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A Look to the Social and Economic Development of Colombia

Angela María Echeverry López

Supervisor: Anna D'Ambrosio

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Abstract

Development is a process in which the world and individuals are immersed every day. Is a process that creates growth, progress, positive changes or the addition of physical, economic, environmental, social and demographic components. The purpose of it, is to increase the quality of life of people, by increasing income, employment opportunities, education, health, and other factors. Development cannot be necessarily visible immediately; is a process of continuous change. Also, development can mean inclusion, happiness, feeling comfortable with the type of life, in which a greater happiness may expand individual's capabilities to function.

Over the past 50 years, it has been possible to observe the development of countries, individuals, culture, and technology. Some low income countries with development problems started growing faster and other developed countries continued their pace. Not every region develops in the same way, there are factors that can affect this process. Therefore, this thesis is focused on understanding the concept development and focusing on how the process for Colombia has been, if the country can be considered as a very high, high, low or very low development, all this through analyzing the factors of the Human Development Index.

Key Words: Economic and Social Development, Inequality, Poverty, Growth.

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I) INTRODUCTION

Development is a constant process in which the world and individuals are immersed every day. There are many definitions of development and the concept itself has evolved over recent years. Development is a process that creates growth, progress, positive change and incorporates physical, economic, environmental, and demographic components. Development is focused on increasing the level and quality of life of the population and the expansion or creation of local income employment opportunities considering the impact on the environment. Development is not necessarily visualized immediately, it can take months, years, or decades. Also, it includes an aspect of quality change and creation of conditions for a continuous change (Society of International Development, 2021).

Over the past 50 years, it has been possible to observe how countries, individuals, culture, traditions, and technology has been developing continuously. Some low-income countries with development problems started growing faster and became major contributors to global growth. The world went through an economic transformation, accompanied by advances in science, technology and rise of globalization.

The main aim of this thesis is to present data of the economic and social development of Colombia, and analyze how is the situation for Colombia by analyzing different factors that influence development and by comparing it with other Countries. The relevance of this investigation is supported considering several aspects. First, understating the advantages and benefits that the economic and social development can bring to different regions is important, given that the benefits that these two factors bring are higher living standards, higher real incomes, reduce poverty, and the ability to devote more resources to areas like health, care, and education. Second, understand why Colombia is placed in a good or bad position regarding the social and economic development (Kunal, S., 2021).

II) METHODOLOGY

The thesis is organized as follows. In the next section, a broad definition of the concept development would be explained, in which a thorough analysis would be done. As well, it would be explained the indicators to measure development and the theories of development. Part IV will consist in a literature review of economic and social development, starting from the most general part to the most specific part. In which different scientific articles, reliable sources, and academic research and/or publications will be consulted to explain three phases: a) Economic and social development of countries, b) Characteristics of Latin American countries, c) Economic and social development in Latin America and Caribbean Countries, d) Economic and social development in Colombia and, e) Economic and social situation in Colombia recently, f) Fiscal and monetary policies in Colombia and, g) Comparing Colombia with other Latin American countries.

Subsequently, in Part V will be developed a social and economic analysis of the development of Colombia by focusing on the Human Development Index of the country. First, it would be explained the concept of Human Development Index, in what consists of and what are the factors evaluated. Then, it would be analyzed the situation for Colombia during the past years and the present in order to see how the country's development is. Also, a comparison between the country and other regions will be made to understand its position, and after having a clear view of the situation, a research would be done about the possible factors that can influence in a positive or negative way in Colombia's economic and social development.

III) DEVELOPMENT CONCEPT

a. Definition

First, it is important to have a clear understanding of the concept development given that the thesis is based on this concept. Traditionally, in economic terms, development has meant achieving sustained rates of growth of income per capita to allow a nation to expand its output at a rate faster than the growth of the population. In which income per capita is a measure of the amount of money earned per person in a nation or geographic region in a given year also, can be used to evaluate the standard of living and quality of life of the population (The Economic Times, 2023). As well, in the past, economic development has meant alterations of the structure of production and employment so that the share of agriculture declines and manufacturing and service industries increment.

So, development strategies have been based on fast industrialization at the expenses of replacing agriculture and rural development. Then, as year passed by development was redefined in terms of reducing or eliminating poverty, inequality and unemployment. Different developed countries in the 1960s and 1970s had high rates of growth per capita income but showed little improvement or even none in employment, equality and incomes of their populations. So, by the earliest definition, these countries were developing, but with newer definition because of poverty, equality and employment criteria they weren’t.

Overall, development should be perceived as a multi-dimensional process that involves reorganization and reorientation of the economic and social systems. As well as improvement in incomes and output, it involves changes in institutional, social, administrative structures, beliefs and customs.

b. Indicators of development

During the 1980s and 1990s the situation turned worst, as the Gross National Income (GNI) growth rates turned negative for several developed countries and governments were forced to have cuts on their economic programs. In which GNI is the amount of money earned by people and businesses of a nation, both inside and outside of the country or regions borders (*Gross national income,* 2023). Growth was fast in most of the developing world in the 2000s, while wondered if it was because of the bubbles in the West and could be derailed by the financial crisis and later aftershocks. But the phenomenon of development or an existence of underdevelopment is a real fact of life for more than 3 billion people in the world.

So, development must be seen as a multidimensional process involving major changes in social structures, popular attitudes and national institutions and, as the acceleration of economic growth, reduction of inequality and eradication of poverty. Development should represent all the changes of a social system in relation with the basic needs and aspirations of the individuals and social groups of a system, moves away from a life perceived as unsatisfactory to a situation or condition of life as materially and spiritually better.

Another important part of development is happiness, a greater happiness may expand individual's capability to function. In recent years, economists have studied the relation between countries and between reported satisfaction and happiness and other factors such as income. One of the most important findings is that average level of happiness or satisfaction increases with a country’s average income.

Following this logic, it would be expected that countries with the highest median income to have a higher satisfaction. The median income is a metric used to identify the midpoint of a nation’s income distribution. Half a country’s residents earn an income higher than the median, while others earn an income that it's below the median. In this case, it's better to use the median instead of the average, given that this one can ignore extreme “outlier” values that could alter the accuracy of a statistic. (*Median Income by Country*., 2023).

World Bank tracks a number of income and poverty related metrics, including GDP per capita, GNI per capita, GINI coefficient per country, and median income. In this case, it is consulted the 10 countries with the highest median income for March 2021 expressed in “international dollars”’:

1. Luxembourg – 26,321
2. United Arab Emirates – 24,292
3. Norway – 22,684
4. Switzerland – 21,490
5. United States – 19,306
6. Canada – 18,652
7. Austria – 18,405
8. Sweden – 17,625
9. Denmark – 17,432
10. Netherlands – 17,154

Therefore, it is expected that the countries mentioned above to have a higher level of satisfaction given that they are earning the highest salaries around the world.

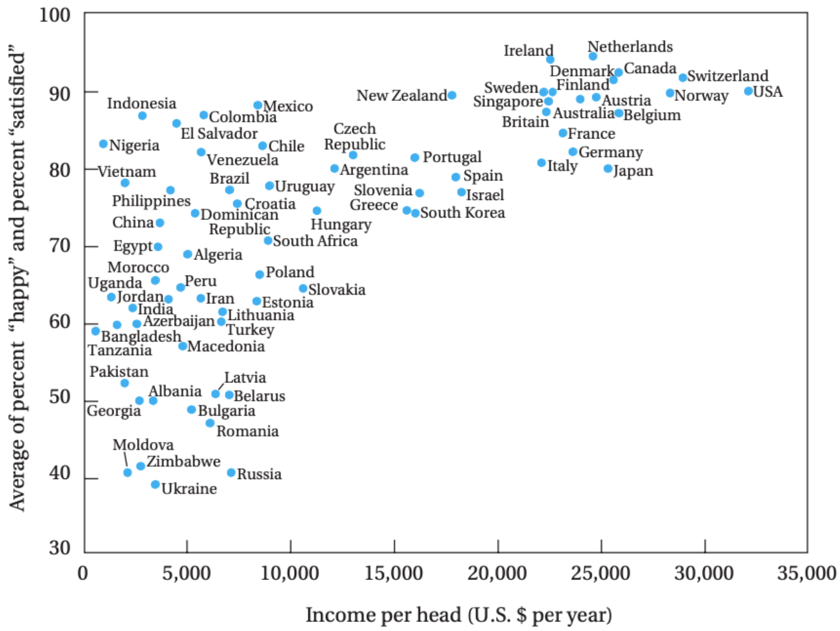

Fig. 1 Income and Happiness: Comparing Countries (Todaro, M & Smith, S., 2010)

For instance, as shown on *fig.1.,* Switzerland, USA, Norway, Austria, Denmark, Sweden, and United States are some of the countries with the highest income per head and as well with the highest average of percent "happy" and percent "satisfied". On the other hand, almost four times the percentage of the population in Tanzania, Bangladesh, India, and Azerbaijan as in the United States and Sweden reported that they are not happy or satisfied. But the relationship is seen only up to roughly $10,000 to $20,000 per capita. Once income achieve these levels, most citizens have escaped extreme poverty. At this point, if inequality is not extreme, the majority of the population are usually well nourished, healthy and educated. The "happiness science" findings question the centrality of economic growth as an objective for high-income countries. But also, it's important the economic development in the developing world, whether the objective is just happiness or also the expansion of human capabilities. (Todaro, M & Smith, S., 2010)

An important part of development are the indicators used to measure it, such as real income per capita adjusted for purchasing power, health measured by life expectancy, undernourishment and child mortality, and educational attainments measured by literacy and schooling.

One of the measures more used for the overall level of economic activity is the Gross National Income (GNI), mentioned before, is used as a summary index of the economic well-being of people in different nations. It is calculated as the total domestic and foreign value added claimed by a country's residents. Gross Domestic Product (GDP) it is a measure of the total value of output produced by an economy by residents and nonresidents. Thus, GNI comprises GDP plus the difference between the income residents receive from abroad for factor services (labor and capital) less payments made to nonresidents who contribute to the domestic economy. In 2008, the total national income of all the countries around the world was valued more or less at $58 trillion, of which $42 trillion originated in the developed high-income regions and less than $16 trillion was generated in the less developed nations, despite that their population is about five-sixths of the world's population.

In order to measure GNI and GDP, researchers have used purchasing power parity (PPP) instead of exchange rates as conversion factors. Which is calculated using a common set of international prices for all goods and services. In general, is defined as the number of units of a foreign country's currency required to purchase the identical number of goods and services in the local developing country market.

The measures used to evaluate nations average health and educational attainments are possible to observe on fig 2., which are some of the basic indicators of income, health (life expectancy, which is the number of years newborn children would live if they were subject to the mortality rate set when they were born, rate of under-nourishment, which means not consuming enough food to maintain normal levels of activities. The under-5 mortality rate and crude birth rate) and education, which is the fraction of adult males and females estimated to have basic abilities to read and write. Birth rate is also reported as an indicator given that high fertility can be a cause or a consequence of underdevelopment.

Related with the different measures used to evaluate nations average health and educational attainments, it's expected that the developed countries, that are the ones with individuals who earn higher incomes, to have an upper or higher indicator, such as United States, Canada, Spain, France, Switzerland, Germany, Belgium, among others. In comparison with developing countries that have an individual earning a lower income, are expected to have a low or lower middle indicator value, such as Honduras, Panama, Nicaragua, El Salvador, Colombia (Central and Latin-American countries), Morocco, Guinea, Nigeria (African countries), among others.

The table shows the data for the low, lower-middle, upper-middle and high-income country groups, also, shows averages from six developing regions: East Asia and the Pacific, Latin America and the Caribbean, Middle East and North Africa, South Asia, and sub-Saharan Africa) and from six countries: Democratic Republic of Congo (DRC), India, Egypt, Brazil, Malaysia and the United States.

Country or Group	2008 Income Per Capita (U.S. $)	2008 PPP Per Capita (U.S. $)	2008 Life Expectancy (years)	Prevalence of Undernourishment[a] (%)	2007 Under-5 Mortality per 1,000 Live Births	2008 Crude Birth Rate	Adult Literacy[b] Male	Adult Literacy[b] Female
Income Group								
Low	523	1,354	59	30	118	32	76	63
Lower middle	2,073	4,589	68	15	64	20	87	73
Upper middle	7,852	12,208	71	6	23	17	95	92
High	39,687	37,665	80	5	7	12		
Country								
Dem. Rep. Congo (LIC)	150	280	48	75	199	45	78	56
India (LMC)	1,040	2,930	64	22	69	23	75	51
Egypt (LMC)	1,800	5,470	70	<5	25	25	75	58
Brazil (UMC)	7,300	10,070	72	6	22	16	90	90
Malaysia (UMC)	7,250	13,730	74	<5	6	20	99	94
United States (high-income)	47,930	48,430	78	<5	8	14		
Region								
East Asia and the Pacific	2,644	10,461	72	12	29	14	96	90
Latin America and the Caribbean	6,768	10,312	73	9	23	19	92	91
Middle East and North Africa	3,237	7,343	71	7	34	24	82	65
South Asia	963	2,695	64	22	76	24	73	50
Sub-Saharan Africa	1,077	1,949	52	28	144	38	74	57
Europe and Central Asia	7,350	11,953	70	6	22	14	99	97

Fig. 2. Commodity and Diversity: Some Basic Indicators. (Todaro, M & Smith, S., 2010)

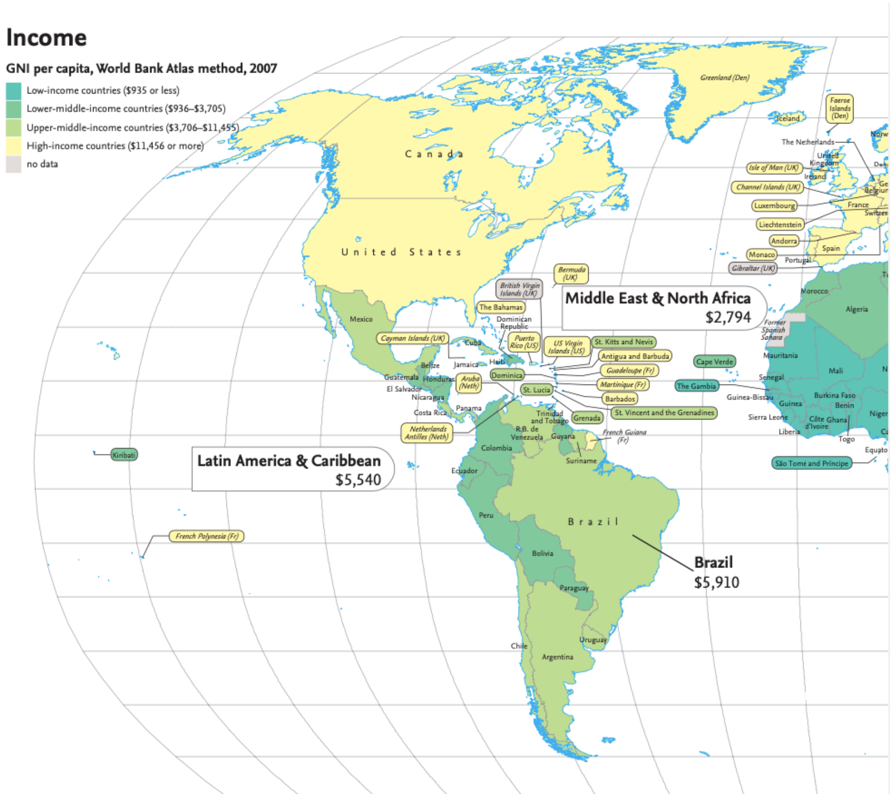

Fig. 3. Developed and Developing World. (Todaro, M & Smith, S., 2010)

Based on fig.3., it can be seen that North America and Europe are upper-middle-income or high-income countries earning $3,076 - $11,455 or $11,456 or more, respectively, while Central America, South America and Africa are countries with lower-middle or low-income countries earning $936 - $3,705 or less than $936 respectively. Just with the numbers, it can be shown the big gap that exist between the parts of the world, developed and developing countries.

