

Braibant Magistral Conference¹

NEW ROLES OF THE STATE AT PRESENT TIME

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I. AMID PERPLEXITY

It gives me great pleasure be in Mexico, particularly in Mérida, in the context of these two institutions that are a model of struggle for some of the best principles in the world.

International Institute of Administrative Sciences that assembles a great part of the world's countries is the prominent framework for a permanent, global, serious and intelligent reflection from different views on the State, central actor of the contemporary history.

Public Administration Institute (INAP by its Spanish abbreviation) from Mexico, one of the most highly regarded institutions by the Latin-American people, has an historic and fruitful trajectory, with a very high level of quality, impact and contribution.

¹ The Braibant Magistral Conference is the Central Conference of the International Congress of Administrative Sciences organized by the International Institute of Administrative Sciences (IIAS), which includes more than 100 countries. Congress 2012 was organized by the IIAS and INAP from Mexico and was held in Merida, Mexico. He was attended by over 800 participants from 65 countries. Both institutions invited to Bernardo Kliksberg to dictate the Braibant Magistral Conference. He received a long standing ovation from the large audience.

² He is PhD in Economics and in Administrative Sciences. He has been advisory of governments and international organizations, including the United Nations, IDB, UNESCO, PAHO. He is author of 52 books and hundreds of works. He has been distinguished as Doctor Honoris Causa by several universities, including the Hebrew University of Jerusalem, the Rey Juan Carlos University of Spain, the Universidad Mayor San Marcos in Peru and the Universidad Autónoma de Nuevo León, México. He is Honorary Professor of the University of Buenos Aires. His latest book is "People First", written with the Nobel Prize Amartya Sen.

It couldn't be the best host for an important reflection at this historic moment on the State, that the combination of both institutions.

It gives me a great personal pleasure to be surrounded by dear Mexican friends, with whom we have worked for many years, for a serious debate about the State and quality public policies.

Among them are Ignacio Pichardo Pagaza, former President of the International Institute, who has greatly contributed; Alejandro Carrillo Castro, who has done much for the Public Administration on the continent; Natividad González Parás, former governor and prominent fighter for these causes; Carlos Almada, dear friend, Under Secretary of the Government of México and former General Secretary of the International Institute of Administrative Sciences.

Also are present friends from other countries: Bianor Cavalcanti, who recently created the Getulio Vargas Foundation, an important center for innovation in public policies, which will give much to talk in Latin America, and my colleagues with whom I worked many years: José Sulbrandt and Nuria Cunill, recognized as some of the most important researchers that we have in the region, on issues of public administration.

It's a very important moment for a reflection that comes out from the situation that looks further in the medium and long term on the planet. It's a moment that if we would appeal to some of the most unique voices of the world history should, for example, think in Maimonides, who wrote thousand years ago the *Guide for the Perplexed*.

Today we need a guide for the perplexed, because the world is submerged in strong contradictions. There are three significant developments totally contradictory.

On one side is the totally hopeful development, positive for the human being, the development of the scientific and technological revolutions unprecedented, the epistemological ruptures, the paradigm ruptures, in a countless totally key areas.

These include robotics, computer science, materials science, communications, genetics, biology in all its expressions, organic chemistry, microelectronics, and many more.

Among the recent news is that related to nanotechnology, which is ready to be implemented in a short time in new cancer therapies, which will allow the application of much more effective treatments, the reconstruction of the map of the human genome has opened very promising new paths for disease prevention.

We are in a world that has changed radically in the last 10 years, in the way we communicate, in the way that goods are produced, in the generation of services, in the possibilities of integration of knowledge.

For example, we have the largest libraries that no human being has ever known in the history of mankind.

From the library of Google to Wikipedia that is consulted daily by 400 million people. Recently turned 10 years old and it is a nonprofit organization, it is not traded on any market. *The Economist* called it the largest donation in the history of mankind. It is an effort of more than 150. 000 volunteers.

All this is positive and hopeful. However, on the other hand, there are two developments in total conflict with this one we have just described.

A very naive view of science and technology would say that the only act of generate scientific and technological inventions to the higher rate of innovation that mankind has had, will change the reality of people's lives.

But the planet has huge social gaps ahead. UNICEF estimates that five children die every minute as a result of malnutrition. According to UNICEF every day 10,000 children die from lack of food and drinking water. Deaths are absolutely preventable. Every year four million children die from these causes.

This situation is in total conflict with the great advances in food production, in many areas of technology development applied precisely to the preservation of health, helpful in reducing child mortality and maternal mortality.

Another development totally contradictory is that the fifth of the planet's corals have been damaged irreversibly, that progresses the poisoning of the atmosphere by greenhouse gases, and other data show significant ecological destruction.

It's time for the perplexity. On one side is the overall success in the field of scientific and technological development in order to extract the maximum of this nature, with its infinite secrets, that the Divinity has given us. On the other hand, is a great failure to provide a better life to an important part of the human race and to establish a different relationship with nature, away from this predatory relationship that currently have many economic systems.

Edgar Morin, Director Emeritus of the National Institute for Scientific Research in France, has tried to summarize this situation with an image.

