Editorial

By way of invitation: A bet on resignifying development in Latin America

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Today, given the prevalence of problems such as poverty, environmental deterioration, the violation of rights, violence, among others, Latin America highlights the urgency of restoring debates about development and proposing alternatives to this that would allow a better life. During the 20th century and the first decades of the 21st century, the region has faced a series of economic problems resulting from colonialism and imperialism, in addition to political and social instability in every country of the continent. All this has imprinted the seal of *underdeveloped* on the region; as a response to this situation, a series of *ad hoc* theoretical proposals have arisen to suggest alternatives and solutions to particular problems.

Nevertheless, the conventionalism of the alternative theories and classical positions has not allowed resignifying the problem of development in Latin America; moreover, combined with the establishment of progressive regimes mainly in the south of the continent, the balance of these efforts has been adverse, since, despite the fact that 26 countries in the continent are classified as middle income economies and four have ascended to high income countries (Bahamas, Trinidad and Tobago, Bermuda, and Chile), almost 30% of the population in the region lives below the poverty line, while 12% is below the indigence line (United Nations Development Programme [UNDP], 2016). Additionally, growth has slowed to almost a generalized level, and phenomena such as hyperinflation (mainly in countries such as Argentina and Venezuela) and legitimacy crises (Brazil, Mexico, Venezuela) have reappeared, while forced displacement between 2016 and 2017 has increased from 436,000 to 457,000 people, affecting mainly El Salvador, Colombia, and Mexico (Internal Displacement Monitoring Centre, Norwegian Refugee Council, 2018).

As a result of an experience of more than sixty years of constructs around development, it is possible to become aware of the fact that what Latin America needs is not necessarily the reinforcement of order and progress that are characteristic of the 19th and 20th centuries, but rather an emphasis on interconnection in the economic, political, sociocultural, and environmental spheres, as well as on the needs, capacities, and potential of human beings and territories (Monroy, 2014). In short, it is possible to provide these elements with theoretical consistency and formalize possible alternatives to development.

In this horizon, in this issue of the journal *Finanzas y Política Económica*, each article is a small contribution to the debate about development and growth. An invitation to resignify development is valid in any context, not just in Latin America; however, our journal is a reference point to address this issue

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in the region. Thus, in the first place, Nieto and Rendón, in their article "Is regional integration a vehicle for convergence? The case of Mercosur, 1990-2014," pose a suggestive question: Is regional integration truly a vehicle for convergence? To answer it, they review the theoretical framework of integration and look for explanations that justify the Mercosur integration process under the customs union scheme and its link with convergence. The authors conclude that Mercosur has not favored the growth of countries in terms of GDP per capita.

On the other hand, Nagy and Siljak, researchers at the Institute of Foreign Affairs and Trade of Hungary, present their article entitled "Economic convergence of the Western Balkans towards the EU-15," in which they demonstrate that the recent financial crisis in the Western Balkan region negatively affected the process of absolute and conditional convergence, when economic variables such as economic openness, inflation rate, and gross fixed capital formation are considered.

Simultaneously, in "Foreign direct investment and economic growth in Jordan: An empirical research using the bounds test for cointegration," Oudat, Alsmadi and Alrawashdeh present indicators collected mainly from the World Bank, which reveal that Jordanian policy makers make an effort to attract more foreign direct investment (FDI) to the economy of this country, given that this helps to reduce economic obstacles, such as reduced unemployment rate, and to increase the level of productive investment.

In "The Colombia-Japan FTA, a commercial opportunity? An ex-ante analysis," Venegas and De la Peña clarify the quantitative effects of a tariff reduction between Colombia and Japan as a consequence of a possible commercial agreement. While the authors identify export opportunities for some particular sectors, they point out that trade effects are low for both countries and that there exist minimal potential risks.

On the other hand, Ramón Dangla, in his article "Economic labour reform vs. economic situation: Impact on the finances of the Spanish Wage Guarantee Fund," demonstrates that the 2012 Labour Market Reform in Spain, adopted under the influence of the Budgetary Stability Law, has been successful and has had a notable influence on the accounts of the Wage Guarantee Fund (FOGASA). To do this, the author carried out a budget analysis and, using a linear regression model, looked for variables that improve the behavior of expenditures, such as the evolution of GDP and other economic variables that have more weight than the reduction of benefits.

In the article entitled "Youth Unemployment in Colombia: Does education matter?," García and Castillo use an econometric modeling (logit-probit) to establish a series of factors that influence youth unemployment rate. They conclude that particular attention should be paid to the role of education, and confirm its importance in securing a formal job, but not necessarily in the probability of being occupied.

On the other hand, Rivera and Rivera, in "Financial Crises: It is not different this time," discuss the main theoretical characteristics of the different typologies of financial crises. They claim that a central bank is limited to act against credit bubbles and that current macroeconomic models cannot correctly explain interactions in financial markets. The authors also deduce the possibility that emerging economies worldwide will experience financial crisis in the coming months.

The article by Parra, "Impact of the monetary policy decisions of the FED on Colombian economic indicators during the period 2007-2015," concludes that the monetary policy announcements of the

Federal Reserve (FED) in the period of analysis significantly impacted the COLCAP index,[1] as well as the representative market rate (TRM), in 3, 5, and 7-day windows, in 93.3% of cases. Finally, in “Conceptual foundations for the determination of environmental fines in Colombia,” Redondo and Ibarra present an interesting discussion about the determination of environmental fines in Colombia, through which they conclude that the formula for the determination of fines for environmental infringement is adequate for the sanctioning processes that take place in the country.

Thus, the journal *Finanzas y Política Económica* invites its readers and authors to join the task of resignifying growth and, above all, development in our contexts. Latin America is a continent in constant transformation according to the living conditions of people and nations, in regions and realities that continually change in material and historical terms.

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1 “COLCAP is a capitalization index that reflects changes in the prices of the most liquid shares of the Colombian Stock Exchange (BVC, for its initials in Spanish)” (Banco de la República, 2018).