It is possible to observe that the low-income countries are a very different group. The real income of India is nearly ten times that the one of DRC. Its overall life expectancy is 16 years longer. Around 75% are undernourished in the DRC whereas 22% are undernourished in India. Of every 1,000 births, 199 of them will die before they are five years old in the DRC, while in India

69. The birth rate is almost twice as high in the DRC as in India. However, both of these countries face enormous development challenges.

The Human Development Index (HDI) is one the measures used the most for the comparative status of socioeconomic development. It ranks all the countries on a scale of 0 (lowest human development) to 1 (highest human development) based on three goals of development: longevity as life expectancy at birth, knowledge as weighted average of adult literacy, gross school enrollment ratio and standards of living as real capita gross domestic product. HDI ranks countries in four groups: low human development (0.0 to 0.499), medium human development (0.5 to 0.799), high human development (0.80 to 0.90) and very high human development (0.90 to 1.0).

c. *Theories of development*

In order to evaluate if development takes place or does not take place, it is important to examine the theories of development. There are four majors of them: 1) the linear stage growth model, 2) theories and patterns of structural change, 3) the international dependence revolution and 4) the neoclassical, free-market counterrevolution.

The first theory of economic development is associated with Walt W. Rostow, in which he affirms that a country passes through sequential stages in achieving development, which are 1) traditional society: means a primitive society without access to modern science and technology, a society based on primitive technology and attitude towards the environment. Characterized by subsistence agriculture or hunting. 2) Pre-conditions for takeoff: a society begins to develop manufacturing, commercial exploitation of agriculture and extractive technology. This implies fundamental changes in social, political and economic fields. 3) Take-off: a period that lasts two or three decades in which the economy is transformed in a way that growth takes place automatically. It is defined as the interval during which the rate of investment increases in a way that real output per capita rises. This implies that the proportion of investment to national income must rise from 5% to 10%; secondly, the periods must not last long so that it should show characteristics of an economic revolution; thirdly, must be self-sustaining and self-generating economic growth. It includes an increase in the levels of agriculture, industry and production, a greater urbanization and labor force increases. 4) Drive to maturity: it occurs when the economy matures and it is capable of generating self-sustained growth, economic development becomes automatic. Capital per person increases as economy matures. It takes place over a long period of time, standards of living rise, use of technology increases and national income economy grows and diversifies. 5) Age of high mass consumption: income per capita of the country rises to such a high level that consumption the people increases beyond food, clothing and shelter increases to comfort and luxuries articles. New industries produce durable consumer goods and become leading sectors of economic growth (Jacobs, J., 2020) .

The second is theories and patterns of structural change. This one is focused on the mechanisms by which underdeveloped countries transform their economies from agricultural basis to a more modern, urbanized and industrialized manufacturing and service economy. It is a process of transforming an economy in a way that the contribution to national economy by the manufacturing sector surpasses the contribution by the agricultural sector. In general, an alteration of the industrial composition of economies. One of the best-known theories is the Lewis model, which talks about that surplus of labor from traditional agricultural sector is transferred to modern industrial sector, the growth of which absorbs the surplus labor, promotes industrialization and stimulates development. In this model, the underdeveloped economy consists of two sectors: a traditional, overpopulated subsistence by zero marginal labor productivity and a high productivity modern urban industrial sector. The focus of the model is on the process of labor transfer and growth of output and employment in the modern sector, which is brought by output expansion. The speed with which expansion occurs is determined by the rate of industrial investment and capital accumulation in the modern sector. Such investment is possible by the excess of profits of the modern sectors over wages on the assumption that capitalists reinvest all their profits (Todaro, M & Smith, S., 2010).

The third theory of development is the International Dependence Revolution, in which there are three major points of views: the neoclassical dependence model, the false-paradigm model, and the dualistic development thesis. The first one, is an indirect outgrowth of the Marxist thinking. It attributes the existence and continuity of underdevelopment to the historical evolution of an unequal international capitalist system between rich and poor countries. A coexistence of rich and poor nations in an international system dominated by unequal forces between developed and undeveloped countries makes it difficult and sometimes impossible for poor nations to be auto sufficient and independent. Some groups in developed countries who enjoys high incomes, social status and political power have interests in the perpetuation of the international system of inequality and conformity in which they are rewarded. The false paradigm model, attributes underdevelopment to inappropriate advice provided by international “expert” advisers from developed countries, but at the same time uninformed, biased and ethnocentric. These experts offer complex but ultimately models of development that leads to inappropriate of incorrect policies. Finally, the dualistic development thesis represents the existence and persistence of substantial and increasing divergences between rich and poor nations and rich and poor people on various levels (Todaro, M & Smith, S., 2010)

The last theory is the Neoclassical Counterrevolution: Market Fundamentalism, which favored supply-side macroeconomic policies, rational expectations theories and privatization of public corporations. The main argument is that the underdevelopment is the resource of poor allocation resulting from incorrect pricing policies, too much state intervention and internal mistakes. It favors supply side macroeconomic policies, rational expectation theories and privatization of corporations in developing countries. This theory can be divided in three approaches, first it argues that by allowing competitive free market, privatizing state-owned enterprises, promoting free trade and export expansion, welcoming investors from developed countries and eliminating the excess of government regulations, economic efficiency and growth will be stimulated. The second approach is the public choice theory, that guides all individual behavior and that governments are inefficient and corrupt because people use them to pursue their own aims. The last approach is the market-friendly approach, it recognizes that the are several imperfections in developing countries and markets and that governments play an important role in allowing operations through market friendly interventions and in intervening in areas were the market is inefficient (Skinner, G., 2007) , (Todaro, M & Smith, S., 2010)

IV)LITERATURE REVIEW

a. *economic and social development of countries*

The progress the world economy has experienced during the last years has been possible due to changes in new technologies, growth in education, in the transportation sector, improvements in the energy sector, rise of globalization, in international financial flows and new global actors.

Thanks to many technological developments over the past half century, today we have instant access to a wide array of sources of information and we can share it with the rest of the world at any time requiring few seconds. This has facilitated innovation in the way we work, we communicate, has raised productivity, and has led to stronger international trade and financial relations (Acemoglu, D et al., 2001) . Taking into account all the benefits that these new technological developments have started to offer to societies, it's expected that nowadays people are acquiring devices to take advantage of it. Actually, it can be seen that almost every person has at least one mobile phone, so it's expected that the number of telephone lines and internet users increase over the years.

The graph below, *fig 4.* illustrates how advances in technology has revolutionized mediums of communication, it shows internet and mobile phone users per 100 people and telephone lines per 100 people. Thanks to the rapid increase in internet access, this has brought people, businesses, and countries closer, because of them facilitation of communication without them need to meet in person, while mobile communication has become cheaper and accessible.

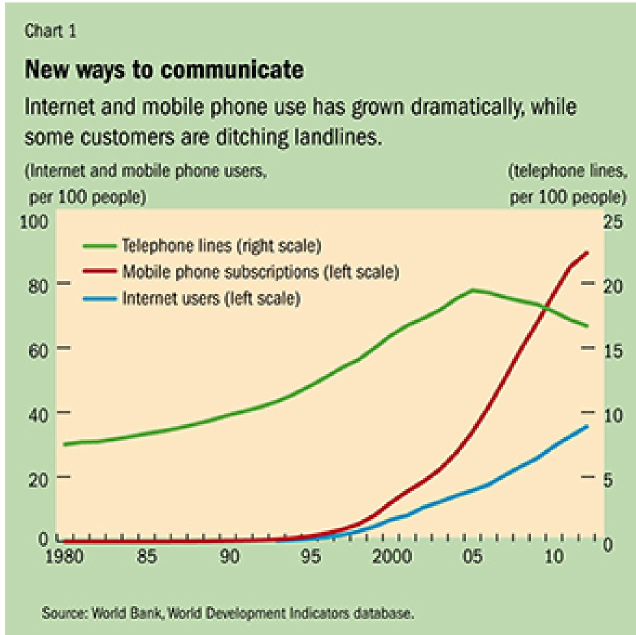

Fig. 4 New ways to communicate (Ayhan, M. & Ezg, O., 2014).

There has been an advance in education. The number of children completing primary education has rose from 80% in 1980s to 92% in 2012. In developing countries, this change has been dramatically, increasing from 45% to more than 70% in the last 30 years.

Transportation sector has change dramatically over the last 50 years. Nowadays, is possible to travel cheaply and faster. Also, it is easier to ship and/or order goods in a faster an economically way.

Regarding the global energy consumption, it has more than tripled over the past half century, however, major technological improvements have been made in this sector making production of energy more efficiently than ever. Additionally, global oil supply as a percent of total primary energy has decreased, replacing it with natural gas, nuclear power, and renewable energy sources such as geothermal, wind, solar and ocean energy.

Nowadays we live in a global world; countries are more independent due to the liberalization of trade policies around the world. Is more rapid and easier shipping and trading goods, services, capital, and labor, which has led to a faster diffusion of ideas, cultural products, and cross-border supply chains, companies now can have different locations of production process in several countries.

There has been a dramatic change in the international financial flows. Countries with a liberalized financial system has tripled over the last 50 years, given that hat they have been aware of the benefits of allowing a free movement of capital. Total global financial assets rose in 1970 from $250 billion to $70 trillion in 2010.

Overall, economic growth has gone through a period of transformation. Due to the development of technology, civilization and financial conditions, the world now has a more efficient production system with a wide range of industries which have promoted economic growth. From 1965 to 2013, the average annual growth of world GDP per capita was approximately 2%. Now, the world economy is six times larger than it was 50 years ago, growing faster at an annual rate of 4% (World 101, 2023). An important measure of the market value of all the finished goods and services withing a country's borders in a specific period if the Gross Domestic Product (GDP), a measure of overall domestic production which functions as a comprehensive scorecard of a given country's economic health. Also, GDP per capita it is a measure of the GDP per person in a country's population. It indicates that the amount of output or income per person in an economy can indicate average productivity or average living standards.

b. Characteristics of Latin American countries

Latin America is a vast geographic region over seven million square miles that starts in North America from them north of Mexico, passing through the regions of Central America and South America to the southern part of Argentina. Consists of 20 countries and 14 dependent territories. The countries that make part of the region are Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Dominican Republic, Uruguay and Venezuela. In some cases, the regions in which French is spoken such as Haiti and French Guiana or territories where official language is English such as Belize and Puerto Rico are also taken into account as part of Latin America. Despite the extent of the territory and the several differences between the regions, the countries of Latin America share a number of historical, linguistic and geographical features, in which a strong cultural bond joins all the countries of the region.

Different types of formations and climates can be found in the region, such as deserts and snowy mountains such as the Andes. The name "Latin" in Latin America is related to the dominant language of the area. Latin languages include Spanish, Portuguese, French, among others. But the majority of people in Latin America speak Spanish (Portuguese being the second most spoken language). Countries such as Spain, Portugal, Italy, France and England have contributed to the culture and traditions of the region.

Due to the historical, linguistic and cultural similarities of the area, characteristics shared can be easily identified. Despite the evolution of each country, Latin America has managed to remain a common denominator.

The relations among these countries are: 1) the process of conquest, since the arrival of European explorers, America was the location of expeditors for economic purposes which culminated in the conquest and colonization of the whole territory. All Spanish speaking countries are a legacy of Spain conquest, with the exception of Brazil that was dominated by Portugal. 2) The same linguistic family is shared, in which the predominant language is Spanish. Before the region was conquered, they had their own languages, such as Nahuatl (Mexico), Quechua (Peru and Bolivia) and Guaraní (Argentina and Paraguay). These languages did not disappear completely and even managed to mix with Spanish. 3) Latin America is a leader on the planet in biodiversity (regions, climates and flora) with the six principal countries holding it: Brazil, Colombia, Ecuador, Mexico, Peru and Venezuela. Latin America represents an important part of the planet's natural riches with a dense rainforest, deserts, forests, coasts, mountains and a variety of climates. The Amazon rainforest that is present in Brazil, Colombia, Peru and Venezuela is considered the most biodiverse spot-on earth, since it has hundreds of species, more than 30,000 plant species and about 2.5 million different insects. 4) They are similar to each other in their political history. Throughout historical, Latin American countries have differentiated by their social and political struggles. Almost at the same time, they began their battles of independence from Spain at the beginning of the 19th century, Miguel Hidalgo in Mexico, San Martin in Argentina, Chile and Peru, and Simon Bolivar in Bolivia, Colombia, Ecuador, Panama and Venezuela. Then, during the 20th century, military dictatorships predominated in Argentina, Chile, Cuba, Colombia, Peru, Bolivia, Paraguay, Nicaragua, among others. Also, nowadays countries such as Venezuela, Ecuador, Bolivia and Nicaragua defend a policy of revolutionary socialism. 5) Great musical variety, such as mariachi and corrido in Mexico, cumbia, salsa, reggaeton and vallenato in Colombia, tango in Argentina, reggaeton in Puerto Rico, merengue and bachata in Dominican Republic and bolero in Cuba. 6) Similarities in the religious phase, in Latin America, Catholicism predominates, with 69% of its inhabitants professing this religion, which came with the Spanish and Portuguese conquests. Until 50 years ago more or less, 90% of the population was catholic, but nowadays have been decreasing. 7) They developed similar economic activities. Due to its strategic position and climate variations, it's a fertile region for agriculture and one of the main exporters of food. For instance, Mexico which is the world leader in avocado production; Colombia world leader in coffee production and Brazil world leader in oranges production (Morales, E., 2023) .

c. Economic development in Latin America and Caribbean

Over the last 50 years several countries became independent. During this period the world was composed of two sectors, developing countries in the South, and developed countries in the North. The south consisted mostly of poor and labor abundant economies that supplied agricultural products and raw material to the north. The countries of the north were richer and more developed, they produced manufacture goods which represented a major part of world trade and financial flows.

However, during the last years, the emerging market economies started to take party, they become more engaged with global markets as it grows. Countries classified as emerging market economies are those with some, but not all, of the characteristics of a developed market. Characteristics of a developed market may include strong economic growth, high per capita income, liquid equity and debt markets, accessibility by investors, and dependable regulatory system. As an emerging market economy develops, it becomes more globally integrated, meaning that can have a higher liquidity in local debt and equity, can have higher trade opportunities and foreign investments, and can count with a financial and regulatory institutions. Some notable emerging market economies are India, Mexico, Russia, Pakistan, Saudi Arabia, China and Brazil. Additionally, an emerging market economy is changing from a low income, less developed, pre-industrialized economy, towards a modern, industrialized economy. Considering this type of economy, it's expected to see a higher participation in the world, comparing it with advanced economies and other developing economies (Duttagupta, R & Pazarbasioglu, C., 2021).

For instance, in *fig. 5.,* can be observed that from 1980s, some countries of the South have grown at a rapidly pace integrating into the global economy. Also, they have diversified their baseline of production and exports to goods and services manufactured away from agricultural products.

