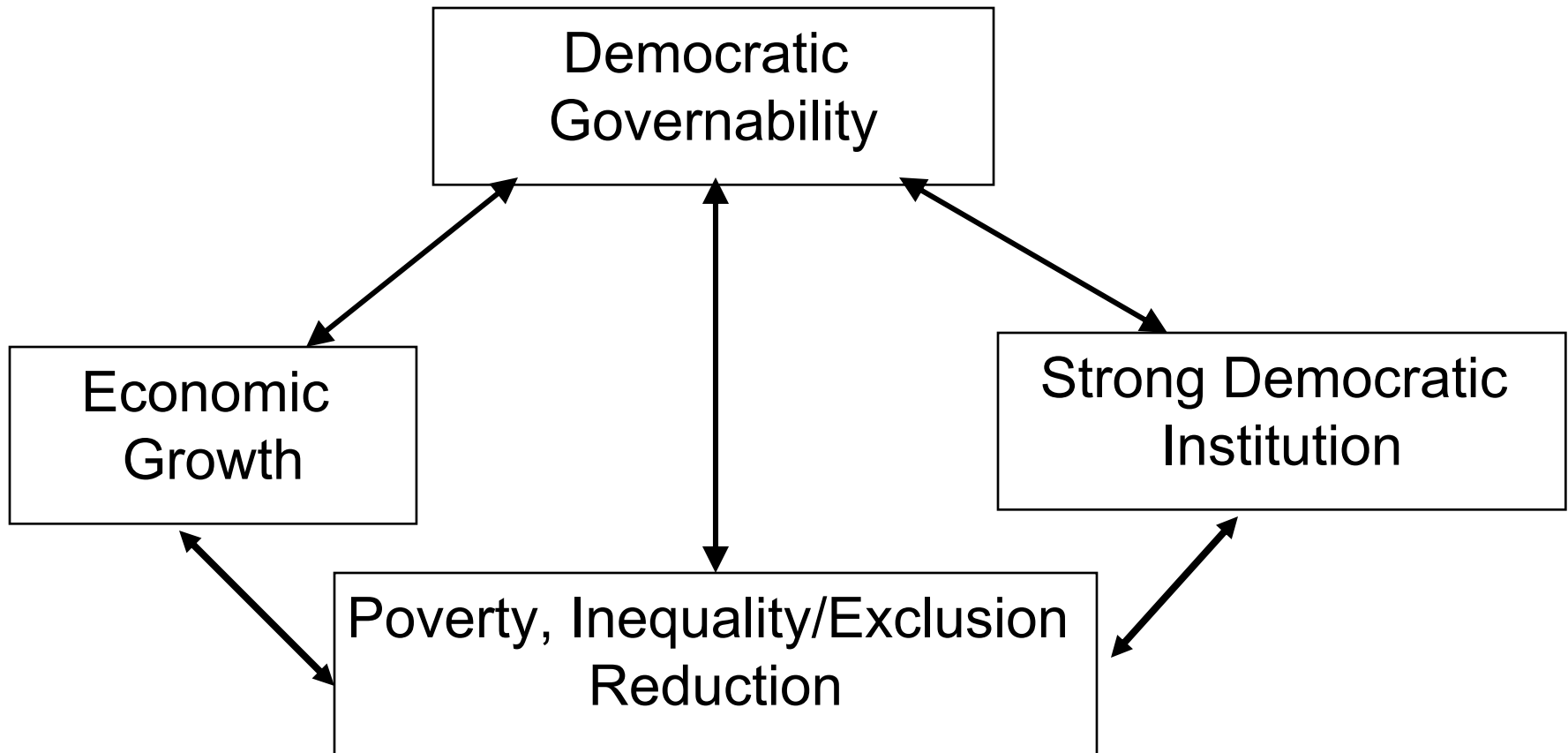
Frank E. and Arthur W. Payne Distinguished Lecture Series
2008

Can the Poor Afford Democracy? A Presidential Perspective

Alejandro Toledo

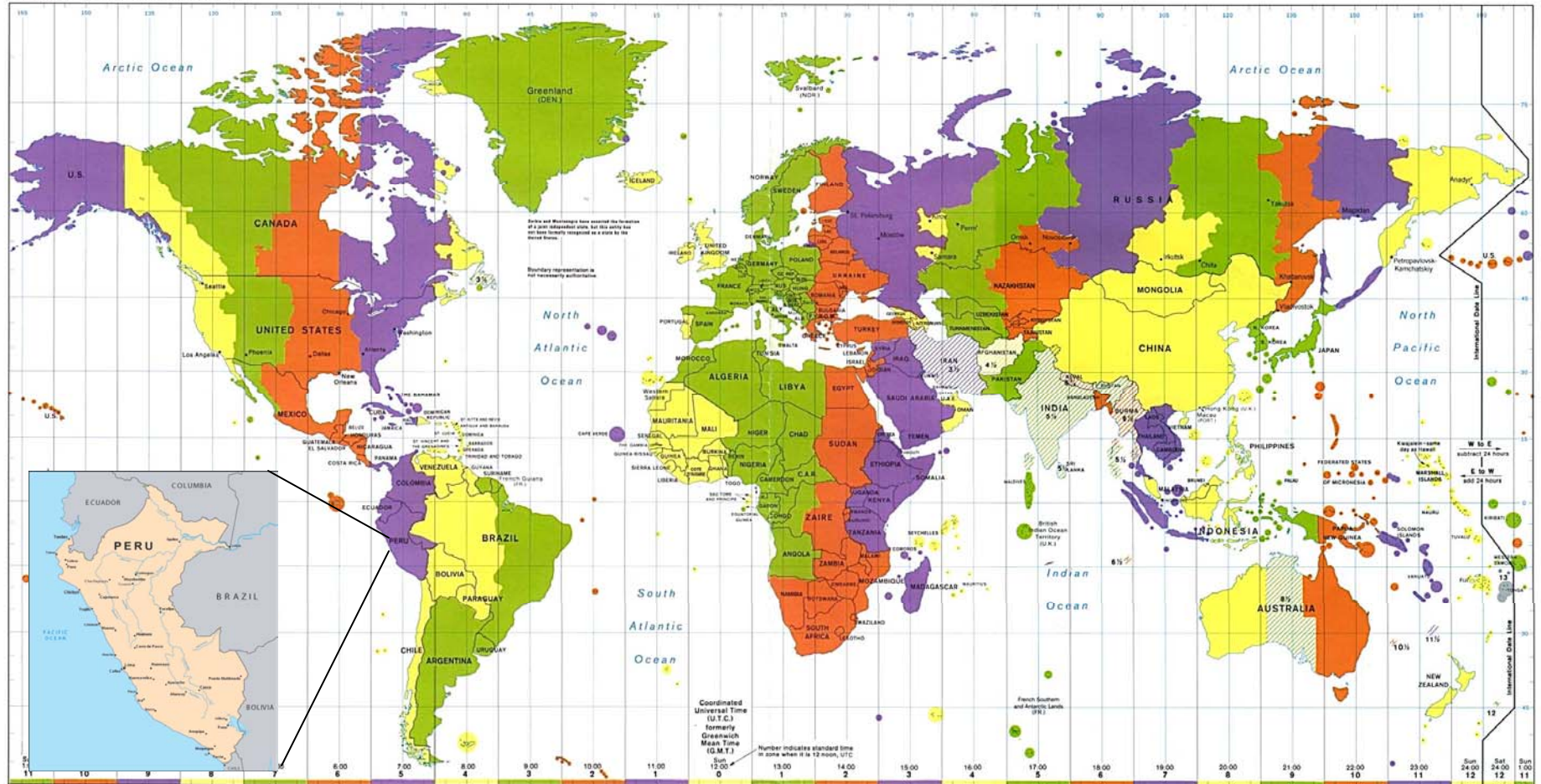
Payne Distinguished Visiting Lecturer
CDDRL Visiting Scholar

