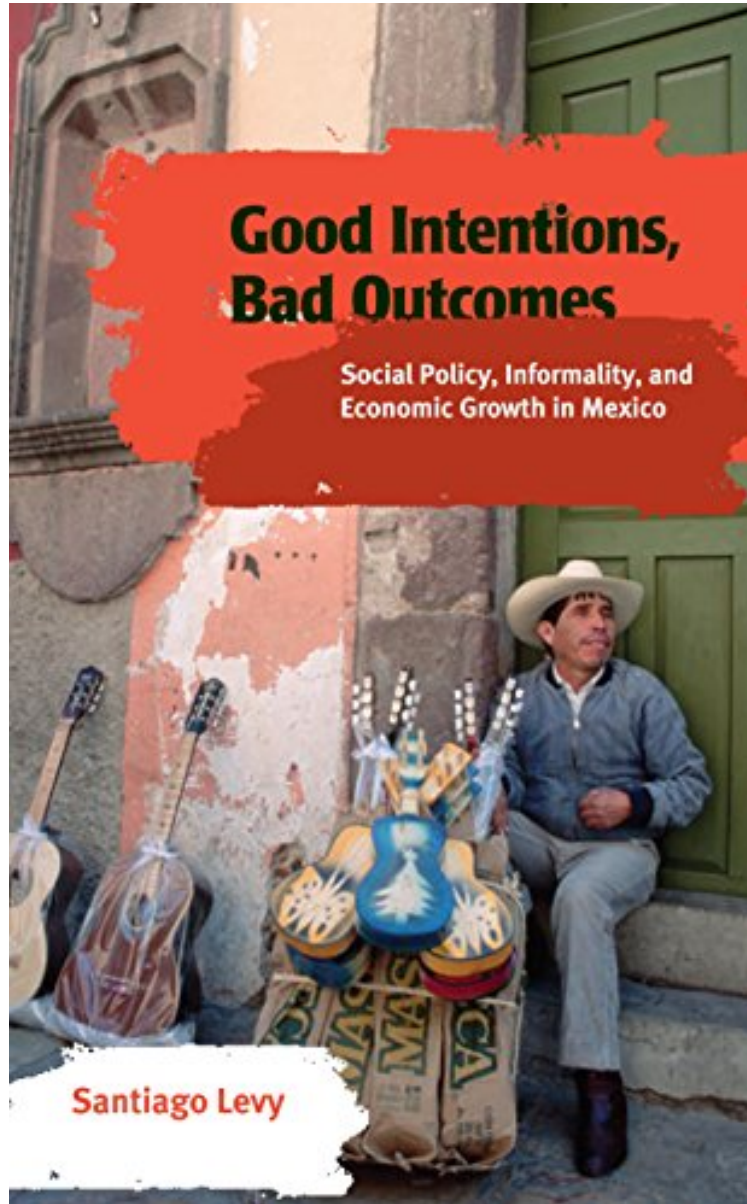


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# Good Intentions, Bad Outcomes: Social Policy, Informality, and Economic Growth in Mexico

*Santiago Levy*

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**Santiago Levy : Good Intentions, Bad Outcomes: Social Policy, Informality, and Economic Growth in Mexico** before purchasing it in order to gage whether or not it would be worth my time, and all praised Good Intentions, Bad Outcomes: Social Policy, Informality, and Economic Growth in Mexico:

0 of 0 people found the following review helpful. Title applies to the bookBy J. CortIn order to understand what the