He says the world is a "wandering star" that goes through the universe full of sophisticated instruments, such as scientific and technological advances, but is adrift, it fails the rudder. The rudder should be driven by ethics, where there are important gaps.

For Morin the world is a kind of luxury Titanic, with all amenities, with all the possibilities, but is failing the rudder that should be driven by ethics and shows very significant fissures.

In this presentation I will discuss several dimensions of global ethical challenge.

First, I will try to show the social breach, the social challenges that mankind has ahead. I will place my attention on the various existing rights, in all possibilities for scientific and technological developments to give them a solid guarantee and that are not guaranteed by mankind.

Second, I will discuss some myths about the State. The State and public policies are at the core of the ability to secure these rights.

It's actually the only historical protagonist can give a solid long-term guarantee to these rights, working in combination with the social responsibility of the private sector, with a mobilized civil society, universities and other actors. Public policies are fundamental.

I will speak of four myths that exist at this time in the debate on the State, which have very practical implications and which are in the base of the international debate between austerity and recovery.

Thirdly I will try to explain what it would be a reform of the State of the XXI Century. It is only possible after overcoming some of the myths about the State.

The key question is: how to reform the new State that is suitable to this world of phenomenal technological possibilities and at the same time faces a huge social debt and the threat of radical imbalances in the relationship of the economies with ecology?

Fourth, I will make some notes about the future, as is presented in the current economic scenes and finally I will finish what I started with, i.e. with the ethics, and I will refer to what "Guides for the Perplexed" can bring us some major spiritual wisdom of mankind.

Above all, I will try to put in a different frame, in a different logic, many things that are normally seen from a very conventional logic.

I will provoke, to change logical ways of thinking about some of these key problems. These reflections can be extended on my recent works, “People first” written with Amartya Sen, and “Ethical scandals”.

II. RIGHTS NOT GUARANTEED

Today there is a growing strengthening of political rights in the human race, rights to live in democracy.

But there are at least seven rights that are not guaranteed in any way and they are absolutely basic.

Hunger unexplained

The first is the right to food. Without proper nutrition there is no a real right. Is the more radical deprivation that one can infringe on human beings.

According to the FAO’s more recent figures, there are 1.025 million people in the world with hungry. An important group of them is the children we referred above, who do not have the basic nutrients needed.

The first thousand days of a child’s life are critical. If during these days they do not have the basic nutrients they will have severe damage. Among others, as verified by UNICEF, they are not going to form interneuronal connections in the brain and will have severe backwardness for the rest of his life. They will have significant disabilities.

It will not create the foundation of their bone structure, and will suffer from rickets and other debilitating diseases. Malnourished children spend an average of 160 days per year sick.

How much cost to give all children the world a cup with the six key micronutrients every day? Exactly 0.25 cents.

Humanity is not investing them. Instead humanity is spending a million and a half dollars per second on weapons. How many cups of micronutrients could to pay for with this money? There are improvements in the seven points I'll mention, but by no means satisfy all needs.

In my work, often call this situation “hunger inexplicable”.

In the last 30 years the world's population grew a lot, 70 percent, and typically on appeals to this argument. But the production of calories and calories availability per capita increased by 17 percent.

This means that if all calories are distributed among seven billion people now have the planet, would 2.800 calories per inhabitant, approximately, the minimum required is 2.500 calories per inhabitant.

It is possible to feed the entire planet; in terms of the old Malthusian theories there is no excuse that warned on the increasing population. The growth of science and technology has been much faster that such increase, dramatically expanding food production capabilities. Also, there is no excuse, not even in terms of food availability. The core theme of food deprivation has nothing to do with the production possibilities but with access to food.

The higher the production, the better, and we must make every effort to give it a privileged place. Currently there are very

important technological developments that allow unprecedented things like producing out of season, apply many scientific knowledge, have productivity records in a countless food items.

But there is an issue of access. According to World Bank estimates there are one thousand 345 million people earning less than 1.25 dollar a day. Therefore, they do not have access to a minimum food intake; they are in extreme poverty or indigence.

That means that food is away from them. I illustrate this with a note that the *New York Times* published a few days ago about Congo. Similar situations can be found elsewhere. According to the *New York Times* (2012):

“The Congolese call them “power cuts “. We interviewed the family of Verboc and explain us that this day the two older children shall eat, tomorrow they will not eat but the three younger children will eat. Power cuts means that supply of calories and protein is cut. At the household level food is rationed at maximum”.

The prestigious journal adds: “Both sides will protest, and those who did not eat at night will be very weak, says the mother, but what we can do, father works as a cop, earns \$50 a month, with this salary he can’t provide a minimum food basket.”

Nezala was interviewed, he is the father of five children, he works as an administrator at the Ministry of Education and earns US\$60 a month and the rent is only \$120 per month. He explained that two days a week the kids do not eat at all.

According to the *New York Times* notes, nationwide, half the population eats only once a day and a quarter only once every two days. It is a country rich in strategic raw materials.

This means lack of access. Is determined by the severe exclusion due to extreme poverty and because there is a boisterous

speculation on the food market. It has been one of the factors that have placed food prices every time further of the lower income levels population.