Poverty and Democracy



Poverty in the world

Standard Time Zones of the World



Data on Poverty

Poverty

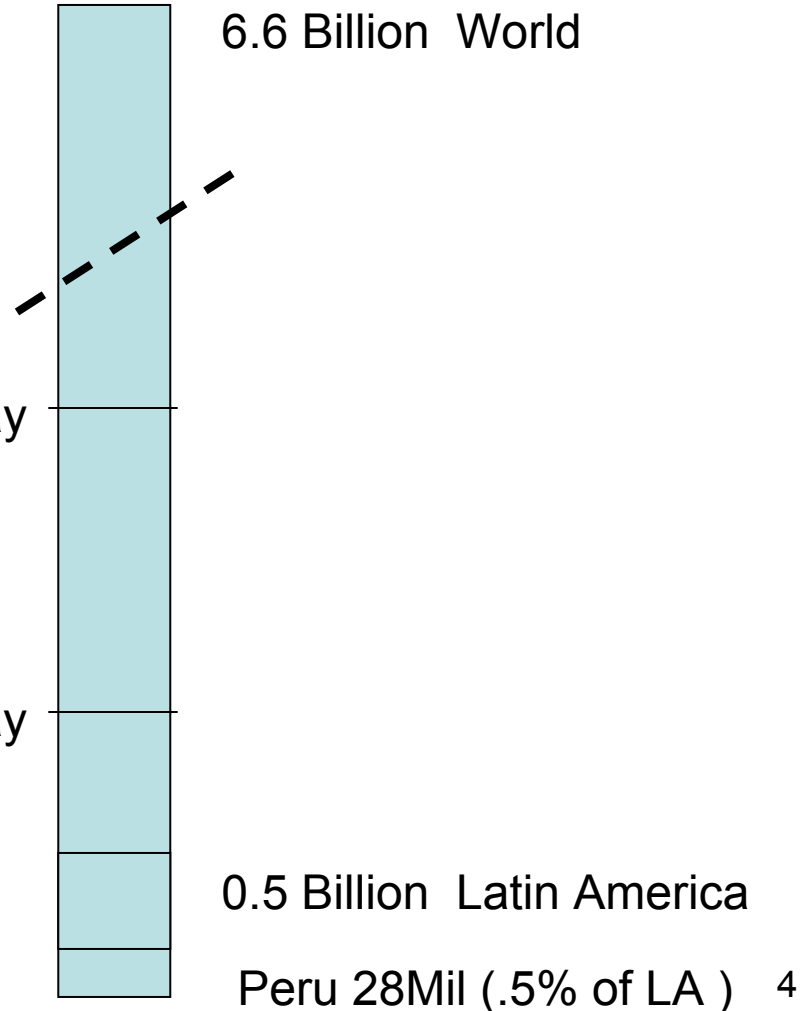
Population

- World

- Latin America

- Peru

*18 Million in the world die of poverty
per year*



Latin America



The Faces of Poverty



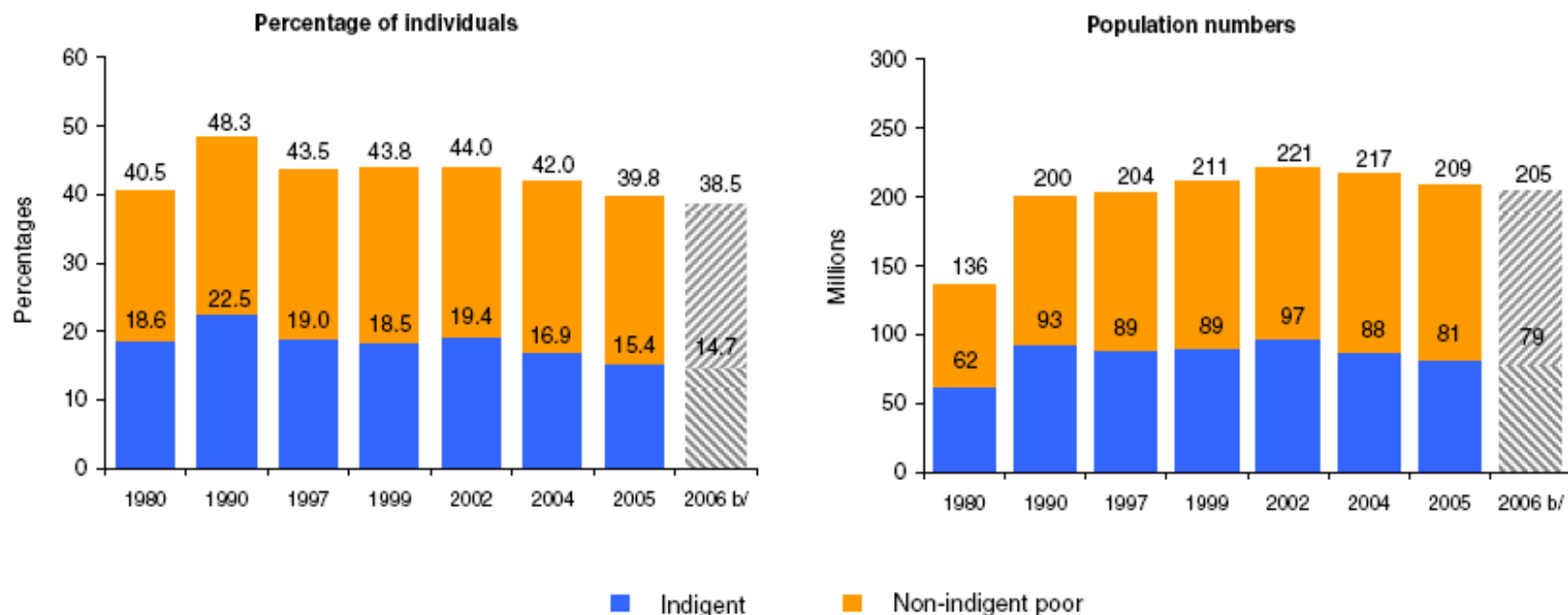






Children At Work

Figure 1
LATIN AMERICA: TRENDS IN POVERTY AND INDIGENCE, 1980-2006 a/



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

a/ Estimates for 18 countries of the region plus Haiti. The figures shown on the orange section of the bars represent the percentage and total number of poor (indigents plus non-indigent poor).

b/ Projections.

Latin America

Table 1

LATIN AMERICA (18 COUNTRIES): POOR AND INDIGENT, 1998/1999-2003/2005
(Percentages of the population)

Country	1998/1999			2000/2002			2003/2005		
	Year	Poor	Indigent	Year	Poor	Indigent	Year	Poor	Indigent
Argentina a/	1999	23.7	6.6	2002	45.4	20.9	2005	26.0	9.1
Bolivia	1999	60.6	36.4	2002	62.4	37.1	2004	63.9	34.7
Brazil	1999	37.5	12.9	2001	37.5	13.2	2005	36.3	10.6
Chile	1998	23.2	5.7	2000	20.2	5.6	2003	18.7	4.7
Colombia	1999	54.9	26.8	2002	51.1	24.6	2005	46.8	20.2
Costa Rica	1999	20.3	7.8	2002	20.3	8.2	2005	21.1	7.0
Ecuador a/	1999	63.5	31.3	2002	49.0	19.4	2005	45.2	17.1
El Salvador	1999	49.8	21.9	2001	48.9	22.1	2004	47.5	19.0
Guatemala	1998	61.1	31.6	2002	60.2	30.9
Honduras	1999	79.7	56.8	2002	77.3	54.4	2003	74.8	53.9
Mexico	1998	46.9	18.5	2002	39.4	12.6	2005	35.5	11.7
Nicaragua	1998	69.9	44.6	2001	69.4	42.4
Panama	1999 a/	25.7	8.1	2002	34.0	17.4	2005	33.0	15.7
Paraguay	1999	60.6	33.8	2001	61.0	33.2	2005	60.5	32.1
Peru	1999	48.6	22.4	2001 b/	54.8	24.4	2004 b/	51.1	18.9
Dominican Rep.	2000	46.9	22.1	2002	44.9	20.3	2005	47.5	24.6
Uruguay a	1999	9.4	1.8	2002	15.4	2.5	2005	18.8	4.1
Venezuela (Bolivarian Rep. of)	1999	49.4	21.7	2002	48.6	22.2	2005	37.1	15.9

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

a/ Urban areas.

b/ Figures from the National Institute of Statistics and Informatics (INEI) of Peru. These values are not comparable with those of earlier years because of changes in the sample framework of the household survey.

Other manifestations of Poverty

- Unemployment
- Infant mortality
- Malnutrition
- Lack of access to quality health and education
- Vulnerable to economic crisis
- Ethnically social-exclusion (Ethnicity)

Education

FIGURE 1.5

Although they stand to gain the most from education, poor people actually have low returns



Source: Guillermo Perry and others, World Bank, Washington 2006

Note: Average schooling returns for workers from families in the bottom and top quintiles of the income distribution; from Mincer earnings regressions, controlling for work experience, gender, and urban residence.

