30 May 2001
English only

Economic and Social Council
Substantive session for 2001
Item 14(b) of the provisional agenda*
Social and human rights questions: social development

2001 Report on the World Social Situation**

Introduction and overview

* E/2001/100.

****** This is an advance unedited version of the *Report*, the final version will be issued as a United Nations sales publication

INTRODUCTION

1. Disparities in income and wealth are growing in many countries, and the distance between richer and poorer countries is also widening. Many low-income countries have faced deteriorating economic conditions, while in others substantial groups have experienced serious setbacks in standards of living. A complex set of variables and circumstances explain the differential social impact of varied economic fortunes among and within countries. Overall, the unfavourable situation has been compounded by a sense of general under-provision of basic services and widespread deterioration in their coverage and delivery in a number of countries, or at least an inability to keep pace with needs. Against this background, themes that have risen to the surface of national and international concern since the last *Report on the World Social Situation* in 1993 include emerging patterns in production and distribution, such as globalization and technological innovations in information and communication; fiscal constraint and resistance to taxation; structural adjustment programmes and liberalization policies; including privatization and deregulation; the introduction of user fees for the provision of social services; and hardened attitudes toward social welfare and unemployment compensation. These trends are argued to be factors in the deterioration of attitudes and services in a number of both more and less developed countries. At the same time, an imperative of equitable access and the need to raise the quality of services have assumed greater political significance in many parts of the world.

2. Globalization is widely perceived as having contributed to uncertainty and setbacks in living standards for many, particularly in less developed countries and for low skilled workers globally. The recognition that the benefits of globalization may typically fall to stronger actors in the global and the local arenas has added to a sense of anxiety and frustration. Access to related technological developments may also be seen as an advantage for the few due to the so-called "digital divide". It contributes to a mood of unease, especially as the benefits of globalization are readily observed everywhere precisely in large part due to the advanced state of communications technology.

3. An increase in the number of democratically elected Governments in recent years and increased open discussion of civil and political rights, with condemnation of abuses, have increasingly exposed injustice to open criticism and condemnation. In the view of many, the level of tolerance towards inequities has decreased quite markedly. At the same time, democratization has disappointed many who have not been able to reap expected material benefits or expected improvements to the quality of public life and governance. The observed rise and expansion of social movements and various spontaneous groupings of citizens around specific causes may be expressions of this dissatisfaction.

4. There is broad-based agreement that societies should be founded on the principles of social justice. These principles are the foundation of the United Nations, and are salient in the declarations and policy statements emerging from the major international conferences held in the late1990s, notably the World Summit for Social Development, held in Copenhagen in 1995. The ideal of equitable societies and global equity is little challenged, although views on what is equitable, the characteristics of an equitable society and how equity can be promoted are subject to interpretation and can give rise to acrimonious political controversy.

5. The commitments made at Copenhagen and the recommendations of the Plan of Action adopted at the Summit provide important, internationally agreed signposts to a just society in the contemporary world. The direction of change was underscored by the actions agreed at the twenty-fourth special session of the General Assembly, convened in Geneva in June 2000 (see boxes 1 and 2).

6. The commitment that perhaps most essentially captures the intent and spirit of the Summit is the fourth, which states in full:

> "We commit ourselves to promoting social integration by fostering societies that are stable, safe and just and that are based on the promotion and protection of all human rights, as well as on non-discrimination, tolerance, respect for diversity, equality of opportunity, solidarity, security, and participation of all people, including disadvantaged and vulnerable groups and persons."

7. This endorsement of creating what is in effect a society for all can be seen as a process guided by one criterion: to bring to the many what is enjoyed by few, whether as economic agents, or as citizens with a voice in the affairs of their community and polity. Throughout the present *Report*, attention is directed to the policy implications of promoting a society for all as promoting

equity, and to the conceptual difficulties and practical obstacles to be overcome.

8. Determination of what is equity and when it is being achieved presents a set of clear problems (see box 3). A further set of problems arises from the difficulty of determining the real impact of many policy measures on any particular group of people. The effect of an intervention may be subject to interpretation because of incomplete information, inherent conceptual obstacles to correctly assess the impact and normative considerations grounded in belief or ideology that colour the conclusions. Typically, this has had an adverse effect in the recent debate on the effectiveness and efficiency of government and the public sector as a whole.

Box 1

The Ten Summit commitments*:*

- Creating an environment to enable achievement of social development.
- Eradicating poverty through decisive national action and international cooperation.
- Promoting full employment as a basic priority.
- Fostering stable, safe and just societies to promote social integration.
- Promoting full respect for human dignity.
- Attaining universal and equitable access to quality education, the highest standard of physical and mental health, and access of all to primary health care, while rectifying inequalities without distinction as to race, national origin, gender, age or disability.
- Accelerating the resource development of Africa and the least developed countries.
- Ensuring that agreed structural adjustment programmes include social development goals.
- Increasing significantly and utilizing more efficiently resources allocated to social development.
- An improved and strengthened framework for international, regional, and subregional cooperation for social development.

Box 2

Twenty-fourth special session of the General Assembly

In June 2000, in Geneva, the commitments of the World Summit for Social Development were reviewed with respect to further action and initiatives, and the General Assembly adopted a resolution for the full implementation of the Copenhagen Declaration and Programme of Action that strengthens the commitments; calls for further determined sustained action; underscores the need for full employment, social integration, efforts and enablement for Africa and the least developed countries, mobilization of resources and capacity-building; and enjoins Governments to adopt an integrated focus that ensures social development objectives are incorporated into all areas of government decision-making.

Box 3

Equity, equality, inequality and fairness

Equity can be a simple but elusive concept, subject to different interpretations. A useful distinction is that between equity and equality**.** In some cases, the two are synonymous, in others not. One rule of thumb to distinguish them is that equals should be treated equally to arrive at an equitable outcome: conversely, unequal situations require different interventions to produce the desired equitable outcome. In practice, it may be difficult to determine which case is present, or applies. A second difficulty is to determine the differential in interventions that are needed to achieve equity in situations of inequality. For example, it may be agreed that income or wage equality can reach a level where it is as “bad” as a high level of inequality, because it implies that there is little recognition of special efforts, responsibility or skills (and a diminution of incentives), just as high wage inequality offends a society's sense of fairness. There is the further difficulty that such determinations call for individual judgments, and different societies do not necessarily share a common view of what is fair.