An UNCTAD study says that in the food futures markets that have grown vigorously, only 2 percent of contracts are converted into real contracts. 98 percent are bets on future and basically means bets to speculate in the market with significant impacts on the final rise in prices.

United Nations has a reporter dedicated solely to the global issue of food, Olivier De Schutter, and again and again has insisted on this point.

Der Spiegel one of the most important European magazines says in a recent article on the Chicago Stock Exchange, which is the main food market in the world:

“Here in the dealing room of the largest commodity market in the world, on decide about food prices and thereby the destiny of millions people. Hunger in the world is organized here, besides the wealth of a few people.”

It is an ethical problem. As said Mornn, there is no a rudder driven by ethics. It's better when there is more production, but there is a fundamental problem of access.

Amartya Sen won the Nobel Prize in Economics. He has been a pioneer in expound the issue in these terms in a book called *Famine and Poverty* published in 1980, where he exposes fundamental considerations. In a study of more than one hundred years of history showed that the central theme of famines is not necessarily related to production, but to access. He drew a very important hypothesis for to reflect on the State.

If there is a society where democracy is vigorous, where there are independent media, organized civil society, and genuine political parties, there is no famine. In this framework of pressure and social control, public policies could not afford the huge political cost that mean the existence of famine in a democratic and active society.

The recommendation is: when there is more democracy and more democratic life in a society, there is a significant preventive about hunger. While hunger continues and hunger continues as other troubles of poverty, irreversible damage occurs.

There are social harms that may be reversible, on can alphabetize older age people, but hunger causes irreversible damage, this is another issue to be discussed in the following points.

First, it is not guaranteed the right to food. A Brazilian priest, highly respected, Fray Betto, has set in a very special terms.

Fray Betto says: God has built the world so all species have ensured their subsistence, have food circuits through which ensure their reproduction and survival.

The only species that has failed to ensure these food circuits for a large part of the planet, we are talking about one of every seven people on the planet, is the human race. There is no guarantee the right to food, this seems unusual and is for the Perplexed.

Social determinants of health

Second, there are the rights not guaranteed in some very fundamental issues to life that today we call the social determinants of health. I was appointed by the World Health Organization as a member of the High Panel of personalities to guide and carry out the World Congress of Social Determinants of Health, which was held in November 2011 in Brazil, attended by more than 160 countries.

Pan American Health Organization observes that 80 percent of the diseases caused by lack of social determinants could be avoided. 20 percent are diseases that should be in charge of the hospital and medical system, but 80 percent are caused by the lack of certain social determinants.

Among these the water is in the first place, there are 900 million people have no drinking water.

Half the world's hospital beds are occupied by people who have drunk contaminated water because it is impossible to live without to drink water.

In many poor areas it is fatal to children because of their impact on gastrointestinal diseases, of which first is diarrhea, the leading killer of young children. It kills 800.000 children annually.

It is also estimated that children lose 443 million school days annually due to they must carry on water from where the source is to their homes.

Although today there are significant technological advances not yet ensuring that the water reaches all people. Israel has managed to desalinate sea water, whose costs are every time more reduced, and highly advanced methodologies have been developed to filter water contaminated with absolutely effective methods.

There are 2.400 million people without access to heating, for them climatic imbalances and the harsh winters place them in a situation of total vulnerability.

There are a 1.500 million people currently without access to electricity. All Saharan African population, which is more than 700 million, consumes the same power that the State of New York, which has 30 million inhabitants.

There are 2.6 billion people who have no sanitation facilities.

These four factors, among others, are social determinants of health: Water, sanitary facilities, access to heating and electricity.

It seems unusual that in recent World Congress Rio +20 (2012) has been approved that water and sanitation facilities have to be established as human rights, that legislation must institutionalize them, and it is the duty of a democratic State to ensure to all their inhabitants these two inputs absolutely necessary.

Access to education

Neither the right to education is guaranteed. There are positive developments very relevant, but the gaps are getting wider.

In Latin America there has been solid progress. At present almost all kids, more than 96 percent attend primary school. But only 50 percent of children complete secondary education.

In 20 percent of the poorest people in Latin America the proportion is much lower, only one in three kids finishes high school.

Education is crucial for individuals, for families and for the people in a century where everything is increasingly based on knowledge and the ability to handle it, to generate technology, transfer it and adapt it.

We know that 50 percent of the population lacks basic education, i.e. it has not completed high school.

In their analysis, the Economic Commission for Latin America and the Caribbean (ECLAC) showed that someone with less than 12 years of schooling is condemned to be poor; he is not able to emerge from poverty. That person is caught in a “poverty trap”.

This is the situation of thousands of young people in Latin America who are forced to work from an early age due to the situation of their homes. There are 14 million children under 14 years old in this situation, according to the ILO. It is very difficult they finish basic education. If they do not finish high school have no chance of finding employment. They are left out, quite apart.

Public policies should ensure the right to education.

Public policies can do it. It was the case of “Bolsa Escola” in Brazil, which later became “Bolsa Familia”, a public policy that has become an international benchmark. This experience is that compensates families for what the kids earned working in sweatshop conditions. A contract is signed with the family to ensure that children attend school.