Conceptual Framework

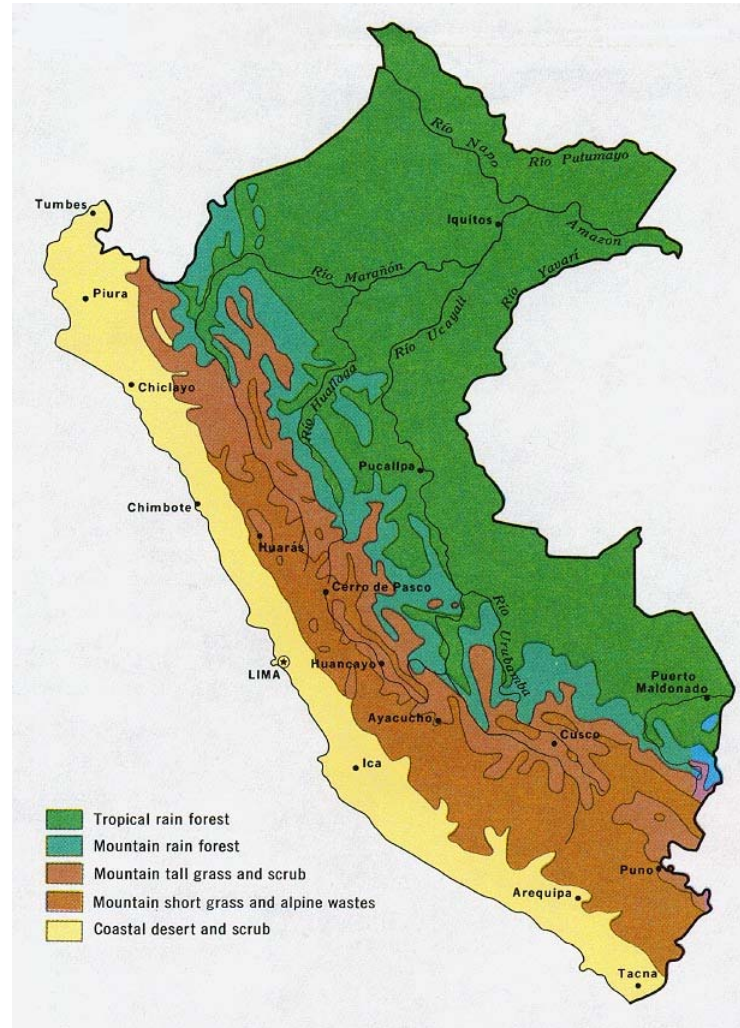
- Conventional wisdom



Indigenous People: New Challenges for the 21st Century Democracies

- 1) Increase in access to quality health and education
- 2) Assure effective social inclusion (particularly the indigenous population)
- 3) Indigenous people of Latin America emerge with old inequalities diverse realities and new obligations for 21st century democracies.
- 4) Regions impatient with the democracy
- 5) High inequalities
- 6) Lack of availability of jobs,
- 7) rural, urban contrasts.
- 8) Inclusion with mutual respect for cultural diversities.

Peru's Economic progress

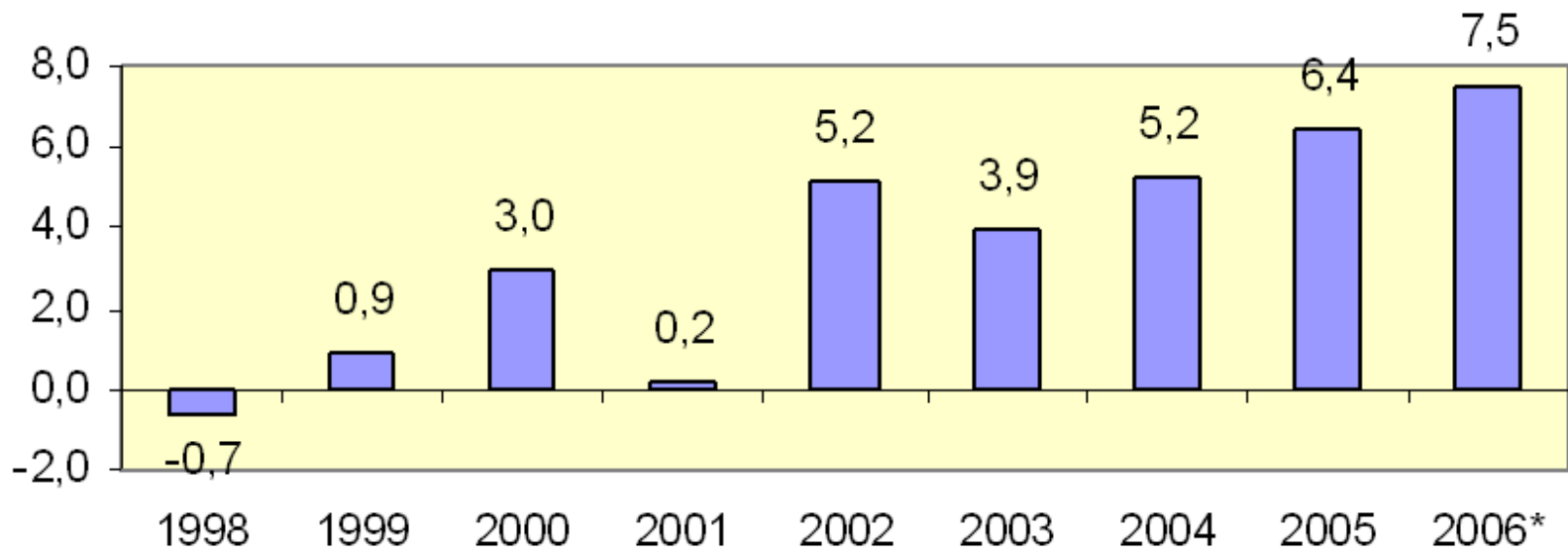


Peruvian Economy (2001-2006)

- Real GDP
- Inflation
- Exports
- Net International Reserves
- Fiscal Balance

Economic growth

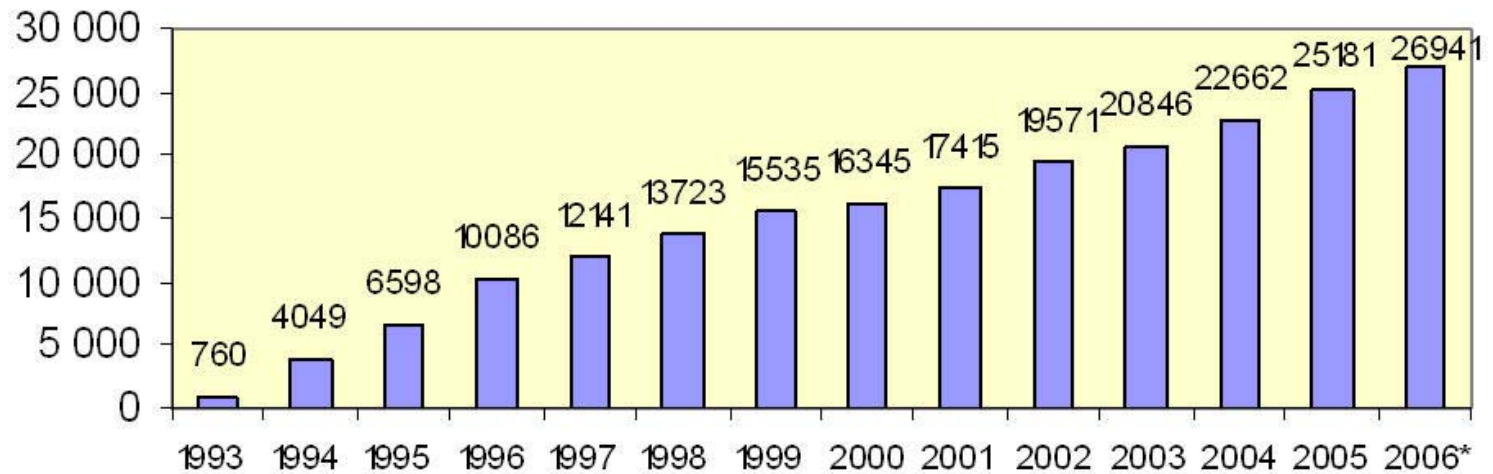
Peru Real GDP (Annual growth rates)



* Ministry of Economy Forecast

Source: INE

Foreign Investment stock (Million of US\$)

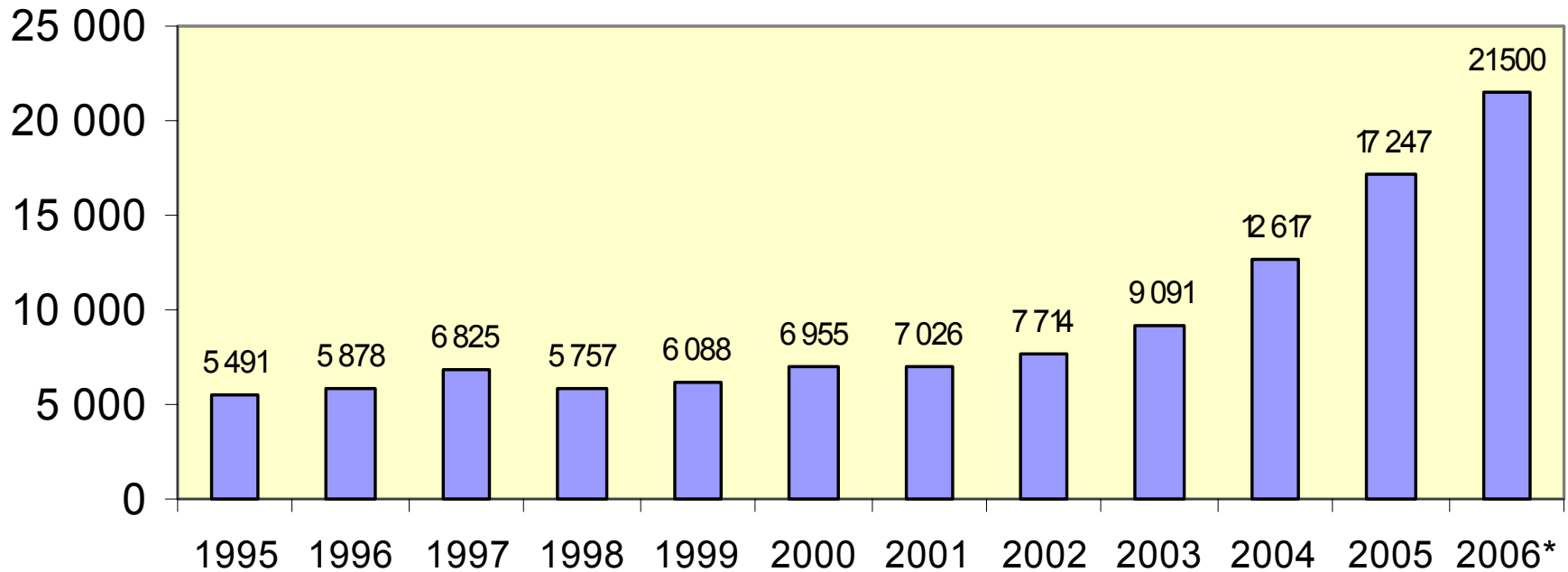


* Ministry of Economy Forecast

Source: BCRP

2000-2006 65% Increase

Exports evolution (Million of US\$)