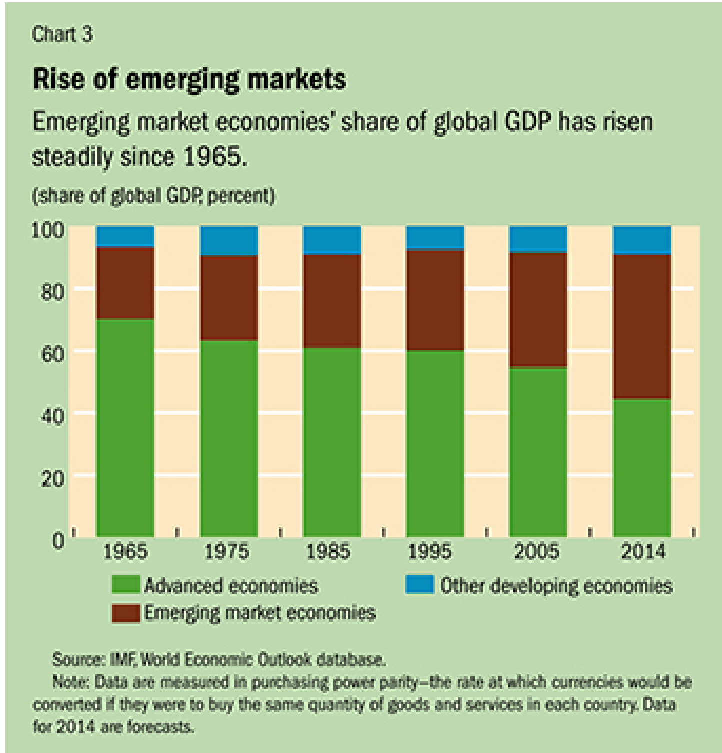

Fig. 5. Rise of emerging markets [3]

Following the characteristics of an emerging economy, it is also expected to see an increase over the years of the GDP, given that this type of economies are in transition, so they are experiencing a rapid GDP growth, growing per capita income, increasing debt and equity markets liquidity and a stable financial system infrastructure.

Based on *fig. 6.*, during the last 50 years, emerging market economies accounted for more than 70% of global growth, while advance economies contributed only in 17%. Developing countries have become the main component of global trade, creating strong financial links with the rest of the world. Some emerging countries have performed better over the past decade, such as Brazil, Russia, India and China, they have contributed for half of global growth. The list of the 20 largest economies now includes South Korea and Indonesia, which were far from being included. China is the 2nd world largest economy and Brazil the 7th (Ayhan, M. & Ezg, O., 2014)

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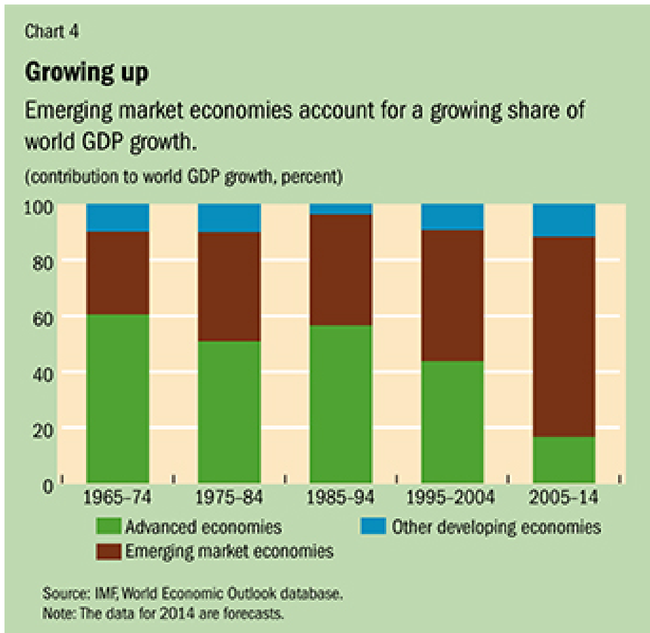

Fig. 6 Growing share of GDP (Ayhan, M. & Ezg, O., 2014)

However, the economic growth has never been constant. While the measure of global development on average is improving, not every country has benefited in the same way. The world economy has gone through periods of recession, in which world per capita output declined. Several countries have suffered financial crises that led to a decline in their growth. Some countries are considered as developed and others as still developing. So. It can be difficult to determine why some countries have developed faster than others, several factors affect living standars for people in different countries, making it better or worse.

Comparing with countries in other regions, those in Latin America and the Caribbean suffer from low productivity and growth. For instance, if Argentina grew at the same rate as the United Kingdom since 1960, it's income per capita would have been similar to the one of the United Kingdom. But Argentina's income per capita was $12,258 in 2006 compared to $27,800 for the United Kingdom. While the economy of countries in the rest of the world has growth since late 20th century, Latin America and Caribbean countries still face obstacles on their path to having a high productivity.

Latin America and the Caribbean (LAC) is a region were wealth and prosperity coexist with pockets of extreme poverty and vulnerability. While 105 billionaires in LAC have a total net worth of $446.9 billion, two out of ten people don't have enough food to eat. While some own properties and networks and attend to prestigious universities, others struggle with a precarious education. While some owns thousands of hectares of land, millions remain homeless. The list of contrast is long in the region and can go on. Even though LAC have reduced poverty in recent decades, combating inequality has been inefficient, and that progress has stagnated in recent years. Indeed, the region remains one of the most unequal and slowest growing around the world.

An accurate index that measures inequality is the Gini index, which measures the distribution of income across a population. A higher Gini index indicates a higher inequality. A country in which every resident has the same income would have an income Gini coefficient of 0. While a country which one resident earned all the income, while everyone else nothing, would have an income Gini coefficient of 1.

It is expected that Sub-Saharan African and Latin American and Caribbean countries to have the highest levels of income inequality, by reflecting the highest Gini Coefficient in the world. First, Sub-Saharan African are expected to be the continent with the most unequal distribution of income within its population among countries. This can be explained by its history, after colonization by European powers and establishment of apartheid laws, many countries were oppressed and denied access to resources, such as education and land, that would have allowed them to acquire wealth and close the economic gap between the and the privileged who had control over the resources. This has caused extreme levels of poverty in several societies while leaving others extremely wealthy. As well, Latin American and Caribbean countries are expected to have higher levels of Gini index, after African countries, given that these regions still face extreme levels of inequality, in which a major part of wealth are acquired by considerable part of the population while the other part are left with few or low-income levels (*Gini Coefficient by Country*, s.f.). On the other hand, it's expected that Eastern Europe and Central Asia countries have a lower Gini index in comparison with the ones mentioned at the beginning, given that these regions have maintained levels of levels of fairness across societies, of course the levels of inequality can have increased during the years, but not that much in comparison with Sub-Saharan African and Latin American and Caribbean countries.

Fig. 7., shows that there are ten Latin American and four Caribbean countries with a Gini index between 40 and 50. Only three Latin American countries have a Gini below the world median: Argentina, Peru, and Uruguay. Despite the progress over the last years, the region remains the second most inequal in the world (United Nations Development Programme, 2021).

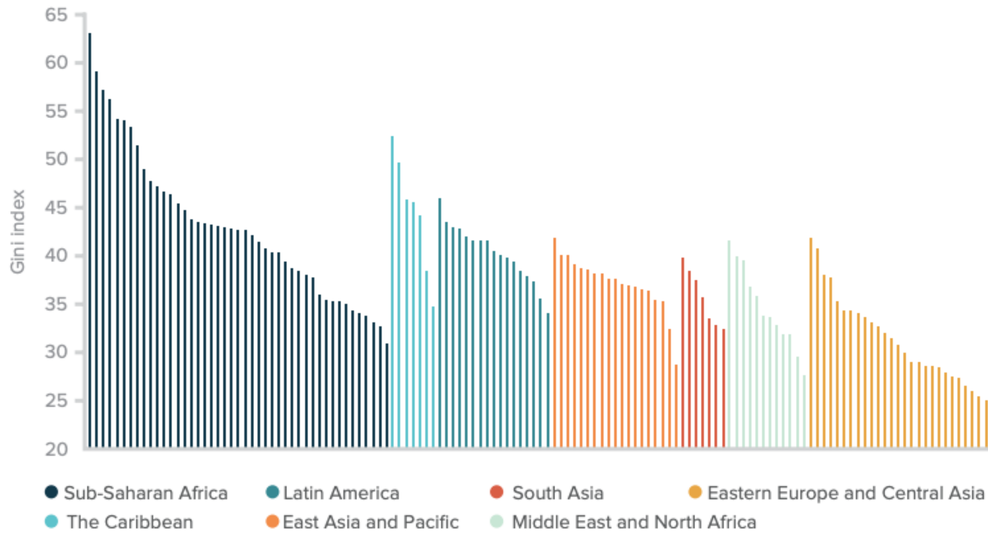

Fig. 7. Gini indices on the distribution of household's consumption per capita by region, 2017 (United Nations Development Programme, 2021).

Fig. 8. Illustrates that LAC countries have a higher Gini index than their peers at similar levels of human development and gross product per capita (GDP) (United Nations Development Programme, 2021). It can be seen that LAC countries are the ones with the highest Gini index, above the median and the lowest GDP.

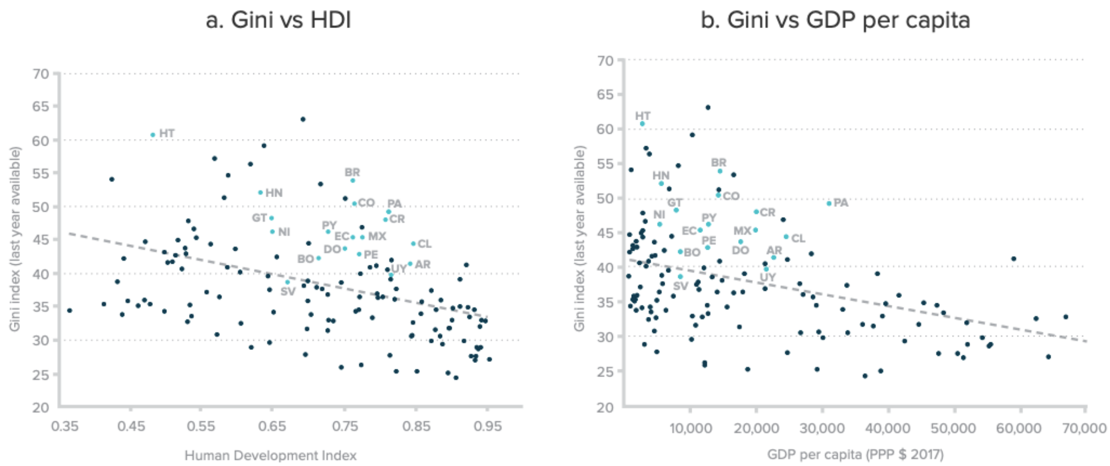

Fig. 8 Gini indices compared with human development and gross domestic product per capita (United Nations Development Programme, 2021).

Over the last years LAC has improved education attainment but it is not enough to ensure education is the great equalizer that the region needs. The gap in elementary education between the poorest and the richest 20% of the population fell from 7.6% to 2.2% between 2000 and 2018. Also, net enrolment rates increased in secondary school, from 55.9% to 78.6%. High school attendance among the poor accelerated in the 2000s. However, this process deaccelerated in the 2010s. In tertiary education there was an increase in net enrolment rates from 12% in 2000 to 30% in 2018 (*fig. 9.*) (United Nations Development Programme, 2021).

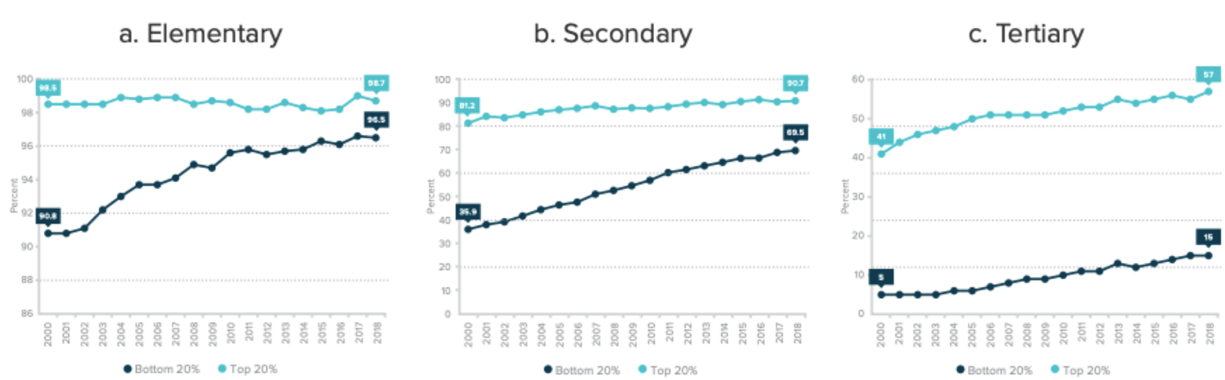

Fig. 9 Net enrolment rates in Latin America, 2000-2018, % (United Nations Development Programme, 2021).

Fig. 10., shows gaps of 11 countries in access to internet connection at home, the corresponding share of the poorest quintile is less than one third. Moreover, in 2019 less than one half of all households had internet at home. Home internet connection is still limited mainly to urban households. Is evident that internet is essential for today's world, people rely on digital services to meet their requirements such as learning, working, banking, health care and socializing. Region disparity in access to internet and tools to use it are impeding that millions of people achieve a high level of well-being (United Nations Development Programme, 2021).

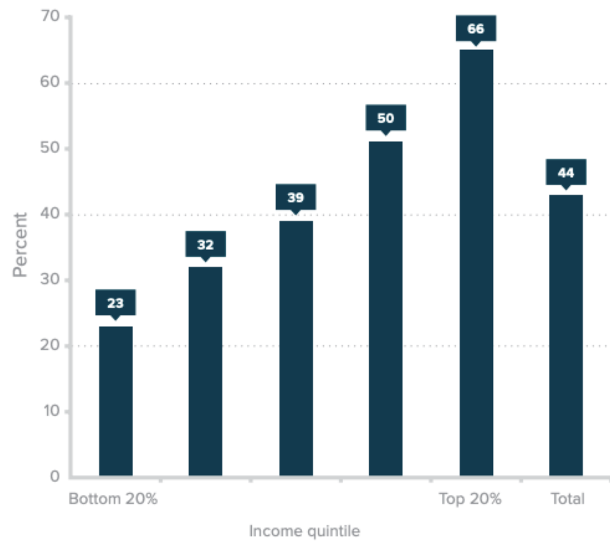

Fig. 10 Home internet connection in 2019 (United Nations Development Programme, 2021).

LAC has a slower growth of productivity, income per capital grows more slowly than in countries in the rest of the world. The per capita income growth gap is due to a gap in total factor productivity (TFP). This factor measures the efficiency with which available factors of production are transformed into final output. Factors accumulation in Latin America was in line with the rest of the world; what differences Latin America from others is TFP stagnation. A slower growth has meant an increasing breach of income per capita higher relative to most countries (*fig. 11.*). For instance, if a country in LAC grown at the pace as countries on the rest of the world since its 1960, now, its income per capita would have been around 50% higher. However, the accumulated growth gap is mostly due to slower productivity growth (Daude, C & Fernandez, E., 2010).