9. Another important distinction is between achieving equity by striving for greater equality of opportunity and championing greater equality of outcomes (see box 4). Preference for either extreme

typically reflects ideological positions. In practice, most countries occupy a middle ground, recognizing the need to use both approaches. A feature of recent years has been a noticeable shift in the middle ground toward opportunity rather than outcomes.

Box 4

Equality of opportunity or equality of outcomes?

Equality of opportunity emphasizes empowerment, investment in human resources, equal access to education and training, and opportunities for employment and upward mobility. Equality of outcomes lays stress on redistributive measures, job security, minimum wage legislation, subsidies for those less well off or with special needs (e.g., large families) and similar corrective policies. Equality of opportunity relies on market solutions emphasizing a level playing field, whereas equality of outcomes call for non-market solutions, wand corrective actions when market outcomes produce unacceptable differentials, or result initially in similarly unsatisfactory outcomes.

10. Striving for social justice (see box 5) and seeking economic efficiency may be seen as competing goals, with the implication that the promotion of one can only be achieved at the cost of the other. Neither economic efficiency nor social justice can lay unique claims and be the overriding goal in all situations; in practice, the two are not necessarily opposed, and most typically they are interdependent and complementary. Experience has shown us that the promotion of social justice may enhance economic efficiency in some situations, just as the promotion of economic efficiency may make the attainment of social justice easier in others. The pursuit of economic efficiency does not normally concern the differential impact of policy on different groups but considers the aggregate. No society can be guided, however, by criteria of economic efficiency alone and ignore the differential impact of policy on different groups.

11. The present *Report* is divided into six parts. Part I, "Assessing socio-economic development: major trends", presents an assessment of the demographic landscape, reviews new patterns of economic engagement and social interaction and addresses globalization and equity issues. In part II, "Institutional framework: continuity and change", the focus of discussion is on social change as it affects and is affected by the situation of families; generations; and the roles of the market, the state and civil society in the contemporary world. In part III, "Living conditions: a mixed record of achievement", recent trends and the availability of basic services are described in the context of quality of life, giving particular attention to how these differ between countries and between different social groups and income strata within countries. Part IV, "Social protection in a changing world", addresses the reduction of social vulnerability and the enhancement of social protection in a dynamic, changing world. In part V, "Social disruptions", the focus is on a selected number of social problems of special contemporary concern, including armed conflicts, discrimination, violence in various forms, corruption and crime. In part VI, "New challenges: equity and ethical implications, which concludes the *Report***,** developments likely to have a profound influence on the shape of society in the coming years and decades are identified. It is anticipated that these developments, in the domains of privacy, corporate responsibility and ethics, will have a radical effect on various dimensions of life in fundamental and far-reaching ways. How societies respond to the challenges posed by these developments through individual and collective effort, both public and private, will be crucial to the shape of our future.

Box 5

Social injustice

Social injustice can be found in disparities in income and wealth between urban and rural areas and between one part of a country and another, as well as in large disparities between different social strata. The situation of different generations can be characterized by inequality; for example, children may be a group suffering from poverty and deprivation disproportionately to their numbers, and older persons may to a significant extent suffer a similar fate, similarly relative to the working age groups. Women are globally subjected to discrimination, with varying degrees of intensity. Persons with disabilities continue to be treated as second-class citizens despite some progress achieved in recent years. Accommodation between different national, ethnic, linguistic and religious groups is often on unequal terms and sometimes is tenuous or contentious when relations are characterized by latent or open hostility. These various unequal relationships need to be considered and addressed as part of any effort to promote societies based on equity and social justice.

Overview: executive summaries of chapters, by part

Part I. Assessing socio-economic development: major trends

Chapter I. The demographic landscape

12. By the end of the millennium, the world population reached 6 billion persons. This is more than twice the world population half a century ago: the number of people was just 2.5 billion in 1950. These last 50 years have witnessed the highest rate of world population growth that has ever occurred or is ever likely to occur again. The high growth was produced during a period when humankind benefited from substantial gains in life expectancy – with children surviving in increasingly larger numbers to reach parenthood – but was not yet fully engaged in the global fertility decline that is now clearly under way. If current projections hold, the total number of persons in the world will continue to grow in the next 50 years but only enough to add half again of the current population by 2050, when we can expect to be just over 9 billion inhabitants globally.

13. The trajectory of the world population since 1950 has been influenced by several remarkable changes. Both mortality and fertility have undergone extraordinary and unique declines to new levels. In both cases, however, reversals have occurred that have had striking effects, although they have not altered the basic trend toward decline.

14. Ageing has become a global phenomenon. In sub-Saharan Africa, the subregion with the youngest population, despite the heavy toll from HIV/AIDS – related deaths, the median age is rising for the first time. In developing countries, the median age reached 24 years, having increased five years since its low point in 1975. The median age in more developed countries stood at 37 years, having increased by 8 years since 1960. Globally, the population aged 80 years or older reached 70 million. In developed countries, the 60 and over age group for the first time exceeded the under 15 age group. Life expectancy at birth increased globally; the gap between the developing and the more developed regions narrowed considerably, from 22 years in 1960 to less than 12 in 2000. The corresponding gap in the life expectancy for women narrowed from 24 years to around 14, and for men from 20 years to around 9. Globally, the gender gap in life expectancy increased from 3 to 4 years in favour of women.

15. A growing divergence between countries of the less developed regions as a whole and of the least developed regions characterizes their patterns of mortality and of fertility decline between 1980 and 2000. Over the same period, however, the countries of the less developed regions showed increasing convergence with the mortality and fertility patterns of the countries of the more developed regions.