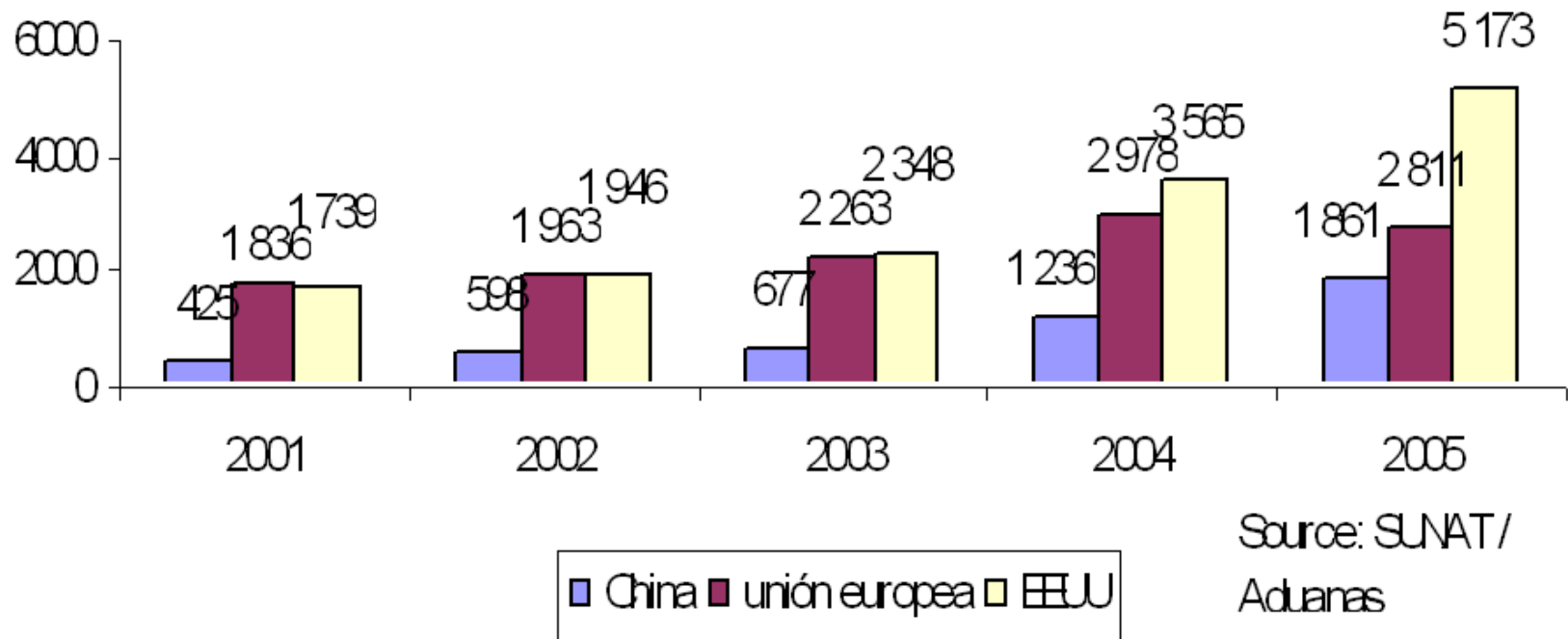


* Ministry of Economy Forecast

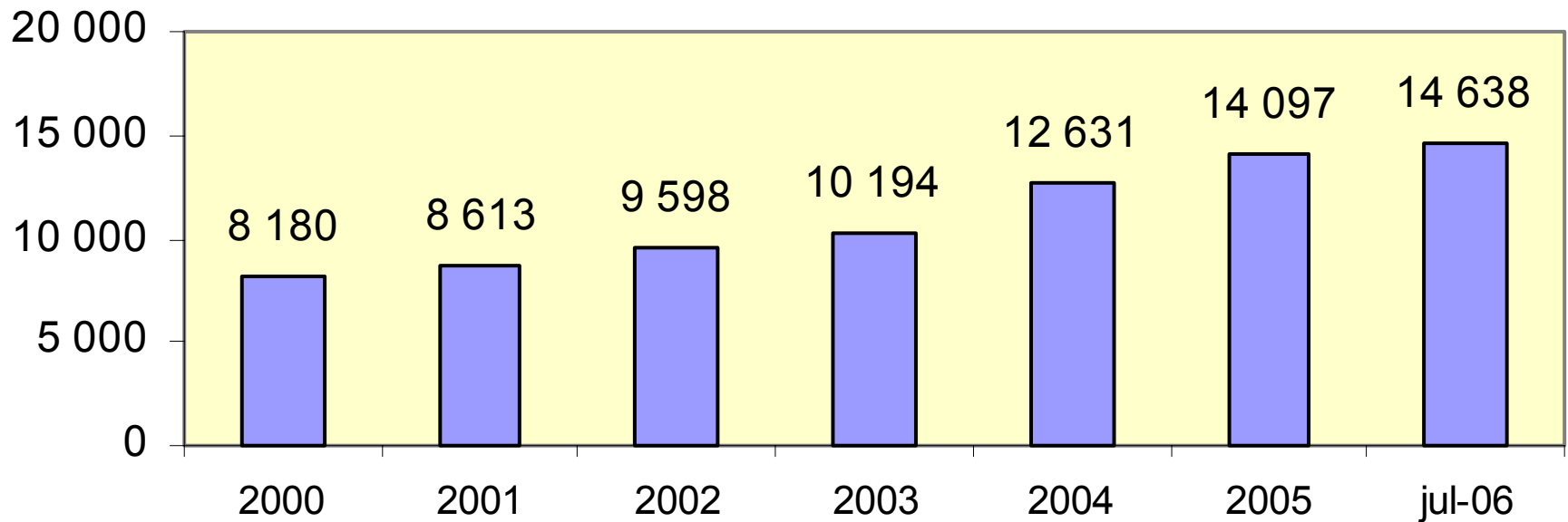
Source: BCR

2001-2006 200% Increase in Exports

Peruvian Exports - Worldwide (Millions Of US Dollars)