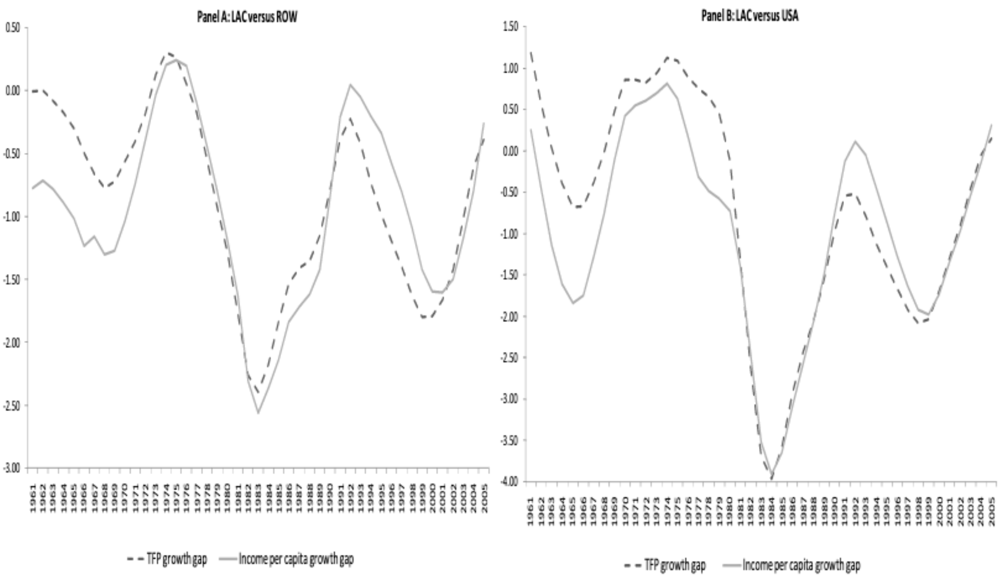

Fig. 11 TFP and Income per capita growth gaps (%) (Daude, C & Fernandez, E., 2010).

Productivity in LAC is not catching up with its maximum. Less productive countries should be able to increase productivity faster because they can adopt technologies from most advanced countries' economies, without incurring in costs of investigation, just by learning. The rest of the world tends to follow this pattern, but LAC don't. Additionally, LAC's productivity is about half of its potential. Current levels of estimated TFP for Latin American countries relative to United States taken as a frontier. The aggregate productivity of a LAC country is about half. If factor inputs are kept constant, income per capita would move together with TFP, so, if TFP increased to its potential, income per capital would double (*fig. 12.*) (Daude, C & Fernandez, E., 2010).

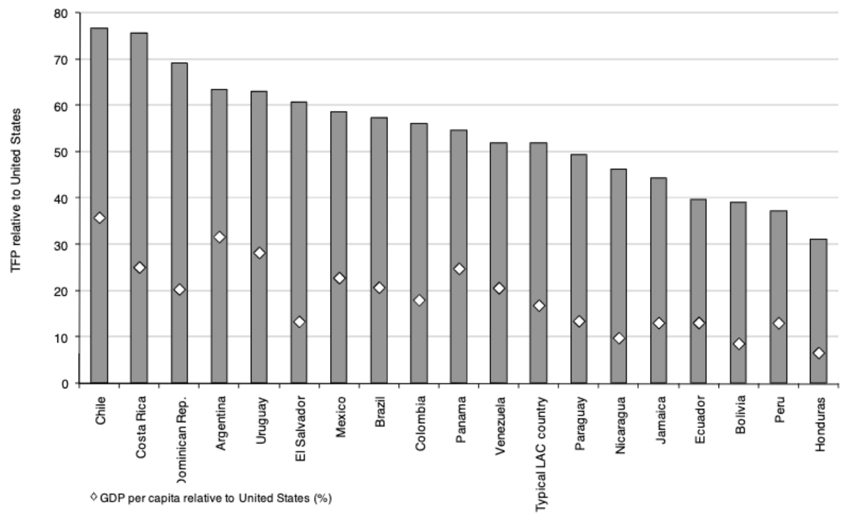

Fig. 12 Relative productivity in LAC countries (as a percentage of US productivity, 2005) (Daude, C & Fernandez, E., 2010).

Finally, slow growth and high inequality in LAC are factors that explain why these countries face a gap in the growth and development of the economy regarding countries of the rest of the world. Inequality impedes a region to develop and use its talent and effort as a labor force. Inequality lowers the returns to the region's educational investments. Parallel, low growth generates inequality, it implies lower opportunities to obtain good jobs. It also causes that who has invested in education fail to find a job that matches their abilities, reducing incentives in others to invest in education (Daude, C & Fernandez, E., 2010).

d. Economic development in Colombia

After having analyzed in detail the most general part, now we arrive to the specific section. The focus of the research is Colombia, one of the countries of Latin America. In the colonial periods, Colombian economy was characterized by a very traditional agrarian economy and with few connections between the diverse regions of the country, two characteristics that were maintained through a long time. During this period, the economy was based almost entirely on gold mining, including robbery of the metal from the graves of indigenous people, which was the principal product of export. During the first decade of 19th century the economic growth was very slow. Great changes came in the mid 19th century with the development of new export products, including tobacco, cinchona, coffee and more modern golds and silver mining. The slow growth that characterized the second half of 19th century was replaced by a rapid expansion and significant investments in the country's infrastructure.

The global crisis of the 1930s halted export opportunities and placed the manufacturing industry and modern services oriented towards the domestic market at the center of development. Industrial activities dated back to pioneering experiments in the late 19th and early 20th centuries. Industry and modern services were the axis of a process of rapid economic growth that lasted until the 1970s. It was accompanied by a relatively successful effort to diversify the export base since the coffee crisis during the mid 1950s. During the Latin American debt crisis of the 1980s, Colombia was partly saved from it, but from then on it entered a process of less economic expansion. The expectation that the economic opening of the early 1990s would accelerate growth did not come true: it reached a 3.5% annual between 1990 and 2019 vs. 5.1% between 1950 and 1980. The principal cause to the slowdown growth has been a strong and prolonged de-industrialization and difficulties in the agricultural sector to adapt to a more open economy. The great positive change has been the growing importance of the oil and mining sectors, especially the former which was consolidated in the first decades of the 21st century (Ocampo, J., 2019).

The modern economy is much more based in the exploitation of hydrocarbon fuels and several metals, agricultural production, and the manufacture of goods for export and domestic consumption. Private companies dominate the economy, and the participation of the government is limited to industries such as the railways, petroleum, and telecommunications. The government has intended to foster economic stability and foster private enterprise through indirect measures such a favorable system taxation and the extension of credit to new industries. Several region development organizations have been established, such as Cauca Valley Corporation, to promote a more balanced industrial growth, focusing on the development of hydroelectric power and flood control. In the mid-20th century, the economic growth was quite substantial, however, in the following decades inflation and unemployment increased rapidly as the growth rate decreased. Although, Colombia has one of the few Latin American countries that didn't suffer the economic crisis in the 1980s, having the healthiest economy in the region during that decade.

Colombia has an abundance of nonrenewable sources such as gold, coal, and petroleum; its renewable sources include rich agricultural lands and rivers that's has been used increasingly for hydroelectric power. In recent decades, oil production and mining have become major economic activities, the major production centers are in the Llanos, Amazonia, and Magdalena and Catatumbo river valleys. Oil currently represents roughly half of all Colombian exports. Hydroelectric potential in Colombia is higher than in other country of Latin America except for Brazil. These plants generate approximately three-fourths of the electricity of the nation.

The mountain character of the Colombian territory together with the climate conditions in different regions, allows for a variety of production of both tropical and temperate zone crops, from flowers, bananas and sugarcane to wheat, barley, and potatoes. During many years, coffee has represented the backbone of Colombian economy, bringing premium prices on the world market, and constituting approximately half of legal exports. However, trade in coffee has always suffered a sensitivity in price fluctuations. In 1975, prices of exports of Colombian coffee soared and consequently, the nation suffered high levels of inflation. During other periods, low prices of coffee have stalled economic development. Bananas and plantains are classified as important fruit crops in the region that are exported. Sugarcane is also an important crop, some of the sugar is exported, but domestic markets consume a major part of production (Andrade, L & Cadena, A., 2010).

Few years ago, tourism was minimal because of insecurity and a negative image of the country around the world. Since 2000s, things started to change, the annual number of international visitors have been increasing from 600,000 in 2000 to 4.5 million in 2019. Almost the entire country has opened for tourism, this has fostered a growth of community and ecotourism options.

Since 1990s, the government has been opening the economy to foreign competition and tearing down tariffs. Colombia pursued an import substitution policy, fostering the growth of domestic industries such as automobiles, home appliances and petrochemical goods. In the last years, the country has signed free trade agreements with the United Stated and the European Union, which has allowed the country to have a diversified industrial sector (Bertelsmann Transformation Index, 2022) .

Several developing countries are frustrated because their economic conditions haven't led them to rapid economic growth. Colombia has had an extreme turnaround in politics and economics over the past decade. The government has reclaimed territories that were owned by drug traffickers and rebel armies, crimes rates have declined drastically, investor confidence is high, and unemployment has dropped. During the period of 2005 to 2009, the economy grew at an annual rate of 4.6%, compared with 3.6% for the other countries in Latin America. However, these improvements haven't been enough to ensure a sustainable economic development.

Colombia has made substantial progress according to social and economic indicators during the last three decades. The World bank classified the country as upper middle income. Colombia ranked 83 out of 189 countries in the Human Development Index (HDI) 2019, which is a measure of a country's average achievements in three basic aspects of human development: health, knowledge and standard of living. The country has managed to improve public goods provision, increase social spending, and implement redistribution programs. Monetary poverty declined from 40.8% in 2012 to 35.7% in 2019. Also, the percentage of people living in poverty decreased. According to World Bank estimated, Colombian economy grew 9.9% in 2021, which improved a previous projection of 7.7% for last year. Nevertheless, inequality remains high. The Gini coefficient for Colombia was 50.4 in 2018, and the loss in HDI score due to inequality was 22.4% (Becerra, B., 2022) .

The primary sector of the economy represented 14.1% of the GDP in 2021. Among the main agricultural products of Colombia are coffee, banana, flowers, sugar cane, cattle, rice. On the other hand, in the mining energy resources, the production of coal, oil, natural gas, iron, ore, ferronickel and gold stands out. The secondary sector participated in 18%; in industry, the production of textiles, chemical products, metallurgy, cement, cardboard, plastic resins and beverages stands out. The tertiary sector represented the 68% of the GDP with importance of services, in special, the dynamic of tourism. In 2019, it was registered the highest number of non-resident visitors (4,5 million). However, in 2020, due to the pandemic the numbers of tourism were affected and reduced in 69,2% with only 1,4 million of visitors. In 2021 showed signs of recovery, which represented 52,1% compared to 2020.

In 2019 the GDP in Colombia grew 3% but because of the isolation measures and closure of productive activities to contain COVID-19, the Colombian economy shrank by 7% in 2020. Additionally, impacted by an environment of falling international prices for mining products especially oil, and the drop in the external and internal demand. The recovery was immediately, and the real GDP increased in 10,6%, the Colombian GDP for 2021 was $314.36 billions, comparing it with the GDP of 2020 that was $270.30 billions, it increased 17.73%, with a growth rate of 10.68%. for 2022, the International Monetary Fund estimated a growth of 5,8%.

Among other causes, the low rhythm of the economic activity led to an increase in the employment rates, which went from 8,9% to 10,4% and 15,7% between 2015, 2019 and 2020 respectively. In 2021, because of the effects of the reactivation of the economy, the unemployment rate reduced and was placed on 13,4%. The inflation maintained a decreasing trend between 2015-2018 when it reduced from 6,8% to 3,2%. However, in 2019, it increased to 3,8%, because of the increase in food prices, climate factors, closure of the road to Llano and because of a higher devaluation of the currency. For 2020, in an environment of contraction in domestic internal demand, inflation was of 1,6%, below the specific target of 3%. In 2021, inflation closed on 5,6%. With an increasing trend, because of the road blockades since May which generated an increase in prices of perishable food. Inflation in 2021 was also affected because of the rise in international prices of basic goods and raw material. As well, because of the closure of some ports, the delays in dispatches and, in general, global logistic problems.

All of this, reinforced by a higher depreciation of peso. In nominal terms, the representative market rate corresponded to US$3.744,2 in average in 2021, which corresponded to a nominal devaluation of 1,4%.

Because of its dependence on mining energy goods, its exports were affected; in 2012 they exceeded the US$62 billions. Because of the effects of the pandemic and the closure of foreign markets, in 2020, sales stood at US$31.056 millions, for a decrease of 21,4%. During 2021, in an environment recovery of external demand, sales grew 33.3%, amounting to US$41,387 millions. Since 2014, Colombia registered a trade deficit in goods, which stood at US$15.262 millions in 2021. In services, the deficit was of US$6,5 billions (2,1% of GDP) in 2019, expanding in 52% compared to 2020. Exports increased in 30,9% and imports in 39,9%. During 2021, registered a deficit of US$17.833 millions in the current account of the balance of payments, superior in US$8.626 millions with respect to 2020. As a proportion of the GDP, the deficit was 5.7% by 2.2 percentual points to that of 2020. In 2019 the fiscal deficit was 2.,5% of the GDP, but with the impact received by the pandemic and higher budget expenditures, it registered a fiscal deficit equivalent to 7,8% of the GDP. The preliminary fiscal deficit for 2021 was 7,1% of the GDP.

The Colombian economy will moderate its growth, from high levels of activity, mainly due to lower private consumption. GDP will grow 0.7% in 203 and 1.8% in 2024, after a gradual recover from the end of this year. Inflation will gradually decline, ending this year at 9% and 2024 at 5% (Sutuación Colombia, 2023) .

e. Colombian economic situation recently

In 2019, Colombia had an improvement, in which the country gained three positions in the Global Competitiveness Index of World Economic Forum, going from the 60th place in 2018, between 140 economies, to the 57th in 2019, between 141 countries.

Within the regional context, Colombia advanced from the fifth place to the fourth most competitive economic of Latin America, after Chile (33), Mexico (48) and Uruguay (54), surpassing Costa Rica (62). In the global environment, Singapore obtained the first place, followed by United States and Hong Kong.

The rebound of Colombia was integral, as it raised its score in 10 of the 12 pillars measured by the index. In particular, the advance was marked by the pillars of health and the macroeconomic environment. In general terms, the Colombian economy improved, in average, two positions in the perception variables and 1.8 positions in the variables based on hard data.

The pillars in which the country rebounded the most are health (19 position) and macroeconomic context (13 positions). The pillar of health was marked by an increase in the healthy life expectancy of 69,1 years to 70,4 years. For its part, the best macroeconomic context was achieved thanks to the significant reduction of inflation (3,8%) compared to the previous year’s measurement (5,9%). In the last variable, Colombia advanced 107 positions.

Also, there were other improvement in the positions of the country in areas such as electricity (36 positions), the credit gap (32 positions) and the efficiency of the train service (26 positions) (*Colombia se posiciona como el cuarto país más competitivo de America Latina, según el Foro Económico Mundial*, 2019) .

The GDP grew at a rate of 7,5% in 2022, but the economy had some problems because of an accelerated inflation and a high deficit in the current account. As the surge in consumption suppressed during the pandemic fades, the monetary and fiscal policies remain contractive an the external demand maintains weak, it's expected that the GDP will increase only 1,1% in 2023 and the economy will slow down, will lead to a soft landing, which is necessary to correct the emergence of internal and external imbalances. It's expected that growth will stabilize around 2,8% in 2024 as external demand activates again and inflation and interests rate decrease.

At the end of 2022, inflation reached 13,1%, which was given to the strong internal demand, the inertia of inflation, income indexation, crop losses due to heavy rains and the depreciation of the Colombian peso.

During 2022, Colombia generated 1,6 millions of jobs, which exceeded the average annual creation of this century: 0,3 million per year. With this, private consumption was boosted to record levels, even when measure per capita, it exceeded real spending per person before the pandemic by more than 15%. At the same time, consumer credit grew above its historical average, reflecting that the economy maintains its access to internal financing. Finally, Colombian foreign trade benefited from terms of trade that grew strongly, much more than in the last years, boosting total exports. At the end of 2022, some signs of slowdown in economic activity began to be noticed, much more evident in household spending on durable goods and the housing market. This is a prelude to the fact that the economy will not be able to maintain the high growth rates it has been showing. Which in part is good and desirable by monetary policy to reduce inflation, incentivize private savings and reduce macroeconomic imbalances (Situación Colombia, 2023) .