16. The rate of growth of world population continues to slow and has now reached an annual rate of 1.3 per cent (1.6 per cent in developing and 0.3 per cent in more-developed regions). Fertility rates fell substantially. At the world level, the number of children born to each woman has fallen since 1960 from just under 5 to just under 3 (from 6 to 3 in developing and from 2.7 to 1.6 in more developed regions). In 2000, the number of countries with fertility at or below the replacement level of 2.1 children per woman has reached 64; their combined population accounts for 44 per cent of the global population (about 2.7 billion people). Many countries in Europe are facing a decline in their populations.

Chapter II. New patterns of economic engagement and social interaction

17. Dynamic economies capable of generating the goods and services necessary for meeting the basic needs of all people and expanding opportunities for productive work are the material base in which social progress is rooted. While an expanding economy does not itself signify social progress nor indeed an improvement in the general welfare, without such expansion little progress can be made in lifting standards of living and releasing millions of people from the daily struggle for survival.

18. The economic performance among national economies as measured by per capita income was very diverse. At the same time, the diversity of performance among countries occurred in a period of profound change in the global economic environment. The world economy at the end of the 1990s was radically different from that of the early 1980s. From the 1970s onwards, there was resurgence in the role of markets. Systems based on centralized economic planning were gradually dismantled in some formerly socialist States and collapsed abruptly in others. The policies of many developing countries switched from encouraging state-led autonomous development to attracting foreign investment in export-oriented industries. In the developed countries, many Governments adopted policies of deregulation and privatization and sought to retard the growth of government and taxation.

19. The structure of both consumption and production underwent fundamental change. Services gained relative to agriculture and industrial production. A vast range of new products came on the market as a consequence of accumulated scientific and technological innovations. Methods of production are undergoing a revolution in key sectors, with geographic relocations of production facilities and major reorganizations of corporate structures and methods of management.

20. New patterns of economic engagement and social interaction have occurred as a result of the widespread adoption of information technologies. These technologies have transformed lifestyles, processing capacities and communications quite substantially in the last two decades. Advances in information technology, a qualitative new development in the contemporary world, have accelerated global trading, have created new products and have enormous potential for raising productivity levels. An unprecedented technological explosion of ways to communicate has resulted in many significant changes, including productivity gains and the lowering of production costs. The Internet has been instrumental in facilitating access to knowledge and its effective application.

21. Information technology and associated developments have had a profound influence on how production is organized and consumer needs are met. More generally, technological innovations have been particularly important and extensive in the range of intermediate goods, materials, production processes and instrumentation, and the use and application of memory chips, integrated circuits and other programmable control devices, with their attendant software. A most recent development of far-reaching significance has been the introduction of on-line dealing, electronic or so-called "e-commerce", above all in inter-company transactions.

22. In addition to productivity gains from communications and information technology, new investment in equipment, machinery, infrastructure and software has raised efficiency in many economic and social sectors. Developed countries accelerated their productivity growth, notably the United States and some European countries. However, most developing countries have lagged behind and have not caught up with this trend. The existing gaps in economic development remain an important factor, intensified further by the new "digital divide" between countries. While more than one third of the population in developed market economies have access to a personal computer, less than 2 per cent have such access in developing countries. Such factors as gender, levels of education and literacy, household income, language, race and ethnicity, lack of infrastructure and resources and other exclusion factors are all critical determinants of access and inhibit the dissemination of information technologies.

23. In principle, the information revolution has the potential to create opportunities for both developing countries and disadvantaged and weaker sections of society everywhere to gain access to information resources that enable them to participate as players in the marketplace of the global economy. From the perspective of developing countries, the new information revolution represents an opportunity to access global information and knowledge and to harness them to facilitate and accelerate development. While universal and equitable access is critical in making information technologies an instrument of development, there are large disparities in access and gaps in Internet connection rates between rich and poor countries. Even among those who are getting connected to the network, the rate and quality of connection sites is uneven among and within countries.

24. A lesson of the last decade concerning the successful dissemination and application in developing countries of previously existing technologies and commercial exploitation of the newly developed technologies is that much more is required than access to the electronic networks and existence of a technologically literate population core. Supporting technical assistance and infrastructure are also required as well as access to credit and venture capital and the support or at least acceptance of groups who might feel that their power or position is being challenged. Immigrants, sometimes returning home, have in some countries been in the vanguard of successful change and entrepreneurship based on the exploitation of technological opportunities.

Chapter III. Globalization and equity

25. In the context of growing economic integration, liberalization drive and technological change, a number of fundamental questions regarding the impact of globalization on equity have yet to be fully answered. One of the issues is whether increased globalization has permanent or temporary effects on the degree of inequality and poverty that afflicts increasingly more countries, even developed countries. Another major issue is the effect of inequality on economic growth, among and within countries. In the past, land and asset concentration, the "curse of natural resources," urban bias and unequal access to education were cited as important causes for inequality. Today, these factors need to be supplemented by emerging causes of inequality, such as technological innovations and, notably, macroeconomic policies that have emphasized globalization and liberalization in most countries.

26. In the economic sphere, a powerful drive towards the liberalization of world trade has brought many economies closer to each other. Most developing countries have adopted policies that promote foreign

trade but with admittedly different results. It was expected that liberalization and export-led activities would increase the level of employment and raise efficiency. But contrary to some overly enthusiastic expectations, globalization forces neither reduced inequity nor set all nations on a sustained economic and social growth path. Globalization forces and the dissemination of information and communication technologies further accentuated fragmentation of labour markets. They created a wider dispersion in salaries and living standards between different types of workers. One obvious result is the formal-informal sector dichotomy. Those in the formal sector had better paying jobs and enjoyed statutory social protection, while workers in the informal sector had less paying jobs and lacked this statutory coverage.

27. Growing polarization among countries has been accompanied by a surge in inequality within countries. Evidence suggests that over the last 15 to 20 years, income concentration has risen in many nations of Latin America, Eastern Europe, the Baltic republics and the Commonwealth of Independent States (CIS), some African and South East Asian economies, and, since the early 1980s, in almost two thirds of the Organization for Economic Co-operation and Development (OECD) countries. This trend towards an increase in inequality reverses the move toward convergence and greater egalitarianism that characterized the post-war period.

