

## Manifesto Against Poverty in the Americas

“The message... goes well beyond  
poverty traps...  
Ideology, ignorance, and inertia...  
often explain why policies fail”  
(Banerjee and Duflo)

We want to live in a region of peace, a region that expresses peace and lives it, and for peace to be the main source of identity for the region’s peoples.

A region at peace is the best possible way to put an end to the scourges afflicting the Hemisphere. Peace offers a solid foundation for identifying structural solutions to the problems we face. Similarly, peace needs support to make it stable and enduring, and that support is the elimination of poverty.

We live in the world’s most unequal region, and as nations and as people we should be ashamed of that. We do not identify with inequality, but we do identify with equity, justice, and equal access to rights and development.

We live in one of the world’s poorest regions, yet we do not identify with the condition of poverty; we do, however, identify with a region of increasing prosperity and with a framework of rights for more people in our Hemisphere. We identify with the political choice that acts for freedom and equity. Poverty is the enemy of both.

Poverty shames us but, more essentially, poverty hurts every town and every community in the Hemisphere; it hurts children, people of African descent, communities of indigenous peoples, and women.

In recent years the fight against poverty has been impacted by falling rates of growth, the pandemic, and rising inflation, which has exacerbated our structural problems and crises. And a good number of forecasts indicate that it could get worse in the near future. Poverty and extreme poverty have been on the rise, and we cannot stand idle and accept that they will never fall again.

There is no doubt, for example, that the serious migration problem facing our Hemisphere is directly related to the deplorable social conditions of poverty endured by the vast majority of people who dare to undertake humiliating journeys across the Hemisphere. That has to stop.

There are no magic solutions in the fight against poverty; there are not even any simple solutions, no immediate solutions, or we would have already put them into practice.

The fight against poverty is not impossible and it should be an imperative to tackle it with seriousness, discipline, and perseverance. We must concentrate our efforts on that fight, and do so with an understanding of the problem's true nature and with a shared objective, which is to defeat poverty.

It is not impossible so long as we do not allow ourselves to be dragged along by ideologies that promote an "us against them" mindset or that promote the idea of the existence of antagonistic projects: Manichean ideologies that seek to separate people into two groups, whose entire thought is a reflection of their political identity. This is merely absurd, because those who take this up as the ideological banner for their politics forget that the same problem faces both "them and us" and that we all suffer the same consequences, including violence, the proliferation of crime, and environmental degradation.

Neither is it impossible if we do it with awareness that we must confront the status quo and inertia, because there is always a case for the status quo, someone always benefits from it and fears change that might affect it.

A manifesto for the fight against poverty must **encourage an understanding of the problem**, must **put Manichean ideologies to one side to build a shared identity without exclusions**, and must **break down inertia**.

### *A multidimensional problem*

It is now commonly understood that over and above income levels, poverty is a multidimensional phenomenon and that those multiple dimensions involve access to certain rights: housing, education, health, work, and access to public services.

The lesson of multidimensionality is that in each country, each community, each household, the starting point is different depending on the different dimensions that affect it and that reducing poverty therefore involves different routes and different schedules.

Targeted policies for each household are not feasible. A universal line of action is therefore needed, aimed at the entire population.

Some argue in favor of a universal basic income; given the problem's multidimensional nature, however, something more than that is needed: **a universal basket of services that address the different dimensions of the problem**.

States must guarantee a **minimum basket** that allows **access to housing to avoid overcrowding in homes, access to health, access to education**, and, to this end—taking into account the predominance of poverty among women and children—they must guarantee households in poverty a **system of care**.

This undertaking will not be possible without social reforms that guarantee people the exercise of these rights: poverty will continue to breed and propagate poverty.

Efforts must also be made to avoid the polarizing discussion as to whether this should be pursued through the market or through the state. Both the state and the market are made up of economic and political institutions. The discussion should not be about more or less state or more or less market, but about the extractive or inclusive nature of those political and economic institutions.

Most of the region's countries are characterized by what academics call extractive institutions that exclude, while what we need are inclusive institutions. That is the main dichotomy: between extractive institutions and inclusive institutions.

The elimination of poverty requires **economic growth**, but not only will extractive institutions never achieve it, but they can also produce both higher growth and greater poverty. Without **inclusive institutions**, growth does not spill over into society.

Poverty reduction is not an issue for one ministry; it requires **interinstitutional coordination, inclusive governance, and governability, and that needs the forging of consensuses** on the basis of shared future aspirations.

### *A complex problem*

The existence of “traps” and “vicious circles” within the problem of poverty is also common knowledge.

Those phenomena describe how different poverty-related factors interact, in a system of interplay that makes it difficult to establish causal relationships between them and that generates mechanisms whereby the phenomena feed back into each other.

Countries, communities, and households become trapped in these vicious circles, from which it is very difficult to escape.

But as with any complex problem, if a certain level of capabilities is reached, the system of feedback becomes positive, the trap is broken, and the vicious circle becomes virtuous. The extractive and exclusionary nature of the institutions is reproduced, regardless of institutional changes. A number of academics use this fact to explain our region's inequality. Beyond institutional changes, the extractive patterns of colonial times persist in many countries to this day.

The complex nature of the problem means that although it is a big problem, big solutions are not needed to deal with it.