The outlook for Colombia for 2023 presents great challenges in its economy. It is estimated that the economic growth represents a deacceleration with respect to the results between 2021-2022. Although Colombian economy surprised to the upside in 2022, thanks to strong to private consumption fueled by accumulated saving and solid bank credit, projections are now different.

The 2,2% budgeted last October 2022 by the International Monetary Fund (IMF) for growth for Colombia for this year, now it is only 1.1%. The Banco de la República in its forecasts gives a growth of only 0,2% for the national economy for this year and of 1% for 2024. As well, it is only estimated that a modest reduction in poverty during 2022, because inflation reduced labor income gains, reducing the decline in the national poverty rate by 5 percentage points. The strong La Niña phenomenon (characterized by a considerable increment in the precipitation and a decrease in the temperatures in the regions: Andina, Caribe, Pacífica and in Llanos Orientales) has affected more than 750.000 people and has caused damages in crops, infrastructure, houses, health, education and transportation. It is expected that poverty will stagnate in 2023, as soon as lower growth makes it difficult for labor income to recover (*Ministerio de Información y Comunicación de las Tecnologías*, 2022).

Also, Colombia continues to be one of the most unequal countries around the world. Economic growth has not been enough to reduce inequality, given that there continues to be barriers for economic opportunities (including gender, ethnicity and geographic location), limiting social mobility (*Colombia: Panorama General*, 2023).

f. Fiscal and monetary policies in Colombia

The government is an agent that influences over the economic activity throughout its tax and spending policies. It is also an important factor in the macroeconomic stability, given that this one depends on its sustainability of its finances. The politic decisions affect the behaviors such as: product growth, offer and aggregate demand, inversion, savings, prices, jobs, wages and external sector accounts. In Colombia, El Bando de la República, which is the monetary authority, has among its functions reach and make the product grow around its long-term trend.

On the other hand, fiscal policies are defined by the executives and legislative powers. By the foregoing, its essential to have a coordination between the monetary policy and fiscal policy to have an adequate performance of the economy and, it is also important given that the actions of the fiscal policy can affect the decision of the monetary policy and vice versa, putting at risk the economic stability. If the authorities of economic politics do not have a coordinated behavior between their actions, there can be an economic instability, with high interest rates, exchange rate pressures, an accelerated increment in the level of prices and a negative impact on the output growth (Rodriguez, L et al., 2014).

It is important to have a clear understanding of the differences, similarities and interrelationships between fiscal and monetary policies. The principal difference is related with the objectives, the purpose of the monetary policy in Colombia is to maintain a low and stable inflation rate. By contrast, the objectives of a fiscal policy are multiple, in the short and mid-term, can be that its objectives are to correct the structural fiscal imbalance and stabilize the debt. In the long-term, the objectives can be to boost growth, employment, equity and sustainability on its finances.

The second difference is related to the policy tools used. The monetary policy uses the intervention interest rates as its principal tool, while fiscal policy uses taxes, expenses or both and withing the different types of taxes and expenses.

The third one, is related with the transmission channels for the decision of the policies. The fiscal policy is transmitted by four channels: credit, exchange rate, non-exchange asset prices and expectations, fiscal policy does it through multiple channels that depends on the tool used, as exchange rates, interest rates, private inversion, private consumption, taxes, among others.

The fourth difference is related with the duration and nature of the impact of the decisions. The impact of the monetary policy take time to be reflected in its intermediate or final objectives, between one or two years, they are short-lived and transitory in nature. The impacts of the fiscal policy are typical faster, can last and have a permanent character, this is, they can change the long-term values of the macroeconomic variables.

However, the monetary and fiscal policy have at least one similarity. The control over its objective it is not exact, given that they face uncertainties from the theories, models and statistics on which they base their decisions and of exogenous situations, that can be external or internal shocks to the economy, autonomous decisions of consumers, firms or local or international investors, and in the case of fiscal policy, in the infeasibility of their social or political initiatives.

As the objective of the monetary policy in Colombia is to maintain a low and stable inflation rate and achieve the maximum sustainable level of output and employment, in this way, the monetary policy complies with the mandate of the Constitution to ensure that the purchasing power of the peso maintained and contributes to well-being of the population. To achieve its objectives, El Banco de la República follows an inflation target scheme in a flexible exchange rate regime. Under this scheme, the actions of the monetary policy are aimed at a future inflation reaching the target set in the policy horizon. In Colombia, the goal set by the Junta Directiva del Banco de la República (JDBR) was 3% (with an admissible margin of deviation of ± percentual point). This goal is referred to the inflation of prices for the consumer, that it is measured statistically as an annual variation of the Consumer Index Price (CIP) (*Politica Monetaria la Estrategia de la Inflación*, 2023).

With the objective of achieving the goal of inflation, the Banco de la República fix the interest rate of reference, also known as interest rate of monetary policy or of intervention. The Banco de la República adjust the money supply to ensure that the Bank Reference Indicator (BRI) is close to the monetary policy.

On the other hand, the objectives of the fiscal policies in brief are to manage the spending and taxes levels in ways that can influence the economy. In Colombia, one of the fiscal policies in terms of income in the government of president Iván Duque, was centered in obtaining revenue to finance the deficit, for this reason, he proposed in the bill, the modification of the Value Added Tax (VAT), reducing and unifying the rate but broadening the base. Based on what was proposed, the bill predicted the extension of VAT to the family basket so that, in turn, it would be returned to the most vulnerable sectors. The government has presented policies to increase the rate of economic growth in the mid-term such as:

- Reduce the income tax rate for legal persons.
- Discount on income from VAT paid on the acquisition of capital goods.
- The deductibility of 50% of the tax of financial movements GMF.
- The progressive elimination of the presumptive income and the exclusion of wealth tax for companies.
- Incentives were created for the projects linked to so called orange economy.

g. Comparing Colombia with other Latin American countries

There's no doubt that Colombia is a country that is less poor than 10 years ago. It not only has reduced poverty in 17% by this period (which means that the country has 5,9 millions of people less poor), but in that period the growth of its economy has also made it shine among the regions.

However, it would be a mistake to think that the country is close to reaching “the other side” in the socioeconomic aspect, because although its rate of growth has been notable, there are certain barriers that haven’t been overcome and that have placed Colombia in an intermediate point among the healthiest and least economies. three of the most important obstacles are: inequality, informality and conflict.

Colombia is the fourth biggest economies in Latin America, but it is still far from the top positions in terms of GDP per capita, which in 2015 reached 6,056 dollars. Argentina, Chile or Panama have more than double. And Colombia is somehow 2,000 dollars below the average for Latin America and Caribbean. In fact, according to CEPAL, the 20% of richest people of the Colombian population earns 20 times more than the 20% of the poorest people.

And it is that despite the sustained economic growth and the reduction in poverty, Colombia hasn’t been able to improve in a significant way, the Gini coefficient, which measured inequality in a country. Worse still, this one has remained almost intact in the recent years.

According to the International Monetary Fund (IMF), between 2005 and 2015 the Gini coefficient (were 0 is the minimum inequality and 1 is the maximum inequality) went from 0,550 to 0,538: the highest in Latin America, together with the one of Guatemala. The reduction was only 0,01 points, which was minimum. While the reduction of inequality was almost imperceptible, in Brazil it went from 0,569 to 0,515, 0,054 of difference, in Peru reduced from

0,518 to 0,441, 0,0770 of difference and in Ecuador from 0,532 to 0,454, 0,078 difference, which means that important advances were reached.

In relation with the minimum wage, Colombia is far from being on the first positions in Latin America. With almost 230 dollars monthly, the country is ranked 13th in a list of 15 countries led by Panama with US$529; Costa Rica with US$520 and Argentina US$445. It can be that the minimum wage is not higher because the productive sector would be affected. But as it has given advantages to the productive sector, such as tax exemptions, with the aim of creating more jobs, this doesn't always happen and the benefits simply become part of the company's profits.

At the same time, according to some numbers of Red Latinoamericana de Investigaciones sobre Compañías Multinacionales (RedLat), Colombia occupies one of the world highest proportions that earns a minimum salary or less: 48,6%. While other countries as Brazil, Argentina or Mexico, have a percentage of 20 and 25 roughly.

Even in Colombia only 17,4% of the workers earn more than two minimum wages, while in Mexico the proportion is of 55,8%; in Chile 41,6%; in Brazil 31,9% and in Argentina 29,3%. However, the country has an advantage and is that it exists a healthy proportion between the level of income and the cost of living. A way of measuring this relation was created by "The Economist", in which establishes how many hours of work, based on minimum wage, are required to but a product that has in common the rest of the world: a Big Mac hamburger. So, the Big Mac index says that in Colombia is required 1,89 hours of work to buy one, which places the country ahead from Mexico with 5,6 hours, Brazil with 2,39 hours, Peru with 2,2 hours and Ecuador with 2,17 hours.

Another important study made by BBC, indicates that the basic basket cost for a Colombian worker that earns a minimum wage is 28,8% of its salary. Less than an Ecuadorian (37,7%) and Peruvian. But much more than a Panamanian (16,5%), Chilean (18,9%), Argentinian (19,2%) and Mexican (19,3%). And as it is known, the highest the percentage that a person spends on basic needs such as food and transportation, the lowest is their wealth.

Another important factor is informality, in Colombia 6 of 10 people are informal workers, which is a problem that would be reflected in the future and will impact hard these people, given that they didn't paying taxes and did not contribute to pension and health, when they achieve an age in which they cannot work would be affected.

According to International Organization of Work, the country is the one that suffers the most in Latin America. The Colombian mean is in a level similar to Peru and Guatemala, that are situated only 10 percentual points above the Latin American mean. Only Bolivia, Honduras and Nicaragua have a higher informality: 7 of 10 people.

El Foro gives an overall rating on how well prepared a country is for development and prosperity, in relation with characteristics such as institutional effectiveness, infrastructure, health, education, macroeconomic environment, among others. The rate for Colombia was 4,30: located in the 5th Latin American country, behind from Chile (4,64), Panama (4,51), Mexico (4,41) and Costa Rica (4,41).

Another reality of the country that is important to consider is the armed conflict. There is no other country that spends that much money on military spending as Colombia, in 2015 it increased to 3,4% of GDP, something like 9,900 million. Is so high that it almost reaches the proportion that the United States destinated in 2015: 3,3% of its GDP.

It would be important to highlight what would mean for Colombia to invest these economic resources in more productive sectors such as: social projects, innovations and entrepreneurship. El Tiempo, calculated an approximation of the military spend compared with other strategic lines based on the 2015 GDP. It was found that for every dollar that Colombia allocates for the conflicted army, invests around 2 dollars in health and 1,4 dollars in education. Argentina invests around 5 dollars in health and 6 dollars in education; Brazil 6 and 4 dollars respectively; Mexico 9 and 7 dollars respectively and Chile 4 and 2,4 dollars respectively (Alarcón, D., 2016) .

With respect to the expected economic growth, it has been diminishing, passing from 3,5% in 2022 to 1,7% in 2023, leaving it with a gap of 1,8%. Which would make Colombia the country that would present a greater decrease. In fact, the countries that would lead the dynamic for 2023 are: Venezuela with 6,5%; followed by Paraguay with 4,3%; Uruguay with 3,6%; Bolivia with 3,2%; Ecuador with 2,7%; and Peru with 2,6% (Cajamarca, J., 2022) .

In Colombia it is needed to formalize, elevate productivity and implement strategies of equity, if this is reached, then the country would be placed in a better rank. The country has a giant production capacity but, must get the adequate human talent and the way to do is interacting with technology and innovation in a more dynamic way.

h. Economic development in Europe

One of the first regions to develop a modern economy based on commercial agriculture, industrial development, and provision of specialized services was Europe. Its successful modernization can be due to a rich endowment of economic resources of the continent, the evolution of an educated labor force and, to an interconnection of all its parts that allowed the transportation of raw material and final products and communication of ideas.

Europe's economic modernization began with a marked improvement in agricultural output in the 17th century, particularly in England. They adopted traditional cultivation methods which gave a way to continuous cropping on more efficient fields. Landowners accumulated the greater wealth and, at the same time fewer farmhands were needed to work the land. The capital accumulated and the cheap labor created by this revolution in agriculture, gave rise to the development of the Industrial Revolution in the 18th century (Economy of Europe, s.f.).

Revolution initiated in the 1730s with the development of water-driven machinery to spin and weave wool and cotton. By mid-century, was developed a steam machine that emancipated machinery from sited adjacent to waterfalls and rapids; a higher demand for more fuel to run engines led to the increased exploitation of coal; industries were constructed on the coalfields to minimize transportation cost of coal; canals and other improvements in the transportation infrastructure were made which attracted other industries which didn't depended on coal , and thus, promoted a development in adjacent regions. During the 19th century, industrialization began outside England in conjunction with the construction of railways. Governments of European countries had encouraged local development through subsides and tariff protection against foreign competition.

During the 20th century, Europe experimented periods of economic growth and prosperity. Industrial development proliferated much more in the whole continent. However, economic growth was hampered by continent's multinational character, which generated economic rivalry between nations and two devastated world wars. Moreover, governmental protectionism that tended to restrict the potential market for products, deprived many companies of market efficiency. This was greatly reduced with the establishment of the European Unions and its ongoing evolution.

At the end of the 20th century and at the beginning of the 21st century, manufacturing remained important for the European economy, but was dramatically overshadowed by the growth in the service sector. Western Europe tended to attract high value-added manufacturing industries, such as automotive, aerospace, among others, whose finished products are worth much more than materials and labor force required to produce them. In the east-central and southern east Europe prevailed low value-added manufacture such as textiles, apparel, and food processing. Meanwhile, the increase of the employment in the service sector helped to compensate for the loss of jobs in the manufacture area and at the same time, contributed to a growth of urban regions. Many metropolitan regions, especially in western Europe, have become nationally and internationally sectors of specialized businesses and high-technology services (Fouquet, R, & Stephen B. 2015).

Nowadays, the European Union has the third-largest economy in the world, which represents one-sixth of global trade. In total, 27 countries member make up one internal market that allows a free trade of goods, services, capital, and labor. The economic power of the European Union is sustained by three economic giants: Germany, France, and Italy, with a GDP of $4trillion, $2.7trillion and $1.9trillion respectively, which together, make up more than half of the EU's entire economic output. *Fig. 10., Fig. 11., and Fig. 12.,* shows the 27 member states and the percentage they contribute to the EU's gross domestic product (Rao, P., 2023) .

Rank	Country	GDP (Billion USD)	% of the EU Economy
1.	Germany	4,031.1	24.26%
2.	France	2,778.1	16.72%
3.	Italy	1,997.0	12.02%
4.	Spain	1,390.0	8.37%
5.	Netherlands	990.6	5.96%
6.	Poland	716.3	4.31%
7.	Sweden	603.9	3.64%
8.	Belgium	589.5	3.55%
9.	Ireland	519.8	3.13%
10.	Austria	468.0	2.82%
	Total	**16,613.1**	**100%**

Fig. 13 Percentage contribute to the EU's GDP (Rao, P., 2023)

Rank	Country	GDP (Billion USD)	% of the EU Economy
11.	Denmark	386.7	2.33%
12.	Romania	299.9	1.81%
13.	Czechia	295.6	1.78%
14.	Finland	281.4	1.69%
15.	Portugal	255.9	1.54%
16.	Greece	222.0	1.34%
17.	Hungary	184.7	1.11%
18.	Slovakia	112.4	0.68%
19.	Bulgaria	85.0	0.51%
20.	Luxembourg	82.2	0.49%
	Total	**16,613.1**	**100%**

Fig. 14 Percentage contribute to the EU's GDP (Rao, P., 2023)

Rank	Country	GDP (Billion USD)	% of the EU Economy
21.	Croatia	69.4	0.42%
22.	Lithuania	68.0	0.41%
23.	Slovenia	62.2	0.37%
24.	Latvia	40.6	0.24%
25.	Estonia	39.1	0.24%
26.	Cyprus	26.7	0.16%
27.	Malta	17.2	0.10%
	Total	**16,613.1**	**100%**

Fig. 15 Percentage contribute to the EU's GDP (Rao, P., 2023)

V) RESULTS

Around 100 years ago, Argentina was withing the seven richest nations of the world, but now it is ranked 43rd in terms of income per capita. In 1950, the income per capita of Ghana was higher than the one of South Korea; now South Koreans are more than 10 times richer than Ghana citizens. Meanwhile, more than one billion of people have seen a poor progress in development during the last decades, while more than three billion of people have experienced notably improvements in wealth, education and income.