author is trying to say, you must already have a fairly robust understanding of Mexico's labor structure. He refers often to the fact that "non-salaried" workers do not enjoy the benefits of the Social Security system, but does not tell the reader, at a time that would aid understanding, what, exactly, those benefits are. He also misses the idea that the distinction he, and Mexico, make between salaried and non-salaried workers is not the same as most U.S. readers make. There is, apparently, no distinction between salaried and hourly workers, for example, a difference so fundamental in the minds of U.S. employers. There are good messages here, to be sure, but by trying to be not-too-academic, and not-too-general, he succeeds at neither, ending with a difficult to read book in which this reader often felt adrift without moorings. 0 of 0 people found the following review helpful. Outstanding analysis and proposal for structural reform By Miguel Molina Foncerrada This is, to my knowledge, the most brilliant economic and social proposal made in the last 50 years in Mexico. Mr. Levy puts forward a feasible set of changes in the architecture of the labor market, and the real economy, that could accelerate Mexico's path from underdevelopment to a developed economy. We, Mexicans, have been discussing the path to growth and development with obvious formulas and old recipes, that are more descriptions of how developed countries have evolved, rather than real and imaginative changes that could actually deliver a qualitative leap of our economy. The analysis Levy makes is excellent, and his thesis should be read by all of those interested in imaginative political economy, Mexicans and other nationalities alike. 5 of 5 people found the following review helpful. As Good as it Gets By Luis Celhay Essential reading for anyone interested in the functioning of labor markets and in the Mexican labor market in particular. A must-read for any economics student in Mexico and should be a requirement for any aspiring Mexican politician. On the style I can only say that it is very well written; it is a shame though that it is plagued by annoying cursive letters that don't show much respect for the reader.

Despite various reform efforts, Mexico has experienced economic stability but little growth. Today more than half of all Mexican workers are employed informally, and one out of every four is poor. *Good Intentions, Bad Outcomes* argues that incoherent social programs significantly contribute to this state of affairs and it suggests reforms to improve the situation. Over the past decade, Mexico has channeled an increasing number of resources into subsidizing the creation of low-productivity, informal jobs. These social programs have hampered growth, fostered illegality, and provided erratic protection to workers, trapping many in poverty. Informality has boxed Mexico into a dilemma: provide benefits to informal workers at the expense of lower growth and reduced productivity or leave millions of workers without benefits. Former finance official Santiago Levy proposes how to convert the existing system of social security for formal workers into universal social entitlements. He advocates eliminating wage-based social security contributions and raising consumption taxes on higher-income households to simultaneously increase the rate of growth of GDP, reduce inequality, and improve benefits for workers. *Good Intentions, Bad Outcomes* considers whether Mexico can build on the success of *Progres-a-Oportunidades*, a targeted poverty alleviation program that originated in Mexico and has been replicated in over 25 countries as well as in New York City. It sets forth a plan to reform social and economic policy, an essential element of a more equitable and sustainable development strategy for Mexico.

"Santiago Levy demonstrates how important it is that we consider the systemic implications of individual actions when designing economic and social policies. His comprehensive analytical framework, his thorough interpretation of an unusual data set, and his acute sense of how real people behave combine to make for a fascinating and constructive critique of Mexico's social protection system that would also apply to several other emerging economies." —Francisco Bourguignon, Director, Paris School of Economics "Santiago Levy makes a compelling case for the reform of the Mexican social protection system. He provides a brilliant in-depth analysis of the shortcomings of the current approach that fails to achieve the basic goal of protecting those in need and also seriously harms Mexico's growth prospects." —James D. Wolfensohn, former president of the World Bank "The central thesis of this monograph is that the way Mexico's social programs are structured vis-à-vis the labor market is inequitable and inefficient. This excellent book argues that such programs, which the author strongly supports, should be delivered in a manner that does not discriminate between different types of employment arrangements. Benefits should be financed with general taxes, not employment-specific contributions by firms and workers. It will become a standard reference in the development literature because although the focus of the study is Mexico, the issues considered are faced by most developing countries, in Latin America and beyond." —Ravi Kanbur, T. H. Lee Professor of World Affairs and Professor of Economics, Cornell University "This is a rare study linking misguided social programs to low productivity and wages and disappointing growth in Mexico. Clear, compelling, and worrying, justifying a bold policy prescription, from an author who knows his economics, his politics, and his Mexico." —Nancy Birdsall, President, Center for Global Development "Levy presents an insightful analysis of Mexican social policy. This rare book combines the familiarity and impressive knowledge of one of the main architects of this policy with the type of critique more often provided by outsiders." —CHOICE "This is a rare study linking misguided social programs to low productivity and wages and disappointing growth in Mexico. Clear, compelling, and worrying, justifying a bold policy prescription,

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About the Author: Santiago Levy is former general director of the Mexican Social Security Institute. From 1994 to 2000, he served as deputy minister of finance in Mexico and was the main architect of the Progres-a-Oportunidades program.