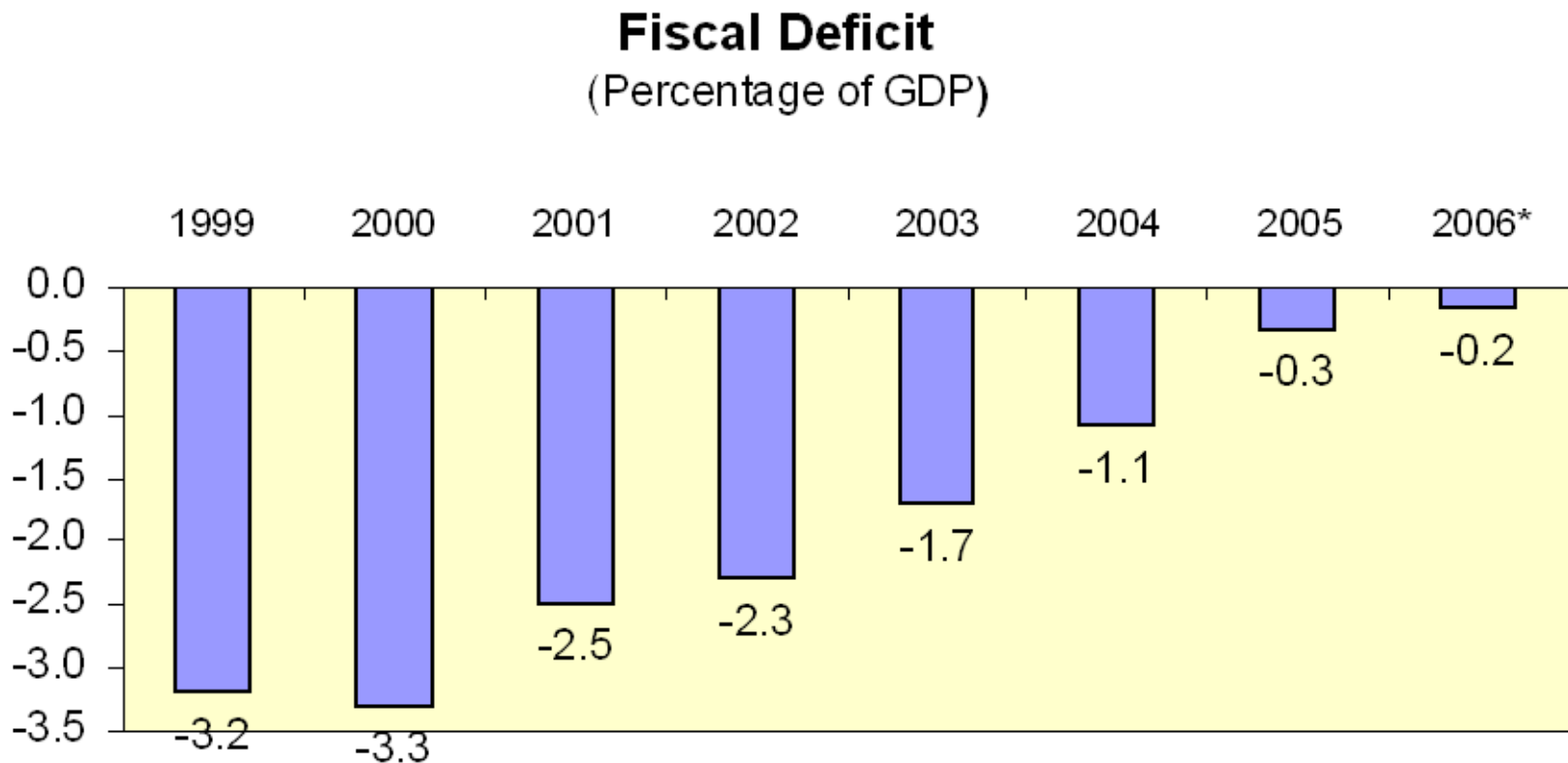
Net International Reserves (Million of US\$)



Source: BCR

2001-2006 75% Increase in Reserves

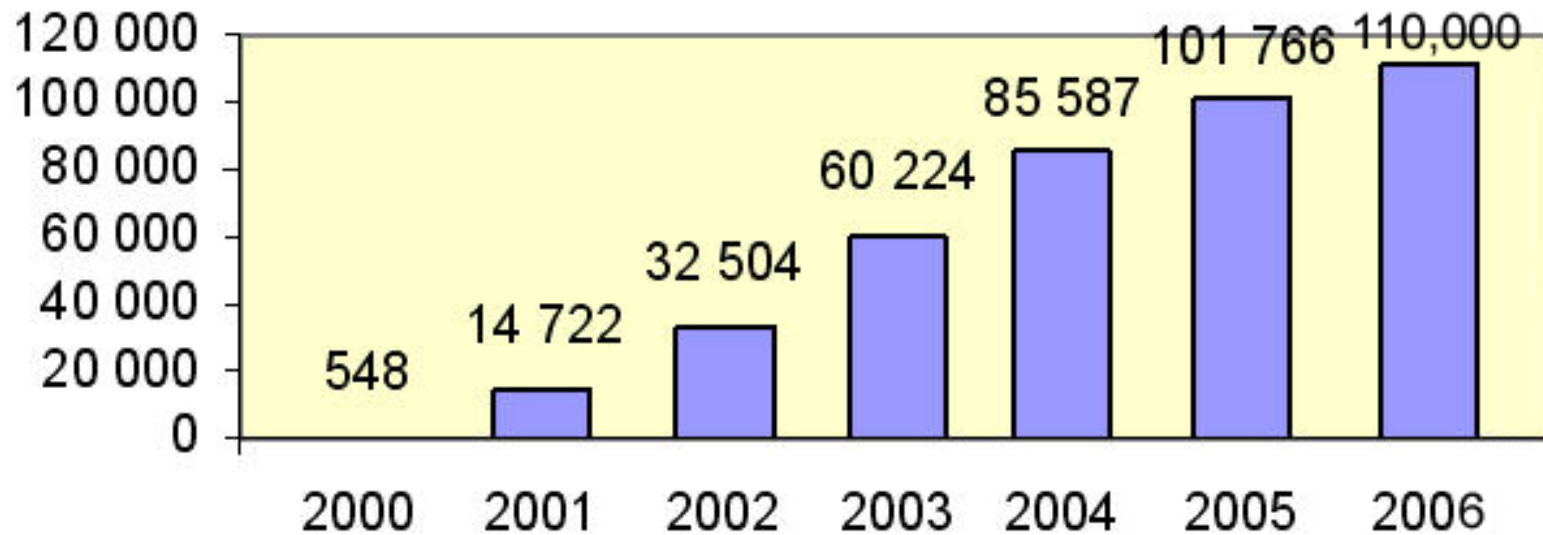
Fiscal deficit. graph



* Ministry of Economy Forecast

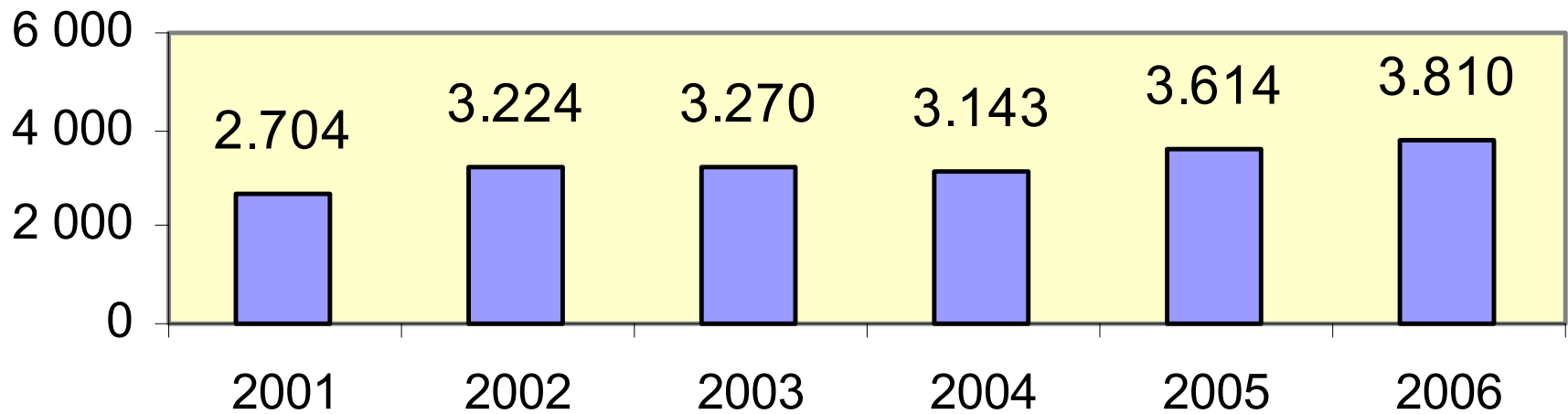
Source: BCR

New Houses building evolution



Source: Ministry of Housing

Health budget evolution (Million of Soles)