28. Apart from the above-mentioned causes of inequality, the more recent rise in inequality is also explained by emerging trends, such as the dissemination of technologies that generate a demand for skilled labour and therefore increase their remuneration and reduce both the demand and the compensation of low and unskilled workers. In many developing countries and transition economies, privatization and a distribution of industrial assets that increased asset concentration reinforced this trend. In some developing countries, labour market deregulation eroded real wages, and the traditional redistributive function of government was severely limited due to reduced tax collection and elimination of transfer systems induced by liberalization initiatives.

29. Adjustments and sacrifices have been made by countries in order to position themselves to cope more effectively with the challenges of the next century and to take advantage of the new opportunities of globalization. Clearly, not all countries (and within countries not all populations groups) will be successful in such an endeavour. There is a clear danger that the experience of globalization of the early twentieth century will be repeated, when "modern" enclaves came into being all around the world integrated in a global economy, while the "back country" was left to drift outside the mainstream of "progress".

Part II. Institutional framework: continuity and change

Chapter IV. Family

30. The institutions of society, and thus the institutional framework of social policy, have evolved in a time of fast technological and social change. Socio-economic factors, demographic trends, communications technology and cultural and political changes have left their imprints on the family, changes in generations, the roles ascribed to the market and the state and the organizations of civil society. Social policy thus faces challenges to address the impact of these changes.

31. The family, in various configurations, has withstood many challenges. Its survival as the basic unit for socialization and provision of support and its ability to regenerate itself in new circumstances are testimony to the resilience and continued relevance in the contemporary world of this ancient institution. The impulse to form new families – while divorce is on the increase and many young people in all parts of the world postpone marriage – continues to be strong even as the traditional definitions of family are undergoing change. Attempts to legitimize non-traditional forms of family may be seen as a further acknowledgement of the importance of public commitment to the reciprocal obligations that entering a family bond implies, rather than a challenge to the idea of family. At the same time, in the past few decades the family has undergone a transformation that is both rapid and profound, affecting its size and structure, the relationships among its members and its role within the wider community and society at large.

32. The most striking change is the dramatic reduction in the size of the representative nuclear family. In the span of a single generation, the number of children in a typical family has fallen to 3 in developing and 1.6 in more developed countries, as against 6 and 2.7 a generation earlier. One consequence of such a rapid transformation is that in the future the number of close relatives in more families will fall with each generation, so that progressively fewer persons will have close living relatives. This will be further reinforced where there has been massive desertion by fathers of their families, or where the incidence of single parenthood is large or where HIV/AIDS is prevalent. At the same time, with life expectancy continuing to increase, there will be more three-, four- and even five-generation families. The world has little experience in such a simultaneous rise in the number of persons living alone with no close relatives and in the number of multigenerational families and how to cope with their varied needs.

33. The family's role as an economic unit of production has been declining, with its significance now largely confined to small-scale agriculture, trade, handicrafts and personal services, especially in developing countries. The family has remained, however, a key institutional arrangement for providing support and care to members, including especially the young and old, infirm and disabled, on a reciprocal basis, without expectation of immediate reward. While the system of support and care survives, it is in constant danger of erosion by demographic, economic and social forces. In addition to the shrinking of kin networks and the decline in the importance of the family as a productive unit, there are other considerations. Greater physical distance among family members, separation of families due to armed conflict, family dissolution through abandonment and divorce and even the eligibility criteria for assistance from government agencies are among the factors that continue to reduce the capacity of the family to offer high quality, continuous support and care.

34. The consequences of these changes in the family call for policy measures to protect the welfare of the vulnerable in society, namely women, children and the old. One issue of concern is the trend of increasing fertility among adolescents (15-19 years of age) as total fertility declines. As young adolescents lack both life experience and independent financial resources to support their children, early childbearing often jeopardizes not only the educational and vocational future of the parent (especially girls) but also the developmental opportunities of the children. Another issue is the increase in the average age of populations, resulting from the joint effect of longer life expectancies and lower fertility rates. This concerns the financial sustainability of social security systems in developed countries. It also poses a great challenge in developing countries, where the social safety net for old age is inadequate and families have been the traditional providers for old members of society. As the structure of the family changes, social policy measures are direly needed to address these concerns. As for the increasing numbers of mothers who work outside the house, family and work issues such as flexible work time, balancing career and family needs and access to affordable quality childcare are of particular concern. It seems essential that public financial resources be committed to making quality child-care services affordable to all, even as the role of the state in social service provision is being reduced.

35. An important development in the internal dynamics of family life in recent years has been the move to recognize more explicitly and often in law the rights of the individual family members. What has traditionally been the prerogative of the head of the family, typically male, in exercising control over the family, subject to minimal legal restraint although subject to societal and moral restraint has come more often within the purview of legal sanctions. Acts of violence within the family, especially against women, are reported by victims more readily, and authorities are more willing to act on such information.

Chapter V. Generations

36. Generations within the family and society have special needs and play different roles. Generational identities tend to be consolidated through long years spent together in age-based institutions: schools when young, workplaces when adult, rest and retirement places when older. It can be argued that age-graded institutions have been used structurally in industrialized societies as major pillars of its productivity to achieve first economies of scale, by grouping together individuals of like developmental mentality and functional capacity, and second as a means to colonize time: resorting to age-based institutions has enabled societies to capture the working generation, commanding it for the 8 working hours of the day on the 5 working days of the week for about 50 weeks of the year, relegating schools, families, the elderly and communities to the peripheries of evening, weekend and vacation time. It remains to be seen, however, whether age-segmented institutions will be sustained into a post-industrial and ageing world.

37. Trends affecting generations and, in turn, being affected by their behaviour and their imprint on the world, include fertility, mortality, health and housing, livelihood and work opportunities, savings and investments and national and international migration. Virtually every socio-economic domain, as well as the environment and the world ecosystem, can be viewed through a generational lens. Moving from a multigenerational to a nuclear family, with migration and urbanization being two main causes, has changed the pattern of inter-generational interaction. The relationship among generations goes beyond support for the young and old (the economically non-active population) but also includes inter-generational learning, an important means to transfer life skills from the old to the young, and the care of children by adults, an interaction proven crucial to the development of children. The policy challenge posed by these changes in the generations is how to ensure equity among generations and how to best utilize the potential of all in creating a society of harmony and cooperation.