Parente and Prescott studied 102 countries for the period of 19060-1985. They came up with the conclusion that disparities in wealth between rich and poor countries persist, despite an average increase in incomes, however, there is some evidence of a dramatic divergence in Asia, which is consistent with some southeast national economies as Japan, Thailand, Taiwan and South Korea. They highlight the extent to which real income of seven South East Asian economies have grown 3.5 times (Malaysia) to 7.6 times (China) faster than the United States and the G10 economies for the period of 1970-2010.

The world bank attributed the "East Asian Miracle" to solid macroeconomic politics with limited deficits and low debt, high rate of savings and investment, primary and secondary education, low taxation of agriculture, export promotion, promotion of selective industries, a technocratic civil service, and authoritarian leaders. However, part of this achievements was also produced with the generous help of United States and other development military programs.

Other people have argument that the relative success of South Asia had more to do with the search of strategic forms rather than “close” forms of integration with the economic world economy. In other words, instead of opting for a rampant economic liberalization in line with the Neo-Classical market approach to development, countries as Japan, South Korea and Taiwan intervened in economy in an effort to assure that markets flourished. As well, other people have argument that the relative success of South Asia had more to be with building an integral industrial policy with purpose. These measures include long term credit, subsidization and coercion of exports, strict control of multinational investment and foreign equity ownership of industry, highly active technology policies and promotion of large-scale conglomerates together with restrictions on the entry and exit of firms in important industrial sectors (Dobrescu, P., 2019).

Income measure is only one dimension of poverty. Other indicators including those related to child mortality, illiteracy, infectors disease, malnutrition and schooling are also important factors to take into account, which were mentioned before. Several countries have made extraordinary positive changes in overcoming poverty. In some progress has been generalized, instead others have achieved significant advances in one dimension but fallen back on others. For instance, with similar levels of average per capita incomes, in Bangladesh average life expectancy is 71, whereas Zimbabwe is 60 and in Tanzania is 61.

Average per capita incomes are growing in most countries, inequality is also growing almost around the world. The world richest 20% of people account for three quarters of global income and consume about 80% of global resources. While 20% of poorest people in the world consume less than 2% of the global resources. But also, where poor people it’s been changing, 20 years ago, more than 90% of poor people used to live in low-income countries; nowadays, around three fourths of the world's estimated one billion of people who were living with less than $1.25 per day, are now living in countries with middle incomes.

Human development index is one of the most important factors to consider, which is a measure of basic achievement levels in human development, it is an average of indexes of life aspects as knowledge, understanding, long and healthy life, acceptable standard of living, education. Norway, Switzerland, Australia, Ireland and Germany led the ranking of 189 countries and territories in the Human Development Index, while Niger, the Central African Republic, South Sudan, Chad and Burundi have the lowest ranking of Human Development Index of national achievements in health, education and income (*Wide inequalities in people´s well being cast a shadow on sustained human development progress,* 2018).

For 200 years, the world's rich countries grew faster than poorer countries, probably the Netherlands was about four times richer than of the poorest countries. Two centuries later, the Netherlands was 40 times richer than China, 24 times richer than India and 10 times richer than Thailand (Hausmann, R., 2014) . Income levels and rates of economic growth differ widely among different countries.

a. Why some countries develop faster than others?

Some of these differences can be attributed to variation in resource endowments, graphic location, institutions such as the system of government, freedom of the press and an independent central bank. So, we would ask, why some countries' economy grow faster than others? There are potentially many answers to these questions given below.

These differences between countries can be explained first by geography. The advantages or disadvantages in geography can generate considerable differences in the economic performance in the long term, and the low performance can explain the "bad geography". In a study made on the development of countries and the explanation of why some of the develop faster than others, they affirm that geography can affect growth in four ways. First, economies located in coastal regions have an easier access to sea trade, near markets can have lower transportation costs, and are likely to outperform economies that are distant and landlocked. Secondly, tropical climate face a higher incidence of infectious disease and malaria, bilharzia and other infections than can reduce economic performance by reducing productivity of workers. For example, in 2015, malaria caused around 438,000 deaths mostly among kids in sub-Sahara Africa region. Additionally, having a high incidence disease can raise fertility rates and increase the demographic burden of a country. Thirdly, geography affects agricultural productivity in diverse ways. Grains are less productive in tropical regions, with a hectare of land in the tropics yielding around one-third of yield in temperate zones. Fourthly, given that tropical regions have low incomes and crop values, agricultural companies invest less in tropical regions and institutional nations of investigation are as well poorer.

On the other hand, individuals specialize in an occupation they perform better, countries specialize in producing goods and services depending on their natural resources and education of labor force. For instance, countries with nutritious soil might specialize in agriculture, whereas a country with labor force specialized in electronics might specialize in producing computer chips. So, countries specialize in goods and services that they produce better and trade the goods and services they produce less efficient. The more countries can specialize and trade, the higher the economic growth they would have on the long run (*1997-1998 Essay Contest – Why do some countrues grow faster than others? What I, if anything, can a central bank do to enhance economic growth?* s.f.) .

Trade policies, such as quotas, tariffs and exchange rates among countries affect trade flows. Exchange rates can affect trade, given that the cost of goods and services of other countries fluctuate with movements in exchange rates. Some economists consider these factors important in explaining economic growth. For example, if the United States places a tariff on imported automobiles, the price of cars in the United States will increase (*1997-1998 Essay Contest – Why do some countrues grow faster than others? What I, if anything, can a central bank do to enhance economic growth?* s.f.) , (Hardesty, L., 2011) .

Another reason if the effect of the government in the performance of the economy. Regulations, taxes, and government spending can improve or worse sectors of the economy. If the government spends more than they collect in tax revenues, deficits can slow the economy, or a well-planned road system can make market more efficient and improve economy. Also, government is an important player on the economy because it corrects for market failures and protects property rights (*1997-1998 Essay Contest – Why do some countrues grow faster than others? What I, if anything, can a central bank do to enhance economic growth?* s.f.). For examining that pollute can cause health problems on people. In response, government can regulate the quantity of pollution that a company is allowed. Schools and other basic infrastructure as roads and bridges benefits the region, however, it is possible that the market will produce them since costs and benefits are shared among a large number of people. In these cases, government intervene to satisfy these needs.

Property rights give the rules for property and commercial and companies know what they are allow and not allow to do. For example, consumers are protected against misleading information by consumer protection laws and investors are protected by patents and copyrights laws. If property rights weren't well defined, players on the market can't depend on particular outcomes important for purchasing or investing (*1997-1998 Essay Contest – Why do some countrues grow faster than others? What I, if anything, can a central bank do to enhance economic growth?* s.f.) . Countries with relative well organized and consistent legal system would tend to have more efficient market than countries with weak and inconsistent legal systems.

Technology is also an important factor that plays an important role on economic growth. Technology refers to advancement in knowledge and how it is used in the productive process. For example, microchip processor helped companies incorporate information systems on the production process and sales. Countries that have a considerable amount of investigation and development and/or access to new technologies often tend to have a stronger labor force that is more productive than countries without access to technology (*1997-1998 Essay Contest – Why do some countrues grow faster than others? What I, if anything, can a central bank do to enhance economic growth?* s.f.). As productivity increases, economic growth increases. Investments in new technologies can set the bases for growth in the next years. Countries with institutions that facilitates the appropriation of technology and accommodate investment will obtain increases in total output.

Another factor is the political, social, and geographical conditions. Countries with challenging terrain or weather might need to find creative ways to adapt to their surroundings. The political and social climate of a country influence total production of the economy of a country. Crime, poverty and income disparity of income and armed conflicts can be a result or cause of a low economic growth. However, social problems can arise despite high economic growth. The culture of a country can influence on what and how are goods and services produced. Cultural tendencies can create biases in favor or against different market mechanisms and influence the pace of production. Location and weather of a climate can contribute to the success or failure of economic growth (*1997-1998 Essay Contest – Why do some countrues grow faster than others? What I, if anything, can a central bank do to enhance economic growth?* s.f.) .

Finally, money and banking are the last factors that can answer to the question proposed. A central bank, such as Federal Reserve on the United States or Bundesbank of Germany, are the ones in charge of regulating the amount of money in circulation. A large amount of money in circulation can rise prices and provoke inflation, a very few amount of money can drop prices that can depress economic activity. Finding the right balance if the responsibility of the central bank. This places the central bank in a position of facilitating economic growth by stabilizing overall prices (*1997-1998 Essay Contest – Why do some countrues grow faster than others? What I, if anything, can a central bank do to enhance economic growth?* s.f.) . Some of the central banks acts as regulators of banks and supervise the payment system that includes cash, checks and electronic payments. Also, central banks contribute to keeping the gears of the economy well-greased to allows an easy flow of goods and services (Hardesty, L., 2011) .

Taking into account the different factors that can influence a country's development, both internal and external, it would be possible to see which one of those have been present for Colombia, in ordIto see if they have contributed to its relative slower pace compared to some other countries.

b. Why focus on Human Development Index?

Taking into account all the factors that can affect the development of a country, we will focus on the Human Development Index, try to analyze why it's impact and why can it cause that a country has a higher or faster development than the others.

The Human Development Index (HDI) is a summary measure of a country's average achievements in three basic aspects of human development: health, knowledge and standard of living. Each of the components is normalized to a scale between 0 and 1, and then the geometric mean of the three components is calculated.

The health aspect of HDI is computed by life expectancy, calculated in the moment of birth, in each country, and normalized in a way that the component it's 0 when life expectancy is 20 and equal to 1 when life expectancy is 85.3.

$$Life\ Expectancy\ Index\ (LEI) = \frac{LE - 20}{85 - 20} = \frac{LE - 20}{65}$$

Education is measured by two levels: the mean years of schooling for residents of a country and the expected years of schooling that a child has at the average for starting school. Each one of them are normalized separately so that both 15 years of schooling and 18 years of expected schooling are equal to 1, and a simple mean of the two is calculated.

$$Education\ Index\ (EI) = \frac{MYSI - EYSI}{2}$$

$$Mean\ Years\ of\ Schooling\ Index\ (MYSI) = \frac{MYS}{18}$$

$$Expected\ Years\ of\ Schooling\ (EYSI) = \frac{EYS}{18}$$

The economic metric chosen to represent the quality of life is GNI per capita based on purchasing power parity (PPA), a metric commonly used to reflect average income. The GNI index calculates the total income earned by a nation's people and businesses, including investment income, regardless of where it was earned. It also covers money received from abroad such as foreign investment and economic development aid. A value of 0 indicates perfect equality, in which everyone receives the same income, and a value of 1 indicates perfect inequality where one person receives all the income, and everyone else receives nothing. The level of life is normalized so that it's equal to 1 when GNI index per capita is $75,000 and equal to 0 when the GNI index per capita is $100.4.

$$Income\ Index\ (II) = \frac{\ln(GNIpc) - \ln\,(100)}{\ln(75{,}000) - \ln\,(100)} = \frac{\ln(GNIpc) - \ln\,(100)}{\ln\,(75)}$$

Finally, the HDI index is calculated for each country as a geometric measure of the three components by taking the cube root of the product of the normalized component scores (*Human Development Index.* (s.f.).

$$HDI = \sqrt[3]{LEI * EI * II}$$

Together, these three indexes provide an indication of a person's capabilities and wellbeing. They provide a wider picture of progress than gross domestic product (GDP), which related to a country's wealth, or even GDP per capita, which tells us something about an individual's means but nothing about their life outcomes. The HDI index is very important given that is a measure that indicates the general socioeconomical conditions of a nation and I residents. Given that it takes into account several parameters to determine the development of these areas, it is an effective way to evaluate the performance of each nation.

In consequence, every country is awarded a classification by the United Nations Development Programme annually. A higher rank I assigned to the country that has had a higher performance in all or most of the parameters. Likewise, to the nations that has had a lower performance obtain a lower classification. The higher the HDI, the better, because it would mean that the country in question provides a high standard of living, with decent health care, education, and opportunities to earn money. So, the HDI is used as a tool that helps to measure the socioeconomic conditions of the nations each year and to keep track of the (*Human Development Index – Definition, Importance, Limitations,* 2022)

The minimum and maximum values for the HDI range between 0 and 1, therefore the higher the HDI value, the higher the level of a country's human development. Moreover, the index is built around four benchmarks which groups countries as having:

- Very high human development (0.800 -1)
- High human development (0.700 – 0.799)
- Medium human development (0.550 – 0.699)
- Low human development (0 – 0.549)

The HDI report, which presents the country rankings for 2019, mentions 33 countries with low human development, 37 with medium human development, 53 with high human development, and 66 with very high human development.

The top five countries with the highest levels of human development are the following:

- Norway: tops the HDI rank with the highest index, with an overall of 0.958. The average life expectancy at birth for this country is 82.4 years while the GNI index per capita is US$66,494.
- Ireland: the second one in the rank with a value of 0.955. It scored on the GNI per capita $8,371 and on the expected years of schooling 18.7 years.
- Switzerland with a score of 0.955 of the HDI, with GNI per capita $69,394 and an expected years of schooling index of 16.3
- Hong Kong with a similar score of 0.949, average life expectancy of 84.9 and a GNI per capita of $62,985
- Iceland with a GNI per capita $54,682 and average life expectancy of 83.

(Ilasco, I., 2021)

While the countries that scored the lowest on the index are the following:

- Burundi, with a 0.316 HDI, life expectancy of 50.4, mean years of schooling of 2.7, expected years of schooling of 10.5, and a GNI per capita of $368.
- Niger ranked 186 with a 0.295 HDI, 1.2 mean years of schooling, 4.9expected years of schooling, and $641 GNI per capita.
- Congo the last one on the list with an index of 0.286, life expectancy of 48.4, mean years of schooling of 3.5, expected years of schooling of 8.2 and GNI per capita of $280.

c. Situation of Human Development Index for Colombia

Since 1980 until today, all Lin American countries have improved its Human Development Index, although in recent years the pace of progress has been slow. In 1980 the HDI for Latin America was of 0.579, which increased gradually in 1990, 2000, 2010 and 2013 0.627, 0.683, 0.734 and 0.740 respectively. In 2013, most Latin American countries are located within the group of high human development, but it went back as of the covid-19 pandemic in 2020. Chile is the first country in the region to appear as first occupying position 40 and followed by Argentina (45), Uruguay (51), Cuba (59) and Mexico (61). Overall, in 2013 Latin America had a HDI of 0.744 and 0.716 for male and female respectively, which places it within the high human development. However, inequality in this region is very marked. All the countries dropped positions when Inequality-adjusted Human Development Index was observed, which accounts for inequalities in HDI dimensions by discounting each dimension’s average value according to the level of inequality. IHDI value equals the HDI value when there is no inequality across people but falls below the HDI value when inequality rises (La República, 2013). Regarding life expectancy at birth for Latin America was of 87.0 and 71.8 for female and male respectively. The expected years of schooling was 13.6 and 13.0 for female and male respectively, mean years of schooling for female and male was 7.7 and 8.0 respectively and the GNI per capita for female and male was 8,962 and 18.732 respectively.