The new program “Universal Assignment to informal workers’ children” in Argentina is a presidential initiative covering 3.5 million poor children in the country, recognizing them the right to education in a practical way. The State is associated with the family to ensure that children remain in the school system and complete their basic education.

In this regard, in other countries in the region and the world’s there are other important antecedents.

In the XXI century the right to education is not a luxury or an option. No education, no future. It has been shown from the econometric point of view, that income and accessibility to the labor market are closely related to educational levels.

In terms of countries, there are now very advanced nations which have based their development on State public policies in the fields of education, health and scientific and technological research, such as Finland, for example.

Finland is always at the top of the table of the Program for International Student Assessment (PISA) regard to educational performance. It has no important natural resources. It lacks strategic raw materials. To survive, 40 years ago the Finns migrated to other European countries, in Italy, for example.

Today Finland is a one of the most advanced nations on the world in various technological areas, starting with the cell phone, its most important enterprise exports 45 billion dollars a year of this type of products.

Its fundamental investment, like the other Nordic countries, Norway, Sweden and Denmark, has been investing in quality education, universal health protection, and scientific and technological research.

Education can't be a commodity, but a right that must be guaranteed in the XXI Century.

Jobless

In fourth place it is the right to work, now fully questioned, and the right to a decent work.

The recent ILO reports are disturbing.

Because of the crisis of 2008-2009 have disappeared 50 million jobs. There are 80 million new applicants seeking a place in the labor market, there are at least 200 million unemployed, the highest figure since the ILO measure of unemployment levels.

Unemployment rates in the Eurozone exceed 11 percent that means that there are millions of unemployed.

At present, youth unemployment has become one of the potential "social bombs". The right of young people to a first job is fully

questioned in a number of economies, not only in poor economies, but in many developed economies.

The Economist estimates (2013) that of the 300 million young people, 25 percent are outside of the education system and of the labor market. Youth unemployment has reached radical levels; in Spain 56 percent of young people are unemployed, in Greece 60 percent, and in Italy 40 percent.

In almost all developed economies youth unemployment rate is above 20 percent and doubles the average unemployment high rate.

When young people protests in many parts of the world, under every possible democratic ways, are denouncing a situation that has devastating impacts, because having employment not only means having income. Income is very important, but having a job means to occupy a place in the world. Here is where young people learn, where they develop their potential and where they socialize, where they build their friendship networks and networks of life. Depriving them of that is creating a time bomb.

A leader of the movement of the angry people in Spain said: “We are very angry with the political leaders of all sectors because we have left; we feel that no one is taking care of this right, the right to integration is a fundamental right.”

In Latin America, 20 percent of young people are out of the labor market and of the education system. The press calls them “Ninis”, that means they are neither in the labor market nor in the education system.

Throughout my career I have met many conventional languages on the State and on other aspects of reality. The term “Ninis” is shameful.

What does it mean call them Ninis? We say: they are not here nor there, is it as if we were saying that they chose not to be.

They did not choose anything in the vast majority of cases. With these rates of youth unemployment and desertion rates derived from structural issues, they did not choose anything, they were cast aside.

A Brazilian priest working in the *favelas* with “los niños de la Rúa,” says, “they are not there because they want to, they are children rejected by society, there is no place to contain them, where there are real opportunities for integration.”

When there is a vigorous public policy it is possible achieve a substantial change in this situation, ensure the right to a first job. One of the former President Lula’s first programs was named “First Job”.

The program “Chile Joven”, an agreement between the State and private companies in Chile, the State financing private enterprise to take young people excluded and train them for a while, had excellent results, a high percentage of young people were hired after by these companies.

Gender: there is much to do

Fifth right, no discrimination for gender reasons. This means that women really have the same possibilities and opportunities as men. This field has had great progress, but also there are large gaps.

Many women have entered in the labor market and that is a major advance.

At present women outdo men regarding educational achievements. In many parts of the world they have more years of schooling.

But in the labor market they earn 30 percent less than men with equal responsibility. Also, they are severely discriminated, they should make many merits.

In the case of Latin America, of all corporate executives, less than 4 percent are women, even though the percentage of women working at this level has grown strongly.

On the other hand, it has created a new situation, which in my book *Ethical Scandals* I call “women on the verge of a nervous breakdown.” Women have entered in the labor market, making great efforts, but at the same time no one has released them from the other tasks.

Nobody help them with these tasks. They should be aware that things work in the home, that the kids go to school, for example, and they must take care of the elderly, in addition to other related tasks.

In Latin America the percentage of housework tasks performed by men is 4 percent, 96 percent of the tasks to keep the home in good working order is done by women.

There are some countries in the world, not many, where the situation is very different, in Sweden or Norway the relation is almost 50 and 50 percent.

Women not only are discriminated in various forms, but household tasks are not considered in the national accounts, they are worthless. In everyday life, when someone asks a woman what do she does? And she answers: I am a housewife, the feeling or the expression is: “you do not do anything.”

The planner Manuel Castells has a very clear expression about it: “If all women who do nothing, who maintain the home, stop doing this nothing, all the cities we know immediately be paralyzed.”

If the most important institution of the story, which for me is family, stop working, it would have very serious difficulties.