38. In this contemporary period when longevity makes co-residence of generations possible – the survival of both children and older people assures more individuals of coexisting with the generations preceding and following them – interest in multigenerational residence is declining, probably due to social and economic mobility, urbanization, international migration and globalization.

39. The generation aged 15-24 is, today, the largest in history. Most of these youth live in developing countries, representing both a challenge and opportunity for these economies. With education and appropriate skill training, this generation could become a productive workforce as it moves into adulthood. Their numbers, however, also require large amounts of resource for training and the creation of gainful employment opportunities. This is of particular importance because youth unemployment is a cause of criminal and other antisocial behaviour among people of this age group.

40. Beyond their relations within the family, generations relate in particular patterns in the broader arenas of community, country and world. For the most part, it is the generations in the middle that manage these spheres, as well as the extraordinary transformations occurring within and between them, at the same time that they are managing societies at large, and consequently, the dependent old and young within their societies. The young and old generations often have a common dependency on the middle generations, because the working generation is the economic driving force, and occupies the associated positions of power in industry, politics and government.

41. With respect to the older generations, in the developed countries old age poverty has been largely defeated by state-provided or state-assured pensions and access to free basic social and social welfare services. Alienation or loneliness, on the one hand, and periods of dependence, on the other, are the new problems facing older persons, while communities have to cope with rising costs of medical care and various other costs associated with ageing. Older persons make up a relatively modest proportion of the total population of developing countries, but their number and importance in the total is rising rapidly.

Chapter VI. Market

42. In the past two decades, the macroeconomic policy design of most countries has shifted away from an emphasis on demand management towards a free-market approach, inspired by neo-liberal thinking. The mainstream of the neo-liberal approach has been an attempt to raise efficiency and thereby create employment and an increase in income, while at the same time reducing the discretionary intervention of the state as far as possible. Public ownership of infrastructure has been replaced by a combination of privatization and regulatory frameworks designed to satisfy social objectives and prevent the exploitation of monopoly power. Equally significant was tighter control over public spending, which entailed reduced or even eliminated public sector fiscal deficits. Vast deregulation of the private sector took place and has been replaced by reliance on market forces.

43. The move toward more market-oriented policies was reinforced by the political changes in eastern Europe and the demise of the centrally planned economy paradigm. A number of post-socialist Governments imposed radical free-market policies, which have so far generally implied extraordinarily high transitional costs. But even where the objective was to construct a western European-style mixed economy, the role of the market was greatly enhanced.

44. What really proved crucial for the success of many market-based economies in the twentieth century was not only private property but also an ability to sustain competition among market agents. A competitive environment turned out to be really indispensable for the organization of efficient production and was a decisive factor for the consolidation and development of the market economy as we know it today. It has propelled technological advancement and the attainment of some major technological goals, notwithstanding the emergence of different types of economic and social costs that need to be addressed, inequity and pollution among many others. A lesson that has been learned is that effective regulation and government supervisory oversight should be introduced as crucial policy goals to increase market discipline and greater transparency.

45. Efforts to reduce the size of the state while increasing efficiency through privatization, granting a greater role to the market in a broader range of areas in social and economic life and decentralization in governance have yielded mixed results in developed and developing countries. In the process, equity and other concerns emerged with respect to market failures. Moreover, many countries implemented reforms along the line of reducing the role of the state and adopting market principles without first establishing necessary institutions or building governance capacity to protect public interests and social equity. The withdrawal of the state from the provision of social services, especially in the areas of education, health and social insurance, has also led to reductions of services to the poor in some countries. All these mixed outcomes demonstrate that the proper balance and constructive interaction between the state and the market are complex and the circumstances of different countries at different times need to be taken into account by policy makers in the pursuit of smaller, more effective and efficient government.

Chapter VII. State

46. In fact, the changes in the institutional framework also present an opportunity for reinventing the state and its social policy. The state is no longer viewed as the omnipotent agent of social and economic development, but the demand for its role as the regulator and supervisor of the market and other non-state

institutions is stronger as the reach of the market extends farther and the number and scope of activities of civil society organizations grow. More importantly, there are areas of socio-economic life where state interventions are necessary to correct market failures and to ensure equity and social cohesion. Even in areas where the retreat of the state as a direct provider of services may be justifiable on efficiency grounds, such as education, health and child care, the state may still have the responsibility to mobilize and provide financial resources on equity grounds to ensure access by the poor. Likewise, the effectiveness of social policy becomes even more important in promoting efficiency and equity in society and in preserving competition and accountability in political and economic life.

Chapter VIII. Civil society

47. In addition to the evolving roles of the market and the state, in many areas the contribution of civil society organizations has become more important in recent years. This rise in importance has taken place especially in developing countries, as well as countries with economies in transition, where such organizations have come into being relatively recently as major new players but with their role not always clearly defined. The boundaries of civil society, often blurred, embrace activities of numerous organized as well as informal groups, united, however, by a common interest that is not adequately served by for-profit private entrepreneurial concerns or government at the local or national levels.

48. Several broad trends in the role of civil society organizations may be noted. Important traditional actors, such as trade unions, have decreased their influence and membership worldwide. Many new civil society groups have come into being, promoting specific causes, as well as more formally structured NGOs, in developing countries inspired in some instances by the prospect of funding from abroad. A similar trend may be observed in countries in transition. Their experience in meeting the goals for which they were set up, however, has been mixed. But there is no question that the importance of not-for-profit organizations of various kinds in different parts of the world is on the increase, and that the scope of their activities is expanding and membership growing.

49. Organizations of civil society continue to play the roles of helping articulate public opinion, giving voice to the voiceless in society, advancing particular causes and providing social services. At the same time, they are also becoming increasingly active participants in national and international forums as a counter-balance to Government as well as to private sector interests. Organizations of civil society are an integral part of the democratic process. As such, they play an important role in creating social capital by fostering understanding and trust, an attitude of cooperation towards the "common good" and a sense of social solidarity. Proper policy is needed to channel the positive energy and contribution of civil society toward common goals in society and to coordinate and facilitate participation and public debate while avoiding the hijacking of the public agenda by special interest groups, particularly those that advocate violence and/or hatred.