	Life expectancy at birth		Expected years of schooling		Mean years of schooling		GNI per capita		HDI values		F-M ratio
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	GDI value
Colombia	77.7	70.4	13.5	12.9	7.0	7.1	7,698	15,485	0.697	0.718	0.972
Mexico	79.8	75.1	12.9	12.6	8.1	8.8	10,060	22,020	0.728	0.775	0.940
Latin America and the Caribbean	78.0	71.8	13.6	13.0	7.7	8.0	8,962	18,732	0.716	0.744	0.963
High HDI	76.8	72.3	13.4	13.1	7.5	8.5	9,426	16,966	0.710	0.750	0.946

*Fig. **Error! Unknown switch argument.** Colombia's GDI value and its components relative to selected countries and groups, 2013*

Now, it would be important to check the situation for Colombia in relation with the Human Development Index, how it has been over the past years, on the present, and I position on the rank. A report published by the United Nations Development Programme of the Human Development Index for Colombia for the period of 1980 – 2013 would be used to evidence and analyze past data. Based on Fig.,16, it can be seen for the given period, Colombia's HDI value increased from 0.557 to 0.711, an increase of 0.27 percent or an average annual increase of around 0.74 percent. Also, for 1980 Colombia's life expectancy at birth was 65.5, expected years of schooling 8.8, mean years of schooling 4.3 and GNI per capita $6,851. Over the years, it is possible to see that these indexes increased gradually, for 2013 the values were 74.0, 13.2, 7.1, and 11.186 respectively. Colombia's life expectancy at birth increased by 8.5 years, mean years of schooling increased by 2.8 years, expected years of schooling increased by 4.4 years, and GNI per capita increased around

0.68 percent. In general terms, it is possible to observe that Colombia improved on the different aspects of the HDI.

	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2011 PPP$)	HDI value
1980	65.5	8.8	4.3	6,851	0.557
1985	67.6	8.9	4.8	6,702	0.574
1990	68.3	9.3	5.5	7,391	0.596
1995	69.4	10.3	6.1	8,551	0.630
2000	71.0	11.5	6.5	8,275	0.655
2005	72.3	12.5	6.8	8,996	0.680
2010	73.4	13.5	7.1	10,368	0.706
2011	73.6	13.6	7.1	10,822	0.710
2012	73.8	13.2	7.1	11,186	0.708
2013	74.0	13.2	7.1	11,527	0.711

Fig. 17 Colombia's HDI trend, 1980-2013

Additionally, with the below graph it is possible to observe the increasing trend of the indexes that Colombia had during the period 1980 – 2013. The index that increased in a higher proportion was the life expectancy, followed by the GNI index per capita that had almost the same behavior of the HDI, and finally the education index.

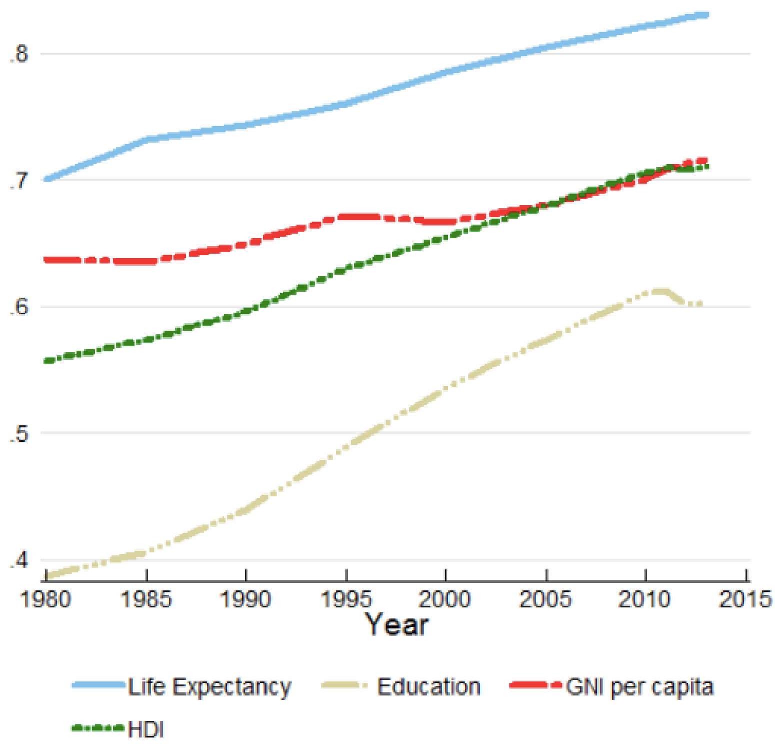

Fig. 18 Trends in Colombia's HDI components indexes, 1980 – 2013

(*HDI values and rank changes in the 2014 Human Development Report,* 2014).

Another study would be used in which they analyze the Human Development Index for a period on Colombia and which possible factors that made the situation improved for the country. This research was centered on Colombia given that the country had a considerable increase in health during the 20th century despite growing disparities in income per capita. A decrease on mortality rates were experienced, dropping from 23.4 deaths per thousand inhabitants in 1995 to 5.5 in 2000. Because of this, life expectancy at birth increased from 35 years in 1905 to 73 years in 2005. To analyze these improvements, they construct the Human Development Index, examining how improvements in water and sewerage systems provision led to a reduction of mortality in Colombia.

In this report, they calculate the HDI for the period 1838 – 2013 by comparing three aspects of individuals well-being: income, education and health. For calculating the income, they used the GDP per capita in international dollars, at constant prices of 1990 to adjust inflation over time. For the education they used an index that took information on literacy rates, from primary, secondary and tertiary enrolment rates. And used years of life expectancy at birth to measure citizens' health. The results obtained by the study showed an improvement in well-being, the index for 1890 is almost three times the one of 1839 and the levels for 2010 are more than five times the ones of 1915. Based on Fig., 18, it can be observed that the drastic change started on the 1890's, in which it started to have a gradual increase with 2.36% annually, and from the 1950's until the end of 1970 grew at a rate of 2.1% annually. However, after the 1980's the trend started to slow down but continue to improve. Overall, Colombia's achievements in terms of human development were considerable.

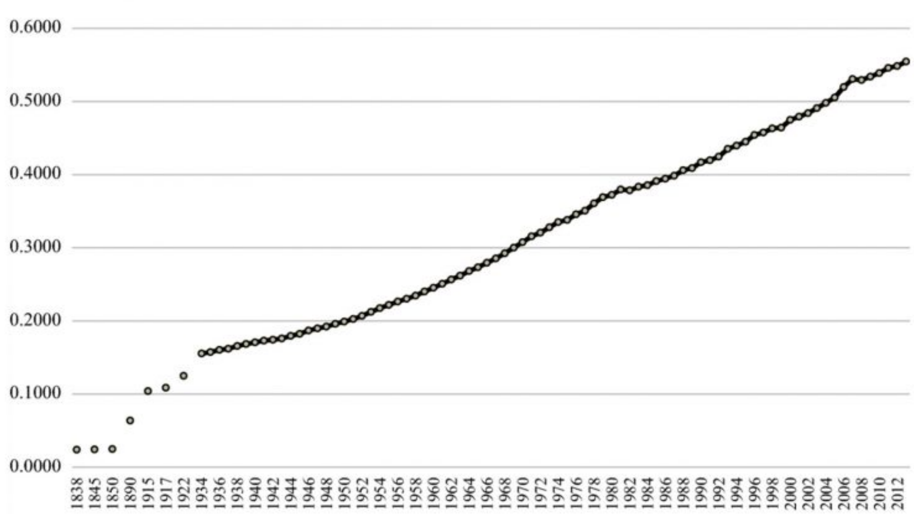

Fig. 19 Historical Human Development 1838 – 2012

After they analyzed the improvements of the country, they started looking for reasons that could drag that change. The decomposition of the growth of the index into components allowed to evidence that the dimensions that contributed the most were health, followed by education over the period 1838-2013. This would imply that the reduction of mortality rates was fundamental in this change. As well, they concluded that the reduction of mortality was caused by improvements in the provision of aqueducts and sewerage. For this part of the study, they used data from the Colombian government, in which it was listed the main caused of mortality of the 1916-2014 and the provision of sewerage and aqueduct services for the 1938-2005. They found that the deaths caused by tuberculosis, pneumonia, and gastrointestinal diseases decreased significantly through the period. In the same way, the data on public services show that the extension of aqueduct and sewerage services were considerable. So, by making a relation with these two factors, they conclude that the aqueduct and sewerage provision are associated with a lower mortality rate, given that these infrastructures had the largest effect on gastrointestinal diseases and waterborne diseases, as they reduced illnesses transmitted via fecal-oral mechanisms. Finally, they found that achieving 50% coverage in aqueduct provision, reduces gastrointestinal mortality by 13 and 17%, while sewerage provision reduces gastrointestinal mortality by 12%. Moreover, provision of public health affects the respiratory disease mortality by 30% of households when they were provided with aqueduct and sewerage, and deaths related to the respiratory system were reduced by 8.5% to 6.6% in the case of aqueduct and 5% to 4% in the case of sewerage provision (Jaramillo, J., Meisel, A & Ramirez, M., 2022).

The average for 2021 based on 184 countries was 0.723 points. The highest value was in Switzerland: 0.962 points and the lowest value was South Africa: 0.385 points. Regarding the present situation for Colombia, the latest values obtained for the 2021 was a Human Development Index of 0.752 points, leaving the country in the 88th place in a list of 184 countries in total. Leaving

Colombia above the average. Colombians can expect to go through 14.1 years of education between the ages of 5 and 39, much less than the average OECD of 18 years. In Colombia, 59% of adults between the ages of 25-64 have completed upper secondary education, a number that is below the average of OECD of 79%. However, the completion varies between men and women, given that 56% of men have completed secondary education in comparison with 61% of women. Regarding the education system, an average student obtained 406 in reading literacy, mathematics and science in the OECD's Programme for International Student Assesment (PISA). This score is also lower than the average of OECD of 488. In average, in Colombia, boys outperform girls by 7 points. Where it is opposed to the average of OECD, where girls outperform boys by 5 points.

Regarding health, life expectancy at birth in Colombia is around 72.8 years, 4 years lower than the average of OECD of 81 years. Life expectancy for women is of 80 years and for men 74. The level of PM2.5 (tiny air pollutant particles small enough to enter and cause pulmonary problems) is of 22.6 micrograms per cubic meter, which is above the average of OCDE of 14 micrograms per cubic meter. In the country, 82% of people affirm that are satisfy with the quality of water, which is below the OCDE average of 84%. The average household disposable income per capita that is the money a household earns each year after taxes and transfers, in general terms, the money available to a household to spend on goods and services, for Colombia is $30.490, which is below the OECD average which is $39.178. Security is another important factor to analyze, about 50% of people say that they feel safe walking alone at night, less than the OECD average of 74%. The homicide rate (number of murders per 100.000 inhabitants) is a reliable measure of a country's safety. Colombia's homicide rate is 23.1, one of the highest rates in the OECD, whereas the average is 2.6 (Colombia, s.f.)

Overall, the Human Development Index grew in Colombia since 2011 when it was on 0.7333 points, until 0.752 in 2021, but this increase was much lower in comparison with the 10 previous years, given that in the 2000 the index was of 0.666. In 2020 and 2021, because of the pandemic of COVID-19, the HDI dropped for first time in the history of measure, as it happened for more than 90% of the countries. According to another study made by the UNDP, education in Colombia has improved during the last decade. In 2011 the expectancy of years of education was of 14, and in 2021 it increased to 14.4 years. As well, the average years that Colombian are in school went from 7.5 years in 2011 to 8.86 in 10 years. The average annual increase in education years in the last decade (0.34% to 2021 and 0.4% to 2019) is lower than the increase of the decade of 2000 (1.64%). On the other hand, the income in Colombia registered an improvement. The Gross National Income per capita increased from US$11.930 in 2011 until US$14.384 in 2021. However, the indicator remains below the world average which is US$12.234. in relation with the expectancy of life, in 2000 it was of 71.3, in 2011 it increased to 75.3 years, and it accelerated until almost 77 years in 2019. But because of the pandemic it went back to 72.8 years in 2021 (Becerra, B., 2023)

d. Comparison of Colombia's Human Development Index

After having a look at the current situation for Colombia, it would be important to compare the results with other Latin American countries, in order to see the country's development and the ranking. In this case, the comparison will be done with Chile. Which is a country that is similar to Colombia, given that the economic cycles behave in the same way, inflation, current accounts and international reserves. Also, political institutions are almost the same and function in the same way.

For Chile, the Human Development Index for 2021 was 0.855, which represented an improvement compared to 2020 which stood at 0.852. Expectancy of life was in 78.94 years; the mortality rate was of 7.43% and their income per capita was 13. On this year, the country occupied a position of 40 out of 189 countries in total, which locates the country in the category of very high human development and also places it as the head of the countries in Latin America. Between 1990 and 2019, the HDI for Chile increased from 0.706 to 0.851, an increase of 20.5%. Also, life expectancy at birth increased in 6.7 years, mean years of schooling increased 2.5 years and expectancy years of schooling incremented in 3.6 years. GNI per capita increased around 154.8% as well between this period. Based on graph below, it is possible to observe the increasing trend on the different aspects for the period of years referred to.

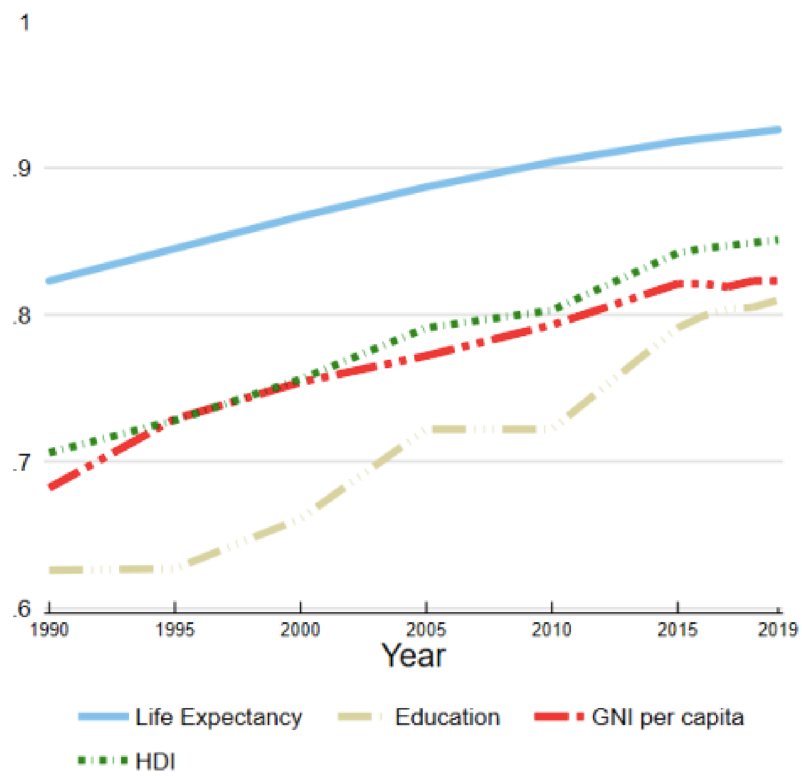

Fig. 20 Trend of HDI of Chile, 1990-2019

In general terms, the country shares the position with Croatia the 43rd place, same position that occupied in 2018. The three countries with a higher human development in the world are Norway, Ireland and Switzerland. Additionally, Chile is 16 places higher in the HDI ranking than in the Gross National Income ranking, reflecting the country's good results in health and education according to the income level. Three are the dimensions that measure and allows to place Chile as a leader of the region: health, education and income.