Discrimination against women goes from their situation in the labor markets until domestic violence, and its extreme manifestation: femicide, unfortunately is a prevailing presence on the planet.

I will relate one of the failures in the application of this fifth right: in Argentina, in a case where the spouse murdered his wife of 25 stabs because she said to him she was going to have another couple because the relationship was over, a judge declared him not guilty saying he did it “in disturbed state” and therefore this situation should be considered.

Behind all this, there is a sexist structure, troglodyte, which works actively and permanently. There is the idea that women are property of men. Many domestic violence murders are because the woman tries to form another couple. Who would think that the woman is “man’s property” and therefore he must decide on her life?

There is a long way for effective gender equality. It is a right that is not guaranteed. Even remain severe legal discrimination. Among many others, in Saudi Arabia women can’t drive, in Iran, women are banned attending football stadiums.

The environmental balance

The sixth right not guaranteed, is the right to live in harmony with nature.

Global warming intensifies and the pollution of the atmosphere by greenhouse gases. The average temperature of the earth increases destroying the Arctic and glaciers, hurricanes multiply and multiple forms of environmental imbalances arise. Due to change in land use increases the desertification.

If the present situation continues, it is estimated that one-third of the world's population will suffer due to desertification, which will cause massive migration. This causes a delicate situation because many countries do not have the willingness to absorb migrants.

Climate change is not a working hypothesis; it is an everyday reality. A third of the world's fish stocks have collapsed, a fifth of coral reef is damaged. The theme of deforestation and forest loss, lungs of the planet, is crucial.

Public policy can make a total difference. We are not theorizing. An example is Costa Rica, which is a proud to Latin America. In the Rio +20 meeting was a reference country, because in a short period doubled its area of forests through public policies directed in this direction. At present Costa Rica is ranked second in ecological balance worldwide.

It is a small Latin American country where public policy opted for this cause. Today its ecology is one of their sources of economic livelihood most important, attracting an active ecotourism.

It is not guaranteed in any way what will happen to our planet. There is much difficulty in reaching some reasonable agreements.

Few countries in the world have set serious goals for the complete conversion of their economies, clean energy and maintain balances. Among them are the Nordic countries and Bhutan.

Bhutan is a small country that lies between China and India, has 800.000 inhabitants and measures the GDP in terms of happiness. One of the central dimensions of happiness is the ecological balance, a harmonious relationship with nature.

Bhutan put in its Constitution that 70 percent of the country's area must be forested with forests. It is one of the few countries

in the world that has a positive ecological footprint, i.e., that oxygenates the environment more than the environment is extracted. Evaluation unit has a policy: every time a decree or a law is approved, it is measured if these laws increase or diminish the happiness GDP.

There are 80 indicators of happiness GDP. Continually reviews the consistency of public policies with such indicators. However, in some Latin American countries are not even measured how the orthodox economic policies increase poverty and inequality rates.

The right to equality

The seventh and last of the rights is the right to equality.

Catholic Church issued an economic encyclical “Caritas in Veritate” (2009) on the major economic and social problems of mankind. Emphasizes on inequities and call the current inequalities as “offensive inequalities”.

Conventional economics focuses on the financial system, and if the stock market rises or falls. It has marginalized the great theme of the century: inequality.

According to *The Economist* magazine, 1 percent of the wealthiest world’s population has 43 percent of all assets. On the other hand, 50 percent of population that have lesser income has 2 percent of all assets. One percent of the population has almost half of those assets; however 3.500 million people only have 2 percent.

Ten percent of the wealthiest people inhabiting the Earth has 83 percent of all assets, all assets of the planet It is the worst Gini Coefficient in the history of mankind, there has never been such phenomenal distances.

The OECD, an institution that assembles the world’s richest countries published (2012) a report on inequality in the 50

countries that comprise it. The Gini Coefficient for OECD countries has fallen significantly for the vast majority of countries in recent years.

In the United States a recent evaluation shows that after the crisis 2008-2009 and the sturdy process of deregulation, concentration and indiscriminate tax breaks that occurred in the pre-Obama Administration, 400 people have more than 150 million U. S. dollars. These 400 people are on the list of *Fortune*, as the possessors of great fortunes of the world.

Warren Buffet, 82 years old, one of the great billionaires on the planet, never tires of criticizing the causes of this situation. He published several articles in the *New York Times* that caused a big discussion in the United States by calling for higher taxes to the 1 percent of the wealthiest population.

Not only wealth is poorly distributed. 30 years ago the richest 1 percent in the U.S. had 9 percent of gross national product, now has about 25 percent of gross national product.

Buffett says: the taxes I pay per year represents 16 percent of my earnings, the taxes paid by my secretary represent 36 percent; this is due to reduction of taxes for the wealthiest people made during the previous presidential term, which completely distorted fiscal structure.

Obama introduced a bill to raise taxes to 1 percent for the richest population. He named it the Law Buffett.

Buffett donated his fortune to the Gates Foundation to combat diseases in poor countries, and is calling for reflection to the richest people. The article in the *New York Times* address to the Congress of the United States is called: “No more pampered us, me and my friends do not need to be pampered anymore.” He points out “people come to me with the argument that increasing

taxes to 1 percent to the richest people will discourage investment. It is assumed that I am the most prestigious investment advisor in history. I advise 50 years ago and I have never seen a private investor if he sees a good business stop investing because he must pay higher taxes. Bring them that I do not see “.

