



# URUGUAY

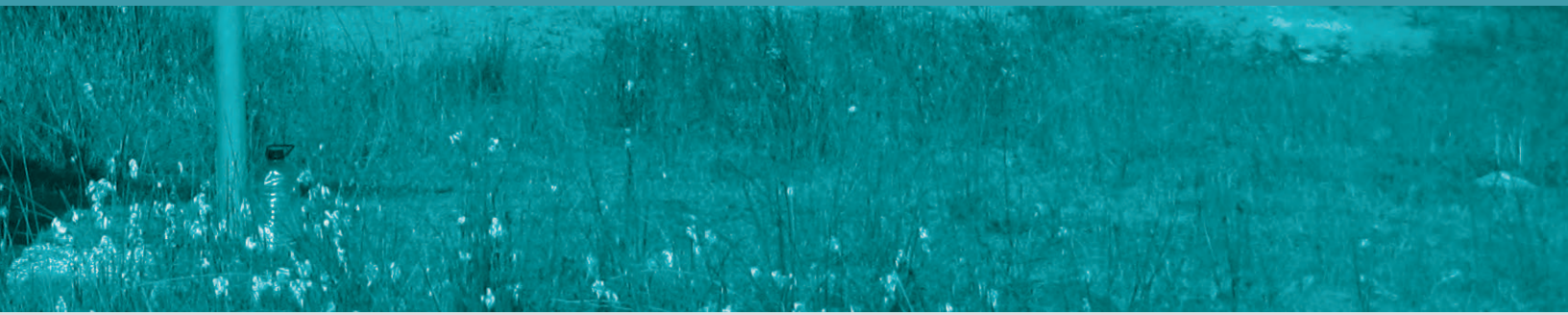
## Uruguay: a road of opportunities

Roberto Horta and Micaela Camacho – Competitiveness Institute, Uruguay.

Uruguay is usually placed just a little above the middle in most rankings comparing the general wellbeing of countries: number 43 among Social Progress Index countries in GDP per capita according to the World Bank, number 51 of 186 countries in the Human Development Index, and 85 of 148 countries in the Global Competitiveness Index. So it is quite a surprise that Uruguay ranks number 26 in the 2014 Social Progress Index, and second in Latin America just below Costa Rica. It is even more surprising that it ranks above Chile, which has a GDP per capita almost 12% higher than Uruguay and is presented as one of the big Latin American success stories.

The key to Uruguay's strong performance on the Social Progress Index is the Opportunity dimension, where Uruguay ranks 18th overall and first in Latin America. In particular only five countries around the world perform better than Uruguay on Personal Rights. Being a country that has only been in the "top ten" group in soccer, this means pretty good news for Uruguay. This success has deep foundations. Early in the 20th century Uruguay consolidated its democracy, stepping away from civil conflicts and promoting innovative ideas, especially in social matters. Labor legislation, women's rights, and social guarantees were some of the areas where Uruguay pioneered with its legislation and its policies, setting the country as a model of social and political development.

Over the same period, state intervention not only gave a new boost to the economy but also began defining the relationship between the civil society and the state. As of today, the role of the government continues to be strong and there is still a sense of the state as a benefactor "parent." As a result, respect for institutions is a particular characteristic of the Uruguayan population that even survived the 12-year period of dictatorship from 1973 to 1985. Nearly 30 years since the return of democracy, Uruguay is the number one Latin American country in the Democracy Index and has achieved economic growth averaging about 3% per annum over the last 28 years.



Uruguay scores neutrally on the Basic Human Needs and Foundations of Wellbeing dimensions of the Social Progress Index, meaning that the country is neither stronger nor weaker relative to the 15 countries with most similar GDP per capita. However, when these results are disaggregated to the component level there are important findings. Uruguay’s performance on Health and Wellness and Ecosystem Sustainability, ranking 79th and 87th respectively, highlight potential areas of concern.

Uruguay scores high (95.05) on Access to Basic Knowledge, which is probably the heritage of being one of the first countries in the world to have compulsory, non-religious and free education—since 1877. Yet the country faces serious issues with the quality of education. Since 2003 Uruguay has participated in the Program for International Student Assessment (PISA), led by the OECD. The results from the last four evaluations show a steady deterioration of education quality. In 2012, Uruguay was 57th out of 65 economies on the PISA rankings.

The results of the 2014 Social Progress Index are pretty good news for Uruguay. Given that this strong performance is driven by the Opportunity dimension, some people may be critical that a range of the indicators, particularly on the Tolerance and Inclusion component (where Uruguay ranks 7th overall), depend on opinion poll survey data. Yet public opinion can hinder or help a country’s development. Perception matters because confidence matters. The Opportunity dimension shows that Uruguayans are particularly confident about the strength of the institutions of their country. This public confidence provides a solid foundation for Uruguay’s continued social and economic development.