So which factors influenced this leap that Chile experimented in human development? An assistant resident representative of the United Nations Development Programme for Chile, affirms that it was thanks to the investment in sustained public policies in education and health, as well as the economic growth that the country had in the last three decades. The advances show that the

State and the public policies during the last 30 years have made progress in improving children's schooling, access to basic and secondary education. It is important to mention that Chile has an obligatory schooling up to fourth grade, which many countries do not have, also schools have been built, teachers have been trained, and the coverage has been expanded. Also, it has occurred something similar on the health aspect, where public investment has been increased considerably. The country has been successful in reducing mortality rate, has one of the best indexes in reducing infant mortality and maternal mortality, it decreased the levels of malnutrition for children, vaccination policies have significantly improved life expectancy and peoples living conditions. In summary, numbers show that in the areas where significant growth has been made, it responds to a systematic investment by the state, which allows for the reduction of gaps and the improvement of living conditions for people who have less. So, the role of public policies accompanied by economic growth is essential, growth by itself doesn't improve life conditions of people and it does not help in reducing inequalities (Ramirez, N., 2019)

Therefore, what makes Chile a country with a higher human development in comparison with Colombia? In the first place, according to the Economic Commission for Latin America and the Caribbean (CEPAL), Colombia is one of the most unequal countries in the world, and regarding poverty it has not make an effort to improve the distribution of wealth. According to the international transparency organization, Chile ranks 5th in the perception of corruption, while Colombia occupies the 19th place.

Based on the previous numbers obtained for Colombia and Chile, it is possible to observe that Chile occupies a better position in comparison with Colombia, it has a higher Human

Development Index in the different factors, a higher expectancy of years at birth, a higher expectancy of scholar years, a higher mean of scholarship, and a higher income per capita. So, it would be important to understand which are the factors that affect Colombia's development and if it has a lower position. First, it is important to clarify that Colombia is located in a high development rank, however, if we discount inequality, the index drops drastically. For instance, in 2019 the HDI for the country was of 0.767, but adjusting it to inequality, the index reduces to 0.595, which implies a loss of 22.4% given to the inequality distribution of the indexes of the different dimension of HDI. The loss due to inequality with a high human development index is of 17.9%, in the case of Latin America is 22.2%. The coefficient of human inequality in Colombia is of 21.6%. (*La próxima Frontera: Desarrollo humano y el Antropoceno*, 2020).

VI) FACTORS THAT AFFECT COLOMBIA'S HUMAN DEVELOPMENT

The principal factors that have affected Colombia's human development and that can explain why it is in a low position in comparison with the region will be explained. The first factor is the high inequality that exists in the country. In 2019 before the pandemic, the level of inequality in Colombia measured by the GINI coefficient was of 0.53, which was the higher of all the countries of OECD and was positioned in the second highest of the region, only surpassed by Brazil. But although this situation was already present in a structural way in the country before the arrival of covid-19, the impact has augmented even more inequality, pushing the GINI coefficient to 0.54 in 2020 and dragging around 3.6 million of more people in poverty (*Colombia, el segundo país más desigual en América Latina*, 21), (*The economy has recovered well*, 2022).

Regarding the economic sector, the World Bank affirms that the 10% of the richest population in Colombia is eleven times higher than the 10% of the poorest people. It would be important to have a wide view by departments to understand the scope of it. Colombia is conformed by 32 departments and the Capital District of Bogota. Its principal economic and population concentration is presented in Bogota and Cundinamarca, Antioquia, Valle del Cauca and Santander, which as a whole participate with 48.6% of population and 63.3% of total income. This allow us to see that in Colombia there is a certain polarization between the principal geographic economic centers and the rest of the departments that have a higher participation in population than in income. While Bogota participates with 16.9% of population and 28.3% of income, departments as Caquetá and Chocó participate with less than 1% of total income and of 1.4% of population. The highest gap between participation and population is found in the departments that are recognized as poorest or stragglers in the country, such as: Caquetá, Cauca, Chocó, Córdoba, La Guajira and Sucre. These differences are also reflected in heterogeneities in the market labor. Those departments that have a higher participation in income present higher levels of participation in the market labor, and those who have a lower participation in income has as well as lower participation in the market labor.

The five departments that present higher levels of inequality in Colombia are: Antioquia, Boyacá, Chocó, Huila and La Guajira. Of these departments, Chocó and La Guajira are the ones that have a higher poverty rate of 65% and 51% respectively. Followed by Antioquia, which is the second largest economy of the country, in which 13% of population lives in and presents a poverty level of 22.8%.

Chocó is the department with the highest inequality in income in Colombia, it has a GINI coefficient of 0.605, it is a department where it has existed considerable social and income problems, to the income inequality problem it is added the low rate of labor participation (48.9%), the high unemployment rate (10.5%), the high levels of informal labor (77.2%), the considerable rate of economic dependence (in average, one out of three members of a house work), the big problems of incidence, gap and extreme poverty (65, 36 and 24, respectively), added to political problems as corruption, lack of institutionality and violence. Another department with high inequality levels is La Guajira, which is the second most unequal region of the country. It Is a department with a high level of poverty (50.6%) and inequality, with a GINI index of 0.552 (Sanchez, R., 2017).

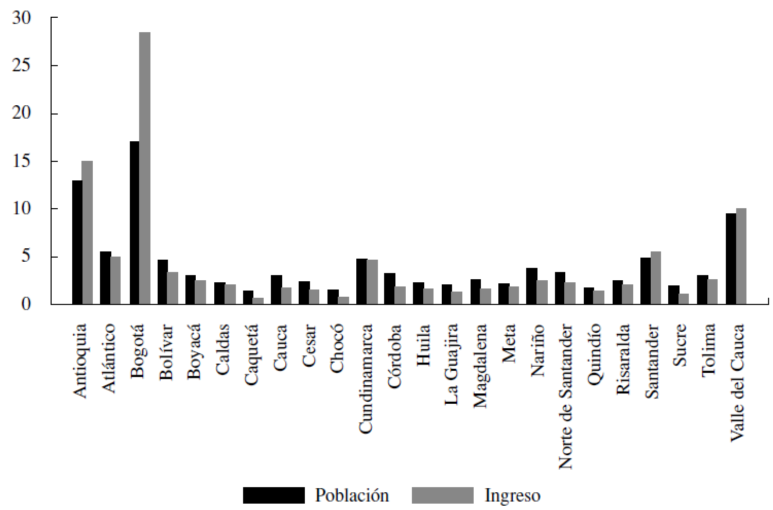

Fig. 21 Participation in population and income by department, 2016.

Also, inequality it is not just wealth, it goes way beyond, it is also experienced along racial, gendered, and territorial (not only economic). The marginalization of Black and Indigenous communities has been fundamental for the vision of national development of the elites since independence of Colombia in the early 19th century. Despite that many Black and Indigenous people fought against colonial rule, Creoles assure with success ensured their control over the national domaining process. This colonial legacy is protected by economic and political elites who defend that social hierarchy today. Nowadays, Black and Indigenous communities experience rates of extreme poverty that are higher than other Colombians and are less probable that they receive adequate public goods. Similarly, their communities suffer greater environmental extraction and attacks to their lands. And when the Black and Indigenous leaders push back, they are face to high levels of violence. In 2020, 331 leaders were killed in the world, 177 were Colombians, who were fighting against inequality, for their rights and against the vestiges of colonial power (Chang, A., 2021).

Another important factor that affects human development in Colombia is the continuous insecurity that faces and that has been increasing significantly compared with previous years. Based on a report from DANE, the perception of insecurity in the country has been increasing during the last years. In 2022, the 52.9% of citizenships surveyed in the national territory expressed to feel insecure compared to 44% in 2021, and even more worrying comparing it to 2020, when the unsecure perception was of 39%. In geographical terms, the perception of insecurity in the municipals is higher, reaching the 58.9%, meanwhile in dispersed populated and rural centers is lower, with a 31.2%. Regarding the big cities, Cali and Bogota are in the list with the highest insecurity perception. The capital of Valle del Cauca, Cali, reached a number of 84.1%; while Bogota went from 77.8% in 2021 to 83.8% in 2022, followed by Cartagena which went from 72.2% on 2021 to 79.6% in 2022; Bucaramanga went from 64.6% to 79.2%; and Villavicencio from 49.2% 72.1%.Also, in the report the give the reasons that make the citizenships fell unsecure, the 81.2% refer to common crimes, such as robberies and assaults, while 68.6% mentioned that is low the presence of Public Services in their communities (Barbosa, A., 2023).

Regarding the places were citizenships feel more unsecure are public roads with a 48.7%, public transport that reached the 43.6%; ATMs at 38.2%; markets shops and commercial roads, 37.8%; pedestrian bridges, with 36%; public parks or recreational spaces, 35.1%; clubs or bars, 24.6% and places where they carry their main activities.

But perception is not the only thing that concerns, but the official numbers of insecurity at the end of 2022, without considering that the numbers are based on complaints and in some cases the victims do not dare to do so. Based on data from Legal Medicine, in 2022 it was registered around 9.844 homicides, a number that is equivalent to 36 violent deaths each day in the country. The cities that presented the highest number of cases were Bogota with 749 cases, Cali with 706 cases, Barranquilla with 286 cases and Cartagena with 276 cases. Robbery with violence which includes armed robbery, expressed kidnapping, and other violent crimes with robbery, were one of the most frequent in Colombia during the last years. In 2022, around 148.709 cases were reported, a number that indicates that in average it was presented 826 cases per day.

Kidnapping is another crime that continues to haunt Colombian society, especially in rural areas, and that have been increasing in the last years, reflecting an increment of 27% between 2021 and 2022. Based on registers from National Police, the cases went from 160 to 203 in one year, and the most common victims were ranchers, farmers, merchants, and members of Public Force. Most kidnappings were attributes to illegal armed groups such as ELN, FARC dissidents and common criminals (Munevar, T., 023).

The final factor that will be analyzed is the corruption that has affected the country throughout many years. According to a surveyed made by the Colombian newspaper “El Pais”, 80% of Colombians consider that corruption is the main problem of the country. Half of the voters have directly, or indirectly experienced vote-buying offers in the last year. The 80% is not satisfied with the way in how democracy works.

It’s important to be noted that during the last years, it has been reported several cases of corruption that have shaken the country. Below are mentioned some of the most famous cases of corruption in the country:

Odebrecht: This is one of the corruption cases known the most worldwide. It is about a Brazilian construction company that admitted paying bribes to public serves of several countries to obtain public work contracts. In Colombia, several politicians and businessmen have been implied, and investigations are still ongoing.

Carrusel de la contratación: This is a corruption case that refers to a net of politicians, businessmen and public servers that manipulated hiring processes in Bogota to benefit economically. The scandal conducted to the removal of the city's mayor at the time Samuel Moreno, and to the conviction of several implied in the case.

Corte Suprema de Justicia: In 2017 a corruption scandal was discovered of the Supreme Court of Justice, in which several magistrates received bribes to manipulate judicial processes. This case generated great outrage in the country and led to the dismissal of several implicated magistrates.

These are just some of the cases of corruption that have generated a great impact in Colombia in recent years. Daniela Garzon, national researcher of the Peer Governance and Democracy Line affirms that "the Government has a limited room for maneuver in terms of anti-corruption agenda, since currently going against politicians can harm the approval of the reforms in Congress. It is a crossroad, since if the Government goes against corruption, is possible that they lose they support in the Congress to approve reforms".

It should be noted that scoring to Transparencia por Colombia, a non-profit organization that promotes active citizenship and strengthen institutions, affirms that the country obtained a position of 39 over 100 and ranks 91 between 180 countries evaluated in the Corruption Perception Index (CPI) in 2022. Alto the rating obtained didn't change compared to last year, Colombia fell four places in the global ranking because five countries that shared position and score with Colombia in 2021, managed to improve their performance (Santaelualia, I., 2022).

VII) CONCLUSIONS

Development is a process that it is present in our lives and in which we are immersed every day. It is the process of growth, of changing from one condition to another. Countries, regions, and individuals strive to move up the ladder of development in order to meet basic needs and to have the opportunity to lead richer, more fulfilling lives. Development has the aim of achieving sustained rates of growth of income per capita to allow a nation to expand its output at a rate faster than the growth of the population. So, development should be perceived as a process that involves a reorganization and reorientation of the economic and social systems. As well as making improvements in incomes and output, it involves changes in institutional, social, administrative structures, beliefs, and customs. A higher level of development can bring different benefits, such as: a higher average income, which enables consumers to consume more goods and services and enjoy better standards of living; a lower unemployment rate, firms can employ more workers creating more employment; reduction of poverty; being happy with the quality of life. During the last years, the world economy has experienced progress due to changes in new technologies, growth in education, in the transport sector, improvements in the energy sector, rise of globalization, in international flows and new global actors. However, the progress has never been constant, while the measure of global development in average has improves, not every country has benefited in the same way. The world economy has gone through periods of recession, in which world per capita output declined. Several countries have suffered financial crises that led to a decline in their growth or to a slower growth.

Latin America and the Caribbean is a region that coexists with wealth and prosperity and extreme levels of poverty and vulnerability. While some of the population have access to good conditions of life, others live in precarious conditions. Even though Latin America and the Caribbean has reduced poverty in recent decades, combating inequality has been inefficient, and that progress has been stagnated in recent years. Indeed, the region remains one of the most unequal and slowest growing around the world. Focusing the analysis just in Colombia, it was possible to observe that the country is the fourth biggest economy in Latin America, but it is still far away from the top position in terms of GDP per capita. It had an improvement in which the country gained three positions in the Global Competitiveness Index of World Economic Forum, going from the 60th place in 2018, between 140 economies, to the 57th in 2019, between 141 countries. However, the country continues to be one of the most unequal around the world. Economic growth has not been enough to reduce inequality, given that there continues to be barriers for economic opportunities (including gender, ethnicity and geographic location), limiting social mobility. In fact, 20% of richest population earns 20 times more than the 20% of the poorest population. Despite the sustained economic growth and reduction of poverty, Colombia hasn't been able to improve in a considerable way the Gini coefficient, it remains one of the most unequal on the region in recent years.

After analyzing the possible factors that can influence in a country's development, and analyzing what makes them carry this process in a slower or faster way, research has made to look which one of these factors can explain the lower development of Colombia in relation with the region. For which the Human Development Index was used, by looking at the health, knowledge and standard of living. During the past years, it was observed that Colombia's Human

Development Index factors were lower than the average for Latin America region. This is explained by the following factors. First, the high inequality that is present in the country, that positions Colombia as the second highest unequal country of the region. The inequality is represented in the different levels of income that the population receives among the different departments, the different levels of participation in the market labor given to the opportunities that individuals have, and in a racial way that makes Black and Indigenous people to have lower opportunities to live in adequate conditions. Second, the continuous insecurity that it is present in the country and that has been increasing dramatically. This makes citizens not to feel secure and do not feel comfortable with the quality of life given that they are exposed to robberies, kidnappings, crimes, and violent deaths. Third, the corruption that has always been present in the country, which is considered as one of the main problems of the country, because is the misuse of power in order to obtain an advantage or undue benefit for the person acting, or for third parties, which generates restrictions for the exercise of fundamental rights.

In conclusion, it is important that Colombia takes actions regarding the different factors that affect the development of the country, such as poverty, security, corruption, inequality, which affects the quality of life of citizens. By improving in these factors, the country would be able to have a higher Human Development Index, that can mean to improve the quality of life, better opportunities, a wide and better access to market labor, and higher income per capita. Overall, it would assure a full and equitable development for all people.

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