**Instead of an institutional change, what is needed is a shift in the extractive nature of institutions toward inclusiveness.**

**Incremental progress with institutions' levels of inclusiveness** can be made, and those marginal changes can allow the emergence of capacities that transform the vicious circles into virtuous circles in countries, in communities, and in households.

But in general, at the country level, there is always a case for the status quo, there is always a case for inertia, and so every country, today and in the future, is shaped by a set of institutions from the past that overlap and that lead to poverty and inequality through their extractive nature.

### ***A geographically defined problem***

The rich live where the rich live, and people in poverty live where people in poverty live.

In the conditions that prevail in neighborhoods made up of poor households, the "environment" does not help aspirations: destitution, overcrowding, violence, and drug trafficking do not make for an environment where people can entertain aspirations for the medium term; they feel they have nothing to lose, not even hope, since they have already

lost it. This feeds into the very short-term objectives that prevent them from seeing themselves in other living conditions.

Because like seeks like, poverty locates in specific areas; and while this is a problem for the pursuit of integrated societies, in terms of the marginal changes needed to reduce poverty to single digits it represents an opportunity.

Formal institutions are those that are embodied in regulatory frameworks, laws, decrees, circulars, and edicts, which shape people's behavior through monetary—and penal—rewards and punishments.

Informal institutions are those unwritten rules and social norms that shape the behavior of their adherents through the moral rewards and punishments of the reference group to which they belong or with which they identify.

Institutions in the abstract exist only in theory: in reality they acquire relevance in each specific community, and the way in which they are defined and function is specific to each locality.

The way in which social norms encourage compliance or noncompliance with formal institutions also depends on each locality.

The change needed in formal institutions and social norms for them to transform into inclusive institutions also depends on each locality.

This means that in addition to efforts at the country level to **guarantee a universal basket** of services and macroeconomic efforts to **stimulate growth** and **reduce inflation** and thereby reduce poverty, **at the local level the extractive nature of institutions can be changed—and their inclusiveness can be achieved—through territorially focused policies.**

In other words, acting on how the incentives of legal norms align with poverty reduction objectives and on how social norms align with compliance with legal norms in the poorest communities.

Building inclusive institutions requires inclusion of people living in poverty so their voices can be heard.

Political organizations must open up at the territorial level and create mechanisms for participation.

States and economic organizations (businesses, trade unions) must work for the integration of people living in poverty into formal employment and into economic circuits, to allow them to improve their incomes and to bring them under the umbrella of social protection systems.

NGOs must also expand at the territorial level and be able to channel poor households' demands to governments.

**In short, states and political, economic, and social organizations must strengthen the economic, political, and social fabric in each locality.**

The status quo constrains major change, but there is nothing to prevent small improvements in specific places that can bring the mechanisms of poverty reproduction to a point where the vicious circles are broken and the trap can be eluded. There is a level of education, of income, and of access to rights where the vicious circle of poverty can be broken in specific places. If the devil of poverty—like all devils—is in the details, the solutions can be too.

### ***Conclusions***

We live in the world's most unequal region and in one of the regions with the highest levels of poverty.

We owe ourselves an ethical commitment toward significantly reducing those levels so we can live together, with more rights for more people.

We must work comprehensively in our Hemisphere to ensure that in each country of the Americas, poverty is reduced to at least one digit and that political and institutional measures and actions are autonomously adopted to achieve those results through access to rights, shared wealth, and social action to eliminate vulnerabilities and asymmetries.

To achieve this, there are many “traditional” solutions, such as growth policies, policies to reduce inflation, and universal or targeted social policies. Traditional solutions require efficiency and management capacity, but conceptually we must understand that peace in the Hemisphere demands real solutions arising from an understanding of the poverty issue and direct and concrete actions to address it, together with institutional actions and social and economic policies that constrain and minimize vulnerabilities to avoid shameful asymmetries.

However, all of this has already been tried, and at the region’s optimal moment for growth; when poverty was significantly reduced, most of the countries in the region still had double-digit growth rates.

But since it is a multidimensional phenomenon, as soon as growth slowed, poverty increased again. People had seen their incomes improve, but their vulnerability in the remaining dimensions caused them to fall back into poverty.

The status quo, poverty traps, and vicious circles are obstacles to the implementation of major solutions, but at the same time they offer an opportunity to implement small, territorial-level changes.

We must make the necessary changes to the institutions so they become inclusive and transform vicious circles into virtuous circles. Wealth creation is fundamental, but it will not alone resolve the problems of



poverty if the institutions do not have a real and sustained commitment to provide solutions to all people.

That requires dialogue and consensus among decision-makers and political, economic, and social organizations to build social, economic, and political cohesion.

Democracy and strong institutions with strongly egalitarian citizenship and equity in access to rights are required, and the conditions for accessing rights must be ensured through democratic governance.

The truth needs to be shared in long-term projects, without exclusions and with political dialogue to structure the processes of social containment for everyone.

Within the OAS, we are committed to designing a comprehensive strategy within which, along with other steps, we will call on the business community of the Americas, on academia, and on civil society to embark on a great historic dialogue that will allow us, for the first time in our history, to jointly construct a real agenda for addressing the poverty that overwhelms, saddens, and fragments us. We must work together to ensure that rights reach every individual and every family, with real actions to generate conditions of dignity and respect for the excluded and the poor, whatever their origin.