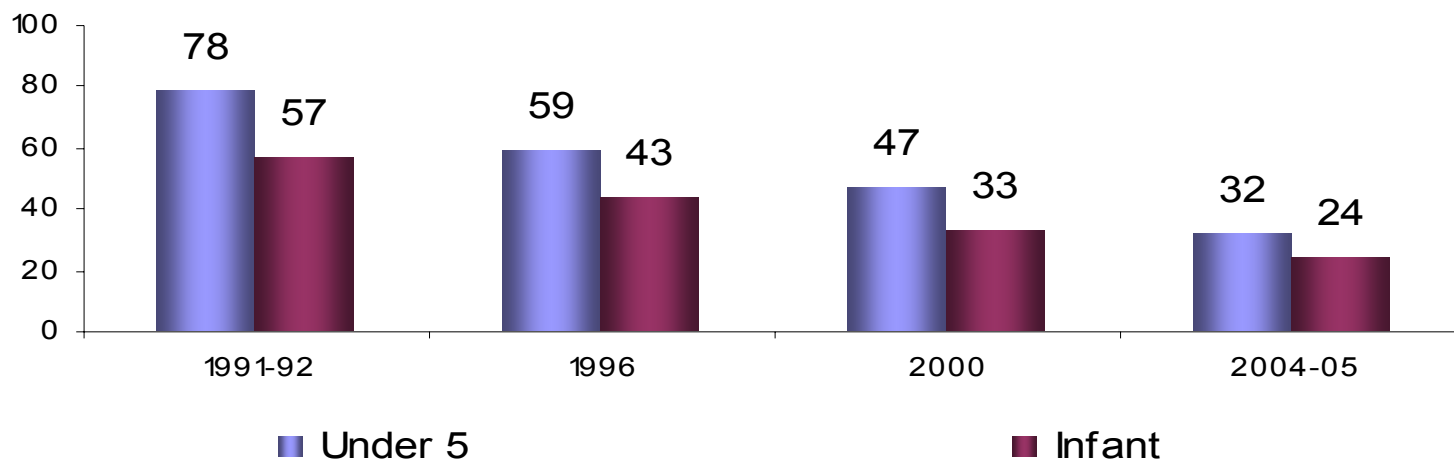
Source: Ministry of Economy

Over 40% Increase



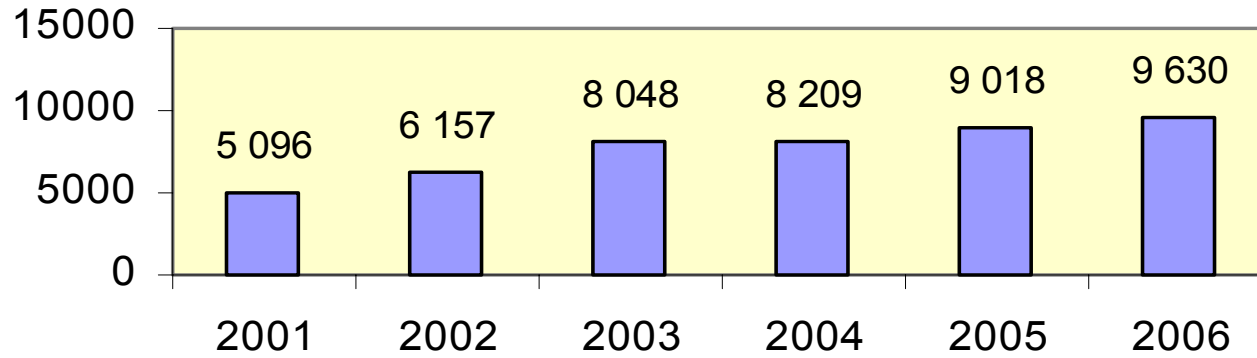
Mortality rate

Mortality rate (per 1000 live births)



Source: INEI-ENDES

Education budget evolution (Million of Soles)

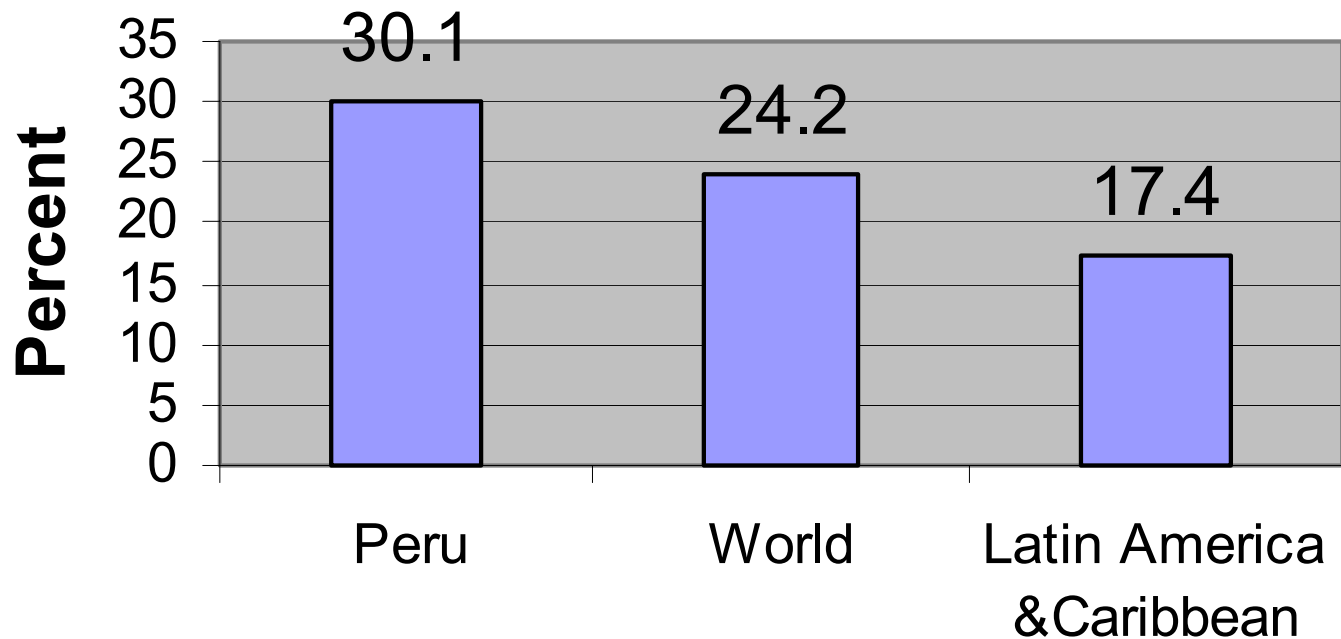


Source: Ministry of Economy



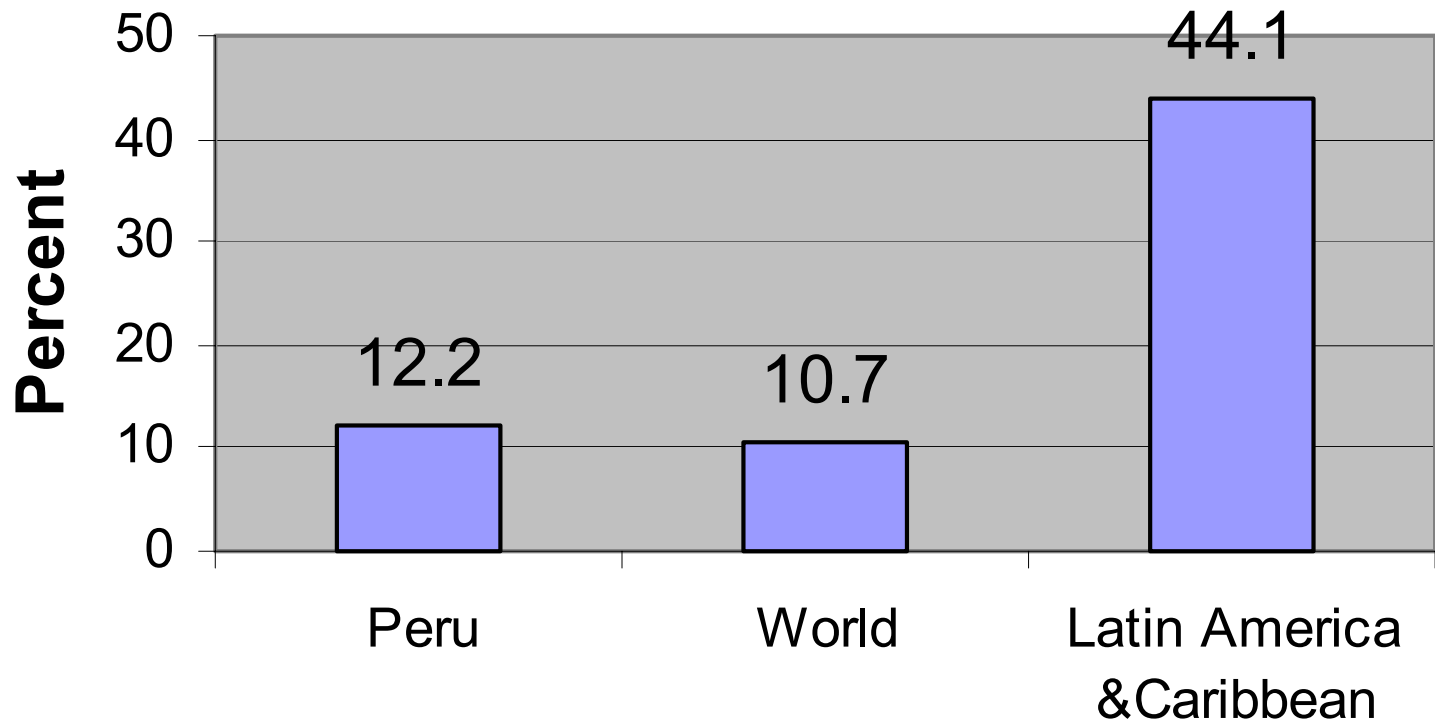
In Summary

Comparative Economic Growth GDP 2002-2006 Accumulated Change (per cent)