There is the right to claim reasonable equity in today’s world. Concerned about this problem, Plato, for example, said that the distances should not be larger than 3-1. The equity is raised in the biblical text, in the Jubilee year.

In 1989 the United Nations unanimously adopted the right of every human being to development, to enjoy economic development.

Today we know that inequality undermines development, reduces domestic markets, the formation of national savings, filter the educational system, produces large gaps everywhere. We know, even, that according to recent researches the inequality provoke the increase of divorces, creates mental instability, increased crime, and is totally contraindicated economically and socially. Large inequities limit the right to development to significant sections of mankind.

These seven rights are not guaranteed. The list is incomplete. But these are basic rights: the right to food, the right to water, health facilities, social determinants of health, the right to education, right to work, the right to effective gender equality, the right to live in harmony with nature and the right to a reasonable equity.

All they are undermined by “offensive inequalities” mentioned by Church.

III. MYTHS ABOUT THE STATE

At present much of mankind sees in the public policies the possibility that the State will ensure it these seven basic rights.

This would be achieved through the participation of a civil society mobilized and what I have called in my works “Intelligent State”³, where the latter establishes agreements with private companies in order to these corporations increase dramatically their levels of managerial responsibility.

Society needs a State every time more inclusive and intelligent and a socially responsible market.

Public policy is absolutely crucial. No one can guarantee the basis of the seven rights cited above that public policy, which can do it a large scale and with the necessary effectiveness. I will note briefly several myths about the State impeding progress in this important field.

Is it the State dispensable?

A prevailing myth, which appears in different forms, is that it can ignore public policy.

When in England is decided, for example, that in the next five years will fire 700,000 civil servants, or that Greece immediately will fire 150 000 civil servants, due to the economic reforms imposed, it looks as if public policies do not anything about it, it's like not fulfill any function in society. Many of those fired people are teachers, nurses; they are who operate social safety nets of society.

When in the U.S. the “Tea Party” says that there will be no immediate new taxes, which it will see how to derogate them, but that there will be no immediate new taxes, and that there is a very serious deficit, what to do to reduce the deficit?

³ See the author's book “Towards an intelligent State”, United Nations, IIAS, IOS Press, Netherlands, 2001.

The basic proposal formally presented to Congress was to cut two thirds of social coverage in the United States. This means, for example, almost finish the program of “food stamps”, the food program for the population living in extreme poverty.

One of his biggest ideologues very influential in the Congress of the United States, Grover Norquist, often says that with the State what to do “is to put it in the bathtub, fill it with water and drown it”.

There is the argument that the State is expendable. I will no answer theoretically nor quoting the entire history of the State. I will answer in a very practical way.

The crisis of 2008-2009 in the United States caused the decline of gross world product and the collapse of the 11 percent of world trade, after the crack of Lehman Brothers brought the world into a very big crossroads.

According to all analyzes, and the Congress of the United States itself, was due in large part to the great deregulation, i.e., the fact that there were no regulations minimally reasonable to protect the collective interest.

The Bush administration dismantled them to the financial markets. That allowed the rise of the real state bubble, the mortgage bubble and the derivatives bubble.

President Obama often repeats that the crisis was due to the “unbridled greed”. It was facilitated by the lack of State regulations. Its absence sparked very perverse incentives in the American economy.

If there had not been the stimulus plan of Obama’s first year, according to the Krugman and Stiglitz estimates, the unemployment rate had risen to 14 percent. The plan got the unemployment rate stagnated at 10 percent and recede.

Reactivating injection criticized by some as insufficient, made the difference in the sense of the economy does not go from a recession into a depression. It's a fundamental difference, not only for America but for the world economy.

United States produces 28 percent of gross world product. The lack of state action and the "austerity" have led to the European economy, which in turn produces 21 percent of global GDP, to have negative growth.

Some of the larger economies such as England's, Spain's and Italy's are in technical recession; gross domestic product has had successive falls for several consecutive quarters. According to some estimates, the Spanish economy fell by 1.7 percent during 2012.

If it had not taken the public policy reactivating, what would have happened in the United States and what impact it would have on the world economy?

For example, what would happen now with the state of Florida in the United States?

The State of Florida has had a major real state bubble. This has profoundly affected its finances, taking it to an almost disastrous situation. In the United States the central State actively intervenes to help regional states when such situations occur. The central State rebalanced seriously the Florida's economy.

Here is another concrete example. In the 80s there was the great failure of the savings banks in the United States, remember that it had its epicentre in Texas. At that time if the President had not acted forcefully in public policy matter there would be no solution.

The state is dispensable. Where? There is much empirical evidence in favor of this thesis. Public policies must be intelligent, well-managed, zero corruption, very effective.

There have been numerous agreements with private companies. Example, one of the biggest success of the Obama Administration, and this no one disputes it, is that he rescued from the utter bankruptcy to one of the most important industries of the United States, the automobile industry, which was virtually on the verge of total collapse. It was rescued by public policy. Whole cities were saved, which had become virtually deserted.

