

Editorial

Public policy: An instrument for territorial development

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On the occasion of its tenth anniversary, the journal *Finanzas y Política Económica* has launched a call for articles with an emphasis on economic policy, in order to highlight the importance of analyzing different factors that aim to generate public policies and to seek better development conditions, in compliance with the proposals of the Organization for Economic Cooperation and Development (OECD, 2014).

At the global level, the analysis of public policies acquired greater importance in the mid-1980s, when international organizations promoted these processes in loan-requesting countries. The processes in question have evolved with the application of parameters derived from the Washington Consensus (Williamson, 2004), as a synthesis of the ideals proposed to propel the least favored nations.

These parameters are framed in the so-called “neoclassical counterrevolution”, with a main focus on approaches proposed by the Development Center of the OECD, the International Monetary Fund, the Asian Development Bank, the National Office of Economic Research, and the World Bank (Mora, 2006). There were several theoretical and empirical antecedents in the 1960s and 1970s: some authors stand out, like Corden (1974), Bhagwati (1978), and Krueger (1978), who criticized the policies of the import-substitution model proposed mainly by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) (Palma, 1978); likewise, Johnson’s (1965) criticism of Keynesian economics in the 1960s.

Initially, this “counterrevolution” is based on two pillars: external liberalization, which implies a full participation in international trade, and internal liberalization, with the idea that the State should only intervene to correct imperfections (Mora, 2006). In general terms, the Washington Consensus has set the guidelines for establishing the conditions for international aid from neoclassical economic perspectives, which introduced a series of free market oriented modifications in loan-receiving countries through the restrictions and demands of international financial organizations.

A strong critique of these policies arose in the 1990s, and one of the most relevant questionings is the one promoted by the United Nations Development Program (UNDP), condensed in the Human Development Reports. Sen (1998) emerges as one of the agents of the main ideas in these documents, based on the concept of development as freedom. Similarly, Sen (2000) lists a series of restrictions on freedom with direct influence on the development of people. Some elements that hinder personal growth stand out within certain limitations on the access to different resources imposed by domination

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systems. Hunger, malnutrition, unhealthiness, lack of political freedom and social inequality are elements that influence economic performance by limiting the action of individuals.

On the other hand, Williamson (1989) argued that the establishment of policies, such as the control of fiscal deficit, the redirection of fiscal spending, the expansion of the tax base, the freeing of interest rates to market, the unification and competitiveness of exchange rates, trade liberalization, support for foreign investment, privatization, the deregulation of the creation of new companies and the regulation of property rights, would generate a universal convergence given the proof of superiority, in terms of economic performance, of the countries that had implemented these policies.

In contrast, Sen's approach on development as freedom (2000) implies an understanding of development based on the foundations for financial aid strategies. This gives the process a different connotation and, consequently, raises relevant questions from the perspective of the parameters used and the characteristics of the recommended policies; thus, the problem of economic development is approached from ideas that are different from the proposals of the Washington Consensus.

Therefore, the current issue of the Journal is framed in the context of economic policy and it addresses three types of analysis: an approach to international scenarios, an inquiry on national scenarios, and a regional perspective.

In terms of international scenarios, it presents an analysis of the sustainability factor in regulating the initial pension according to the evolution of life expectancy. Beyond the Spanish case, the discussion focuses on examining concerns about the viability of public pension systems and the reforms addressed, especially in the countries of the European Union. A second article examines the debate on the possible consequences of the entry into force of the Trans-Pacific Partnership Agreement for the countries of the Pacific Alliance. To this effect, the paper applies gravitational models as a way of empirically evaluating the determinants of trade flows in said countries, and also offers an analysis of the possible effects of the withdrawal of the United States from these agreements. A third article focuses on the relationship between institutional R&D environment and industrial strengthening in Mexican manufacturing SMEs, identifying R&D variables that drive growth.

With regard to national scenarios, an analysis is presented on the socioeconomic determinants of child labor and school attendance; it is, thus, a document that deals with a current situation in the Colombian territory. The next article analyzes country risk for Colombia, showing an encouraging outlook. The following paper focuses on the policy shock with regard to companies in the Colombian manufacturing sector, while another one deals with the inflation targeting strategy adopted in Colombia, with results that evidence a structural change. Finally, regarding the regional perspective, an analysis is presented on the efficiency levels achieved by the municipalities of the department of Meta (Colombia).

Based on the above, the current issue of the journal *Finanzas y Política Económica* presents an approach to economic analysis as a starting point for the design, implementation, and analysis of public policies, with the implications that these processes have at the moment of generating favorable conditions for sustainable development, considered as an integral process.

In this sense, the approach of development as freedom is the result of the summation of different documents on growth and economic development, viewed from the perspective of human development; such an approach has been slowly evolving since the 1980s. During this mobility of thought, the role of adjustment policies is considered relevant as a measure to deal with economic imbalances. Nevertheless, the adjustment process requires economic intervention, since it is recommended that the main macro-economic imbalances be addressed based on appropriate levels of production and investment, as well as on the defense of human freedoms, within the context of the preservation of resources for future generations and sustainable development, as expressed by the Institute for Economic Freedom and Opportunity (Miller and Kim, 2016).

At the political level, this consideration is fundamental, given that it allows that international financial organizations more quickly accept these types of recommendations. The objectives are being set with more clarity and the notion of separation between adjustment and growth in the development process begins to be diluted.

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