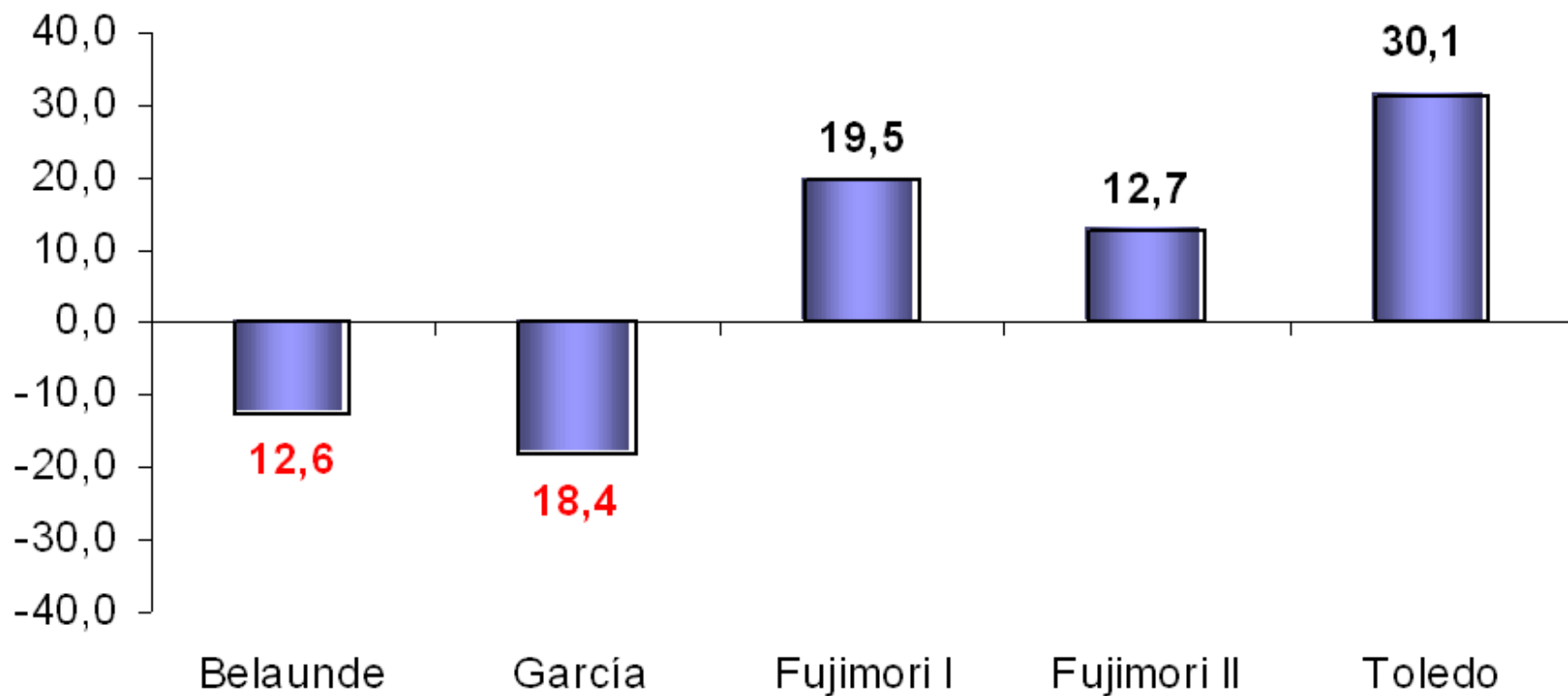
Source IMF,BCRP,MEF

Consumer Price Index 2002-2006 Accumulated Change (per cent)



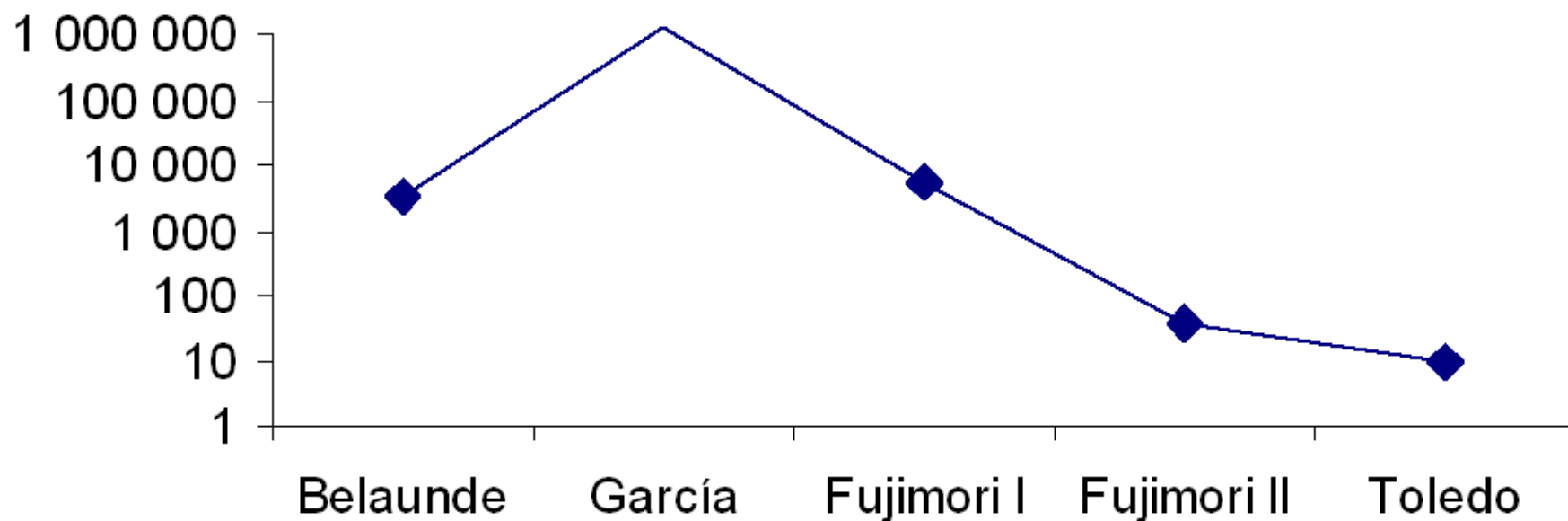
Source IMF,BCRP,MEF

Accumulated GDP growth to 60 months (%)



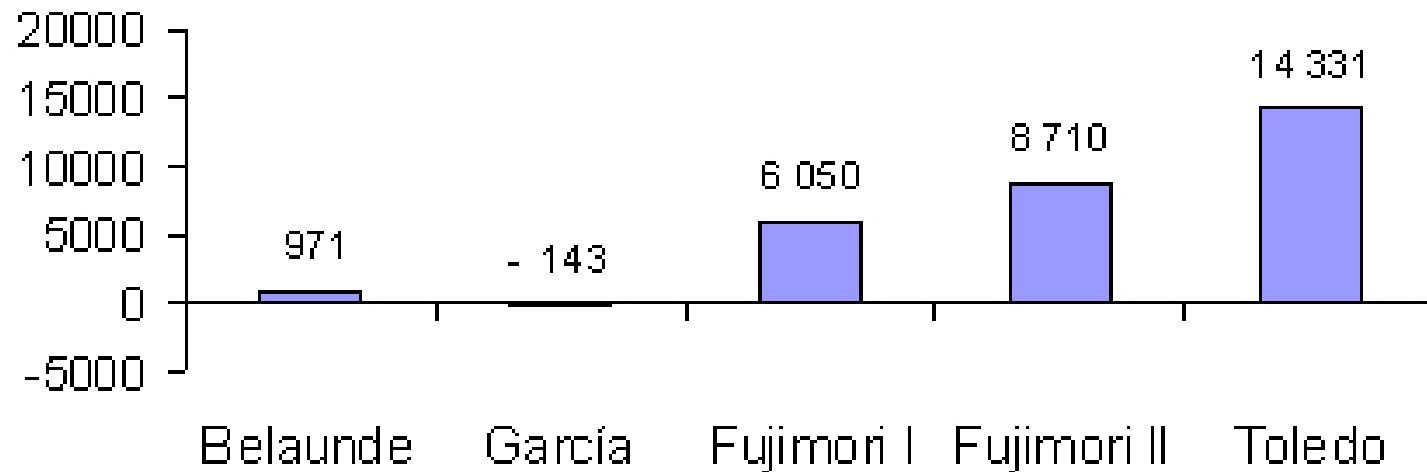
Source: INEI

Accumulated inflation to 60th month(%) (logarithmic scale)



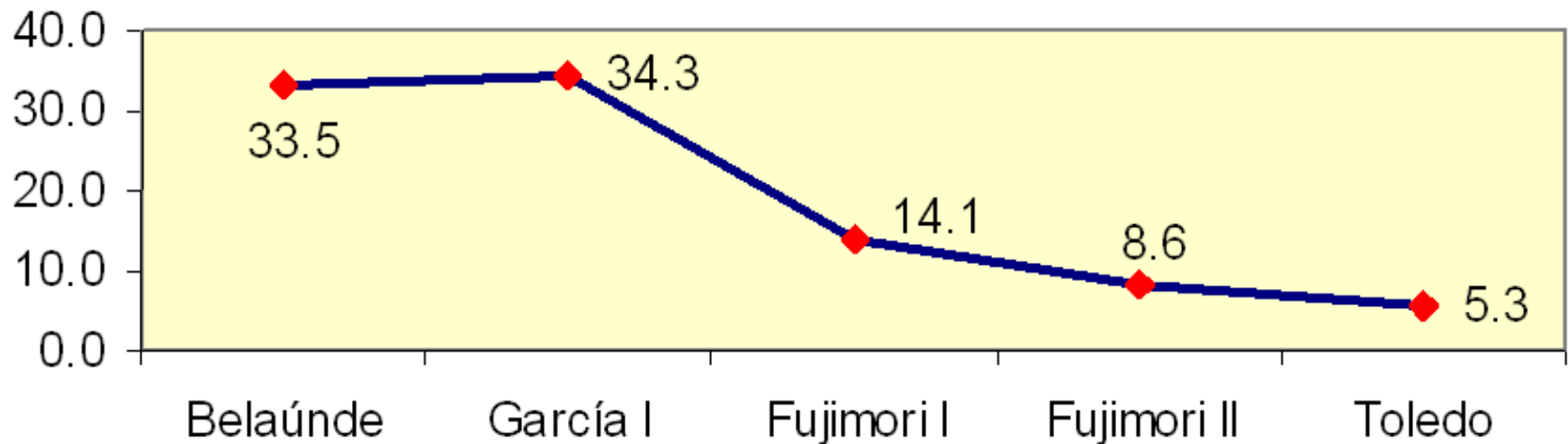
Source: INEI

Stock of Net International Reserves to 60th month
(Millions of Dollars)