The congenital inefficiency of the State

Another myth says that the State is condemned to be inefficient. It had its peak in the 90s in Latin America, but around the world often appears under different expressions. By nature public activity would be an activity that must be inefficient.

There is no empirical evidence for this, at least in Southeast Asia, for example, where the State has played a major role in strengthening the economy through public policies, which have been central to scientific-technology progress and in the exports.

There is no much evidence of that. For example in Brazil, where in the past eight years, the State brought 40 million people out of poverty to integrate them into the middle class. This was achieved through very aggressive public policies for the protection of the seven rights I mentioned earlier, as “Bolsa Familia” and the great proposal of President Rouseff “Brazil without misery.”

She often noted that there is no reason for celebration. Brazil has had an economic boom, it has displaced Britain and is the world’s seventh largest economy relative to GDP. She highlights that despite the progress, there are still 17 million people in extreme poverty. Previously it ranked second place among the most unequal countries in the world before the Lula administration.

She says that in three years, through “Brazil without misery”, will meet the Millennium goal: to reduce almost to zero extreme poverty. Inefficient State? It can be called like this one State which through “Fome-Zero” changed the status of 45 million people who did not have to eat, one State which by means of “Bolsa Familia” and other instruments significantly improved the situation?

Can we speak of “inefficient State” in Costa Rica, for example, a country that has become an international reference, through consistently betting for education and health, and environmental balance?

There are countless examples. Inefficient State in Argentina? In the 90s Argentina had one of the most notorious cases of corruption. Siemens bribed the Menem government to hire the identity of Argentines, that is, to create a new identity. It was established in the American courts, Siemens has acknowledged publicly.

Citizens would pay one of the highest costs in the world for a document of identification. Large sums of money were deposited in private accounts of some high-level government officials from those times.

In recent years the Argentine government gave identity cards to the entire population. The ID can be managed quickly and cheaply anywhere, for example in a bookstore, in a pharmacy or in a supermarket. The State did it, this procedure was not a privatization process.

In Mexico the State has a very important tradition. The INAP has studied important episodes of that tradition.

No economic sector is inefficient by nature, nor the private sector is efficient in itself, nor the State is inefficient by the mere fact

of being. Moreover, as mentioned many times, good managers rotate from place to place.

The guilty is the welfare state

Another myth is that the welfare state is to blame for the current European crisis and what happened in the United States. Sounds reasonable, like it, we have someone to blame, and paves the way for disarming the welfare state.

It has nothing to do with the empirical evidence. It is true that countries with larger welfare states have been less affected by the crisis. Germany has higher welfare states than Greece. The percentage of social spending on GDP is much higher in the German welfare state than in countries with difficulties such as Greece, Ireland or Portugal.

The Nordic countries, which have the largest welfare state in Europe, have been less affected by the crisis.

Canada has a welfare state far more widespread and from the standpoint of percentage has a dimension much larger than the United States and it has been much less affected by the crisis.

Where is the recognition? In the 90s sold us the idea about the benefits that would produce the economic model, that with the necessary adjustments it will be a growth that would benefit the poorest, that we had patience. It was another fallacy.

I wish the absolute austerity recipe works. I would be the first to applaud. But in the Greek economy, during the five years that it has been applied, the GDP fell 25 percent, unemployment reaches 27 percent, the interest that pay the Greek economy due to its debt, that supposedly decrease versus austerity plans, loans have increased, and there are data that orthodox economists do not count, but I do and I follow them very closely.

The suicide rate in Greece has risen 23 percent in the past two years, that's very specific; in Italy the suicide rate increased by 15 percent. They are two nations characterized by their joy of life, with powerful cultures.

The hypothesis affirming that the welfare state is guilty is very effective to sell to the population and legitimate the State disarmament, but don't see the results.

The enemies are the officials

A final myth is that the public official is the enemy. The public official would be the great obstacle to progress, with its sinecures and its vulnerability, corruption and lack of management skills.

We must do the State reform, that the State tasks be efficient. We're working and we have collaborated on many State reforms. We need a much better State than we have, but the public official is the friend, not the enemy.

In his memoirs as head of English Service, a position he held for many years, Sir Douglas Bass says: "I can't explain how despite all obstacles always remained an important motivation of service, in the English civil service".

I see it in Latin America. In public management there is a service motivation, the idea that you are helping the community and society is a powerful idea for humans. This myth does not fit with anything. Public officials in various countries remain the lowest paid, their wages leave many of them near-poverty.

However, it can be found in many public offices a high level of commitment to the community.

IV. NECESSARY THE STATE REFORM

We have analyzed seven rights that must be guaranteed and four invalid myths about the State. One last point, we need a new State reform. It is essential to discuss each of the technical areas and try to improve productivity, incorporate new information technology tools.

But do not forget a strategic reflection, that the technical reflection does not displace the need for strategic thinking. And when I speak of a strategic reflection, I mean a reflection on the role played by the State in this historic moment.

A marginal role, alongside, in the center, with what alliances?

We have to go to an “intelligent State”, that it does not sell beer or sell alcohol, that be present in very strategic areas and has the capacity to make smart decisions, that be inclusive, that contain whole population, working for the majority.