Part III. Living conditions: a mixed record of achievement

Chapter IX. Education

50. Education has assumed a central role in the life of societies, and their general progress has become intimately bound up with the vitality and reach of the education enterprise, from pre-school to post-doctoral levels. At the global level it has become the biggest "industry", absorbing five per cent of world gross domestic product (GDP) and generating or helping to generate much more.

51. The promotion of universal public education in an earlier era had as its principal aims – and these continue to be sought – nation-building and national integration, the spreading of shared values, assurances of a strong moral component, the socialization of children and the steering of young persons into assigned adult roles. What has come to the fore in recent decades and will assume still greater importance is the economic role of education, as it is increasingly the foundation of individual success and of society's prosperity. Education, in combination with research and technological innovation, is reshaping most aspects of life and indeed is on the edge of reshaping life itself.

52. Education opens doors and facilitates social and economic mobility. Unequal access remains a feature of most education systems, however extensive, expressing itself in unequal duration of education for different social groups and, particularly important, in the unequal quality of what is offered.

53. Universal primary and a high level of secondary enrolment have been achieved in most developed countries. Differences emerge in the number of pupils dropping out early or not going on to post-secondary education, and here there continues to be a relatively high correspondence between low social status and early exit from the education system. While in these countries enrolment at the secondary and tertiary levels has increased rapidly and Governments have made major efforts to encourage young people from less well-off homes to continue education, there remains a considerable gulf between social classes. Here, differences in quality play a critical role, with the

available schooling at both primary and secondary levels typically inferior in areas serving poorer or minority populations. Parents with less education tend to give less importance to it and often pass these attitudes on to their offspring. At the same time, some communities, including immigrants in some instances or other minority groups, see education as their main hope of advancement and are seizing the opportunity.

54. Concern about the quality of schooling in general is common to all developed countries. This manifests itself in frequent complaints from employers about the mismatch between skills acquired at school and skills required at work; one estimate puts the resources devoted to remedial teaching and on-the-job training spent by employers at a level equal to the entire public education budget. The concern manifests itself also in frequent reference to the importance of education to maintaining a competitive edge in an increasingly knowledge-based and open world economy.

55. Both concerns have of course even greater force in most developing countries, where educational opportunities are more restricted and typically more unequal and where what is available, particularly in the rural areas and in low-income communities, is very poor, with most school systems afflicted by overcrowding, few resources and poorly trained teachers and complicated further by other problems of poor communities, for example, children often being sick or undernourished and attending school sporadically.

56. Still, over the years, enrolment rates at the primary and even at the secondary levels have crept up toward rates prevalent in developed countries. The most glaring gap now emerging is between Africa and South Asia relative to other developing regions. In many developing countries, there is close to universal primary enrolment. Where the overall rate is still lagging, it is often mainly due to the very low enrolment of girls.

57. The goal of complete access for boys and girls to primary education is subscribed to by most developing countries. But the obstacles in practice to its attainment continue to be formidable.

58. In addition to the quantitative and qualitative differences in educational attainment and education systems across countries, interpersonal differences within countries are large and, in many developing countries, arguably becoming larger. These countries will face a steadily mounting challenge by the divisions that unequal access to education will pose as educational attainment is becoming the dominant determinant of social status and economic prospects. Currently, access to education offers the prospect of upward mobility to some; technology has made this possible and is being used in some countries to provide opportunities to youth from rural or remote areas and poor families, for instance, by distance learning. But the more typical tendency seems to have been that the already educated and better off are able to consolidate their advantage through better access or skilful use of opportunities presented, distancing themselves further from other sections of their communities.

Chapter X. Work and income security

59. Work is at the centre of the life experience of most adults and even many children. It is most people's measure of their contribution to the economy and of their claims on its output of goods and services. The nature of work that people do and the value that the community ascribes to it tend to determine an individual's and family's social status. As economic activity expands, economic structures become more complex and occupational tasks more specialized, people's employment, second only to their family circumstances, shapes personal relations and offers them a defined place in the community.

60. Four areas of work are noteworthy and important changes have occurred over recent years in each: the quantity of work available, the terms on which the work is offered, the incomes or livelihoods that it provides, and the security of both the employment available and the income derived directly or indirectly from it.

61. In developed countries, the vast majority of people who work are employed for a wage or salary, self-employment having steadily fallen although it has revived somewhat in recent years. Providing an economic environment that generates all the jobs necessary to employ all those seeking work while at the same time meeting other macro-objectives, including productivity growth and low inflation, has been a central challenge for Governments. Higher importance is being accorded to full or high levels of employment. Unemployment in North America has fallen to about 4 per cent, while that in the European Union hovers at around 10 per cent, being particularly high in the larger economies in continental Europe. While generally lower in recent years, unemployment rates have remained mainly above levels prevailing before 1975.

62. Several trends in employment patterns and unemployment may be noted. Long-term unemployment remains a major social problem. It persists especially where entire industries which were highly concentrated in particular geographic areas have contracted, leaving unemployed large numbers of relatively immobile skilled and semi-skilled middle-aged and older workers with few alternative work opportunities. Finding work for young people without the social or work skills for entry-level jobs remains a problem despite many schemes to tackle the problem. There has been a long-standing trend towards people leaving the full-time labour force at a younger age partly involuntarily, but more often

voluntarily for those who can look forward to economic security in retirement and have the skills suitable for supplementing their pension with part-time or casual work. Finally, in all countries women make up a higher proportion of the paid workforce than before; indeed, the near parity in numbers of women in the labour force in many developed countries amounts to a social revolution. Where overall the unemployment level remains high, there exist nevertheless both shortages of particular skills and vacancies in types of work citizens prefer not to take-up; both kinds are now more often than not filled by immigrant labour.

