

30 Million Latin Americans Risk Sliding Back into Poverty, UN Warns

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PANAMA CITY – The economic slowdown and lack of consistent public policies could send between 25 million and 30 million people back into poverty in Latin America, the United Nations Development Program, or UNDP, said Tuesday in a report.

The report, titled “Multidimensional Progress: Well-being Beyond Income,” found that the public policies implemented a decade ago, focusing on education and job creation, helped reduce poverty but did not eliminate social inequality.

Today, these policies are inadequate because the labor market is saturated and government spending has reached its limit in the region, where a substantial number of informal sector jobs exist, the UNDP said.

The policies implemented in the past decade did not create a resilient economy, with about 40 percent of Latin Americans now vulnerable to adverse situations, such as an economic recession, a natural disaster or a health crisis.

“We run the risk of a setback in the social progress achieved over the past 10 years,” Jessica Faieta, assistant administrator and director of the UNDP’s Regional Bureau for Latin America and the Caribbean, said during the report’s presentation.

Between 2003 and 2013, “the region’s social, labor and economic pyramid was transformed” when 72 million people were lifted out of poverty and 94 million people moved into the middle class, Faieta said.

This trend, however, has been reversing itself over the past three years, the UNDP report said.

As a result, for the first time in a decade, there has been an increase in the number of people in absolute poverty, a term defined as those living on less than \$4 a day, the UNDP said.

UNDP chief economist and report author George Gray said Latin America had been “very innovative in the past 15 years” in terms of social and labor policies.

Further use of the same policies aimed at increasing the gross domestic product “will not necessarily reduce poverty or inequality more, or at least not at the same pace as in the past,” Gray said.