That means certain basic requirements: it must be transparent, must totally eradicate all forms of corruption, it must be decentralized, and report its accounts continuously.

A key requirement for me, I call it “a State to give the face”, that is where the people are.

The great success of Muhammad Yunus’ Bank, the “Bank of the poor people” that revolutionized finance systems, it stated the following: “How I give credit to anyone gives them credit?” We do not need a building or large offices, not a body of bureaucrats, anything, and you have to be where the poor are. The bank works with agents who live in neighborhoods where the poor live, without bureaucratic cost.

I totally believe in a State to “give the face”, that is where the people are, that have forms can be read by people, not in the

language of the officials, but in the language of the people, that work in schedules in which the people who make life hard can go, not prohibitive schedules to who can't lose labor hours.

An example in Brazil is the boat going down the Amazon and it gets to places where no one else reaches, providing a remote and marginal population all kinds of services, from giving identity cards to vaccinate. This example illustrates meaning a "State give face."

Today it is necessary to discuss the strategic direction of the action. The State has to ensure the seven previous rights. In a democratic State is an obligation, is a constitutional and legal obligation that in many states is not being met in practice. It has to ensure the right to food, water, sanitary facilities, which are priority rights.

Very often drinking water has not been a priority, still less sanitary facilities that are critical to health. It must ensure the education, access to education, to public health; it must by all means encourage the public-private agreements, the right to work.

It's necessary to struggle for the ecological balance and work to improve equity. To improve equity it's necessary to invest in health and education. Investing in education and health really means empower the population to the economy and civic participation.

The State has to mobilize and empower all actors in society who can collaborate, but the State has a responsibility absolutely unavoidable.

The State has to be intelligent, promote domestic production, strengthen small and medium enterprises, exports, and encourage each time to add more value to the country's production and at the same time, cover and contain the great social front.

It must have the “institutional defenses” to avoid being cornered by the pressures of lobbies of the 1 percent richest. It’s time to stop seeing social as something collateral.

When it is economic development, there will be spaces for social development, with economic development, automatically there will be social development, or that social development is useful for electoral campaigns.

The social is the engine of sustained economic development. Success of the Nordic countries, success of economies like Japan, Israel, and Korea is based on empower its population. They have totally high quality, productivity and the possibility of contribution of its population.

For the population increase the power it is necessary to allocate resources, in a serious and sustained way, to education, health, and social development and with a high quality management.

V. THE GREAT DEBATE

We need an intelligent and inclusive State. We have seen the seven rights, we have seen the myths about the State, and we have seen the outlines of a reform of the State for the XXI Century.

If we do not some of these things, the next few years can be very hard to mankind. The United States, as the President said, are quite concerned about what happens in Europe, 20 percent of U.S. exports go to Europe.

Thirty percent of all investments in Latin America come from Europe. Europe produces a fifth part of global GDP. The ways to remove the State have produced very disappointing results for the economy and people. There is great pressure for the recovery.

Recovery means public policy, which is ultimately organized collective action. It must participate increasingly with higher quality and with the greater effectiveness possible.

According to estimates by the UN and the World Bank, the crisis in major economies and the destructive effects of orthodox austerity policies have provoked that in recent years, many countries have declined, have reduced the gross domestic product and the rate of growth on the planet.

If public policy was important in a historical moment, at this historic moment is decisive.

I started by ethics and described a planet without a rudder ethical. What do we learn the spiritual wisdom of mankind? Deep in the discussion of the State is a very important analysis about the relationship between human beings.

Senator Leader of the Tea Party in the Senate of the United States was questioned about what did the draft budget, which completely cut social security, medic care, the food stamp, leaving people to complete helplessness.

“If tomorrow comes to see you a young person who can’t find work, and who is seriously ill, according to the proposal of budget you have, there is no place in the country where he can be tends, because you are cutting out all the places where someone could attend him. –What would you say him? “.

He replied: “If he reached to this situation is due to his own responsibility.”

In the bottom of this problem there is a struggle between an individualistic and selfish vision that cuts the bonds of solidarity, which states that everyone resolve his own problems has he can, although there is a vision of solidarity that is in all mankind’s spiritual cosmovisions.

That says through the voice of Moses and Jesus of Nazareth: “We are responsible for each other”, or saying through Buddha and Eastern philosophy, “one who gives a rose to another is left with the fragrance in hand, he is the scented “.

Living in solidarity and be responsible is to live in harmony with what the human being is by nature and it is enriching life with content.

Democratic State is joint action by definition, is join us to carry on collective actions through public policies.

The great debate is: if we left the “excluded of the land” to their fate, whether blame them for being poor, if we blame young people for being out of the labor market and the labor system, if we abandon all homeless and the middle classes, who are in danger in this situation of volatility and economic vulnerability, or whether on the contrary we reinforce solidarity and responsibility.

A few days ago, when the Hebrew University of Jerusalem gave me the Honoris Causa, I remembered its founder, Albert Einstein. He, perhaps the greatest mind that has had the history of mankind, always was concerned with the idea that ethics had to direct science and scientific research.

Today I say that long time ago that the economy was no longer controlled by ethics. It’s time ethics redirect the economy.