63. Very special circumstance face workers in the countries with economies in transition as they adjust from a regime of guaranteed employment to uncertain labour-market conditions affected by economic restructuring and privatization. Unemployment levels show a wide variation across these countries, reflecting partly the stage that respective countries have reached in carrying out economic reforms and partly different social policies aimed at easing the transition. Large-scale unemployment has been generally avoided, but many workers have had their pay delayed or eaten away by inflation and job insecurity has become a new feature of life for the majority of the population, particularly for women.

64. In developing countries that have experienced rapid economic growth, employment has expanded at rates above the rate of increase in the labour force, especially in East Asia. In some, paid employment now represents an important segment of their economies. Consequently, the financial crisis in the late 1990s resulted in a heavy toll in open unemployment.

65. The vast majority of workers in developing countries continue to seek a living in the many different activities that make up the informal sector or continue to derive their living from agriculture. As a measure of its size, in a global workforce estimated at around 3 billion, between 750 million and 1 billion are estimated as under-employed, largely in the informal sector and in subsistence agriculture in developing countries. The principal characteristics of such "employment" are its precarious nature, low productivity and hence very low incomes.

Chapter XI. Disparities in incomes and poverty

66. World income inequality increased in the 1990s despite unprecedented global economic growth. The rate of increase in inequality is high by historical standards. In most developing countries, rural-urban income disparities contribute significantly to the overall skewed income distribution. The size of the rural-urban income gap in many developing countries reflects the higher incidence of poverty in rural areas. In industrial societies and the formal sector of developing countries, where wages constitute a major component of income for the majority of the employed, occupational wage disparities are conspicuous. Income differences by age, gender and ethnicity are also significant in many countries. In particular, in most countries women typically earn less than their male counterparts.

67. Structural changes in the economy of developing countries (such as continuing industrialization) and the post-industrial transformation that is taking place in developed countries also contribute to the pattern of income distribution prevalent in these countries. These two fundamental processes have changed and will continue to affect the class structure of societies. Marginalization of some social groups and the rise of new groups associated with new economic activities is a corollary of these trends. Such structural alterations in social stratification have been inscribed in income distribution patterns, and are particularly manifest in a widening of the income share of the middle-income groups. This development is consistent with the emergence of urban classes, in particular of the middle class consisting of professionals, managers, high-skilled workers and public employees.

68. Working conditions in many developing countries as well as in some economies in transition continue to be poor, with a high rate of accidents and incidence of occupational health problems. Outright exploitation of workers continues to be a major issue in many countries, in particular affecting workers in so-called sweat-shops, including young women and children who work in factories, often engaged in the export sector and in services, with little protection from the authorities.

Chapter XII. Quality of life

69. Quality of life remained a fundamental dimension of socio-economic development. How quality of life is perceived and how much progress is achieved reflects resources and values, choices and traditions, and the complexities of the economics and politics governing societies. Ultimately, socio-economic and human development by means of improved living conditions should allow every person to grow to full potential. The role of the state is crucial in the redistribution of income that can improve the quality of life of the least favoured sectors of the population even when their own income level is unchanged. While public transfers and investment play a crucial role, families as well as communities and other institutions of civil society can have a fundamental impact on the improvement in quality of the life.

A. Food security

70. Food security is a necessary condition for people's well-being, and it therefore directly affects

quality of life. An important accomplishment of the last two decades is that the number of people in the developing world who do not have enough food to eat declined by 40 million during the first half of the 1990s. Despite this progress, however, there are still close to 800 million people in the developing world who do not have enough food to eat; another 24 million people in the developed countries and transition economies do not have access to sufficient food. Technological advances have revolutionized and increased agricultural production, and have contributed to the encouraging achievements in the fight against food insecurity. On the other hand, several challenges remain. Poverty, inequitable distribution of food supply, natural disasters and environmental degradation, changing demographic pressures and demands, and prolonged armed conflicts are factors that contribute to the slow and uneven gains.

71. Lack of food supplies at the global level has long ceased to be a major factor in world hunger and malnutrition. At the same time, at the local level, the use of food denial as a political weapon and crop failure due to natural and man-made disasters, continue to be important causes of hunger and starvation, as are collapsed distribution systems, despite the much better preparedness and logistic capacity for intervention by national and international humanitarian or relief agencies. Such local factors have grown in importance in recent years.

72. Available estimates of the extent of hunger show different trends in different regions and countries. The general trend was favourable in the Asia and Pacific region, the proportion of undernourished population declining substantially in the last two decades. Major gains were also recorded in North Africa and the Middle East, while only minor gains were recorded in sub-Saharan Africa. The Latin American and Caribbean region had a mixed record, with 8 countries for which data are available making progress and a further 16 countries losing ground.

73. In so far as there is a close relationship between the level of income and the extent of hunger, then in view of the growing income disparities at the country level, particularly with stagnating or declining incomes among low-income earners, disparities in nutritional levels within countries must have risen substantially. These were only partially compensated for by special programmes to provide subsidized or free food to the poor and other special programmes to improve nutrition among children and other vulnerable groups or segments of the population with special needs.

B. Health

74. The health of the world's population was substantially improved in the last half century, although the degree of progress has varied between regions. Globally, life expectancy rose on average from about 47 years to about 65 years for children born in 1950 and 2000, respectively.

75. A number of diseases affecting large numbers of people continue to dominate the global health picture. Some diseases which had been earlier largely brought under control in many countries have seen a recent resurgence, partly due to worsening sanitary conditions, poor housing, overcrowding and inadequate diet, as well as failures in the health-care system and in preventive measures, and in some instance due to new resistance to drugs.

76. The global pattern evolving is one of new epidemics emerging while traditional health problems persist. Non-communicable diseases – the newer causes of death – now account for about 43 per cent of all deaths, 39 per cent in developing and as much as 81 per cent in developed countries. But communicable diseases and other infections, as well as maternal and child ill health and disability – the traditional diseases – continue to be important, especially in developing countries. Deaths from HIV/AIDS alone now account for 14 million, with currently 33 million worldwide infected with HIV. Of the 4 million premature deaths annually attributed to smoking, the vast majority occur in developing countries.