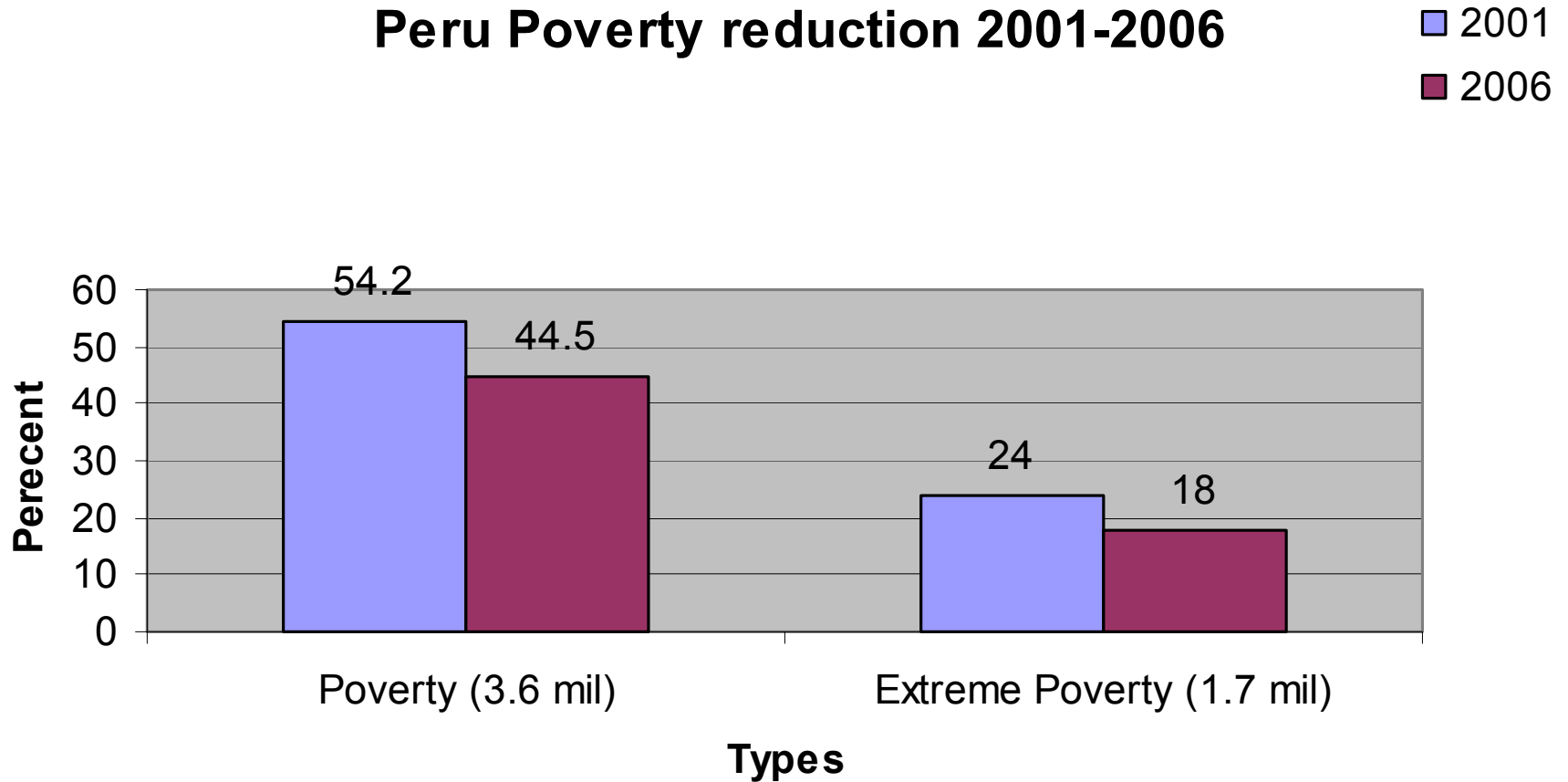


Source: BCRP

Accumulated Fiscal Deficit at the end of each presidential period (percentage points of GDP)

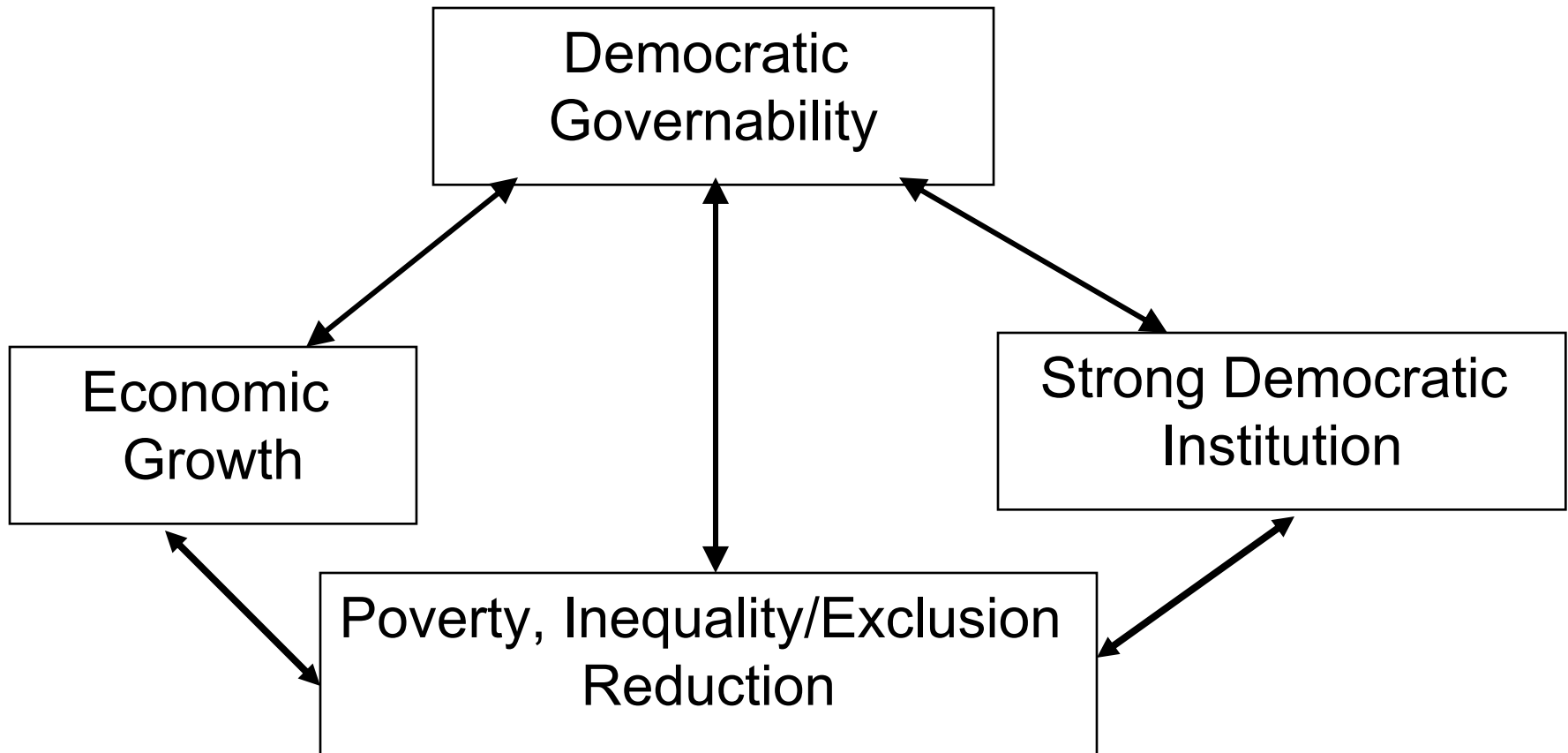


Peru Poverty reduction 2001-2006



Source: World Bank, Washington DC, National Institute for Statistics, Peru 2007

Poverty and Democracy



Final Comments

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Can Democracy Afford To
Neglect The Poor?