77. Developing countries are now facing an unprecedented situation: they are acquiring the diseases of the more developed countries while not having successfully contained the traditional diseases, and are thus confronted with a double challenge which most of them are not in a position to meet given the resources available and inadequacy of their health-care infrastructure.

78. Economic globalization plays a role in the generation of new health risks from transfer transmission of disease, including both infectious (food-borne diseases, drug resistant infections, pandemic influenza and sexually transmitted diseases of all types) and non-communicable lifestyle diseases (related to tobacco, diet, traffic injuries, pollution and occupation).

79. The proliferation of business travel, tourism and migration, the expanding interchange of food products between countries and continents and the increased transmission of virulent diseases, such as influenza, HIV/AIDS and malaria, is creating enormous challenges for health services, not only in developing but also in developed countries. Furthermore, human movement to urban or other settings through migration of refugees, workers and displaced persons has led to increased population density and subsequent increased potential transmission of diseases. The need for rapid exchange of health information and medical resources (doctors and technology) is becoming more obvious and necessary. At the same time, the communications revolution

provides for improved communications both within national borders and internationally with respect to epidemiological surveying, prevention, surveillance, intervention, monitoring and control of disease transmission. Effective approaches will increasingly depend on a true globalization of health in all of its multiple dimensions.

80. Just as the health gap (and even more starkly the health-care gap) between the developed and developing countries is large, health conditions within countries vary significantly among income groups and by gender. The World Health Organization (WHO) estimates show that in developing countries, the ratio of the probability of dying in the age group 15-59 between poor and non-poor (as locally defined) is 2.2 for men and 4.3 for women; corresponding estimates for the 0-5 age group are 4.3 and 4.8. The incidence of tuberculosis among people in poverty is 2.6 times greater than among the not poor. There are also differences in developed countries in the health status of different income and social groups. As a rule, however, with comprehensive healthcare systems, rapidly rising expenditure on health-care subsidized or financed from public resources and a steady increase in the general level of health, differences are increasingly due to factors unconnected with differential access to health care (with the notable exception of a few of the richest countries). In developing countries, in contrast, the disparities remain very large, given the typically inadequate capacity of public systems to provide even basic care, which has been further eroded in recent years in countries least well equipped to cope.

81. The enhancement of health-care systems by promoting equitable access to preventive and curative health services as well as nutrition has been made an important policy goal in recent decades. In many countries, reform of the health sector is called for to redress such problems as excessive concentration, serious coverage issues and strong inequities, inefficient and deteriorating organization, inadequate quality of services and severe financial restrictions whenever they occur.

C. Shelter

82. Differences in shelter, in available space and quality of dwellings are probably the most dramatic manifestations of living standard disparities between the upper and lower income strata and between the average income recipients in more developed as against developing countries.

83. In the urban dichotomy of two cities, of the rich and of the poor, the gap continues to widen. Rapid urbanization and demographic changes are reshaping housing needs. While in most developed countries adequate housing is by and large available to most people, as also in countries with economies in transition but with lower average standards and quality, developing countries have not succeeded in making decent housing widely available. Overcrowding, poor quality housing and lack of adequate water and sanitation, especially in the growing number of informal settlements, predominate and pose health, safety and environmental hazards. Homelessness, endemic in developing countries and recently on the rise in developed countries, has added to social polarization and tension in urban areas.

84. The findings from the United Nations housing indicators programme confirm that countries with higher per capita income have larger and better quality of housing as well as better water and sanitation provision. For all indicators - floor area per person, persons per room, percentage of permanent structure and percentage of housing units with water connection to their plot – there is a wide gap between income groups within countries and across countries. Housing in high-income countries is also generally better built than in low-income countries. Among the lowest income groups, housing is far below standard, informal and often unauthorized.

85. Housing provides a particularly important example of market failure on a large scale through the difficulty of allocating resources in ways that meet equitably a basic social need. And yet, while some efforts to compensate for market failure by public intervention have proved successful, others have not and some have made the situation worse.

86. In developing countries, the rapid growth of cities has meant that the provision of adequate housing has not kept pace with the need for it. A distinct feature of housing viewed from a social or equity perspective is that economic prosperity tends to have a negative impact on the housing of poor people insofar as they are forced to compete with people who can afford rising prices, as buyers or renters, crowding the poor out of affordable housing. Moreover, in all countries, mobility and flexibility in responding to new employment opportunities requires an active housing market, for rent or purchase, with a range of accommodation of different size and price to meet the various needs of individuals and families of various size and incomes. In many countries, rich and poor, these conditions are not being met.

Part IV. Social protection in a changing world

Chapter XIII. Reducing vulnerability

87. In every society, regardless of geography, social structure or political and economic system, people are exposed to a wide variety of risks. Some of these risks

may result from acts of nature, whereas others are caused by human action. These risks are also not evenly distributed among the general population; hence, people are not equally exposed. Certain individuals and groups have a much higher exposure to risk than others because of socio-demographic characteristics, economic status, physical or mental condition, age, lifestyle and so forth. Vulnerability is a state of high exposure to certain risks, combined with a reduced ability to protect or defend oneself against those risks and cope with their negative consequences.

88. The degree of exposure to risks and the ability to cope with them do not remain constant throughout the life span but vary from one stage of life to another. Also, types of risk can change according to situations and circumstances. Therefore, vulnerability is a dynamic and relative concept, varying over time and across space.

Chapter XIV. Enhancing social protection

89. Social protection can be thought of as the well articulated response of communities and their representation at the government level to deal with vulnerability and risk. Social protection may be seen as an explicit, human-centred, day-to-day attention to attenuate, reduce, mitigate or cope with the latter.

90. Every community has ways to address vulnerability and risk, and there are substantial differences among societies in terms of how they approach and define social protection, thus shaping a particular social protection coverage for its members. Differing traditions, cultures and organizational and political structures affect definitions of social protection, as well as the choice about how members of society should receive that protection. Here, social protection is broadly understood as a set of public and private policies and programmes undertaken by societies in response to various contingencies in order to offset the absence or substantial reduction of income from work; provide assistance for families with children; and provide people with health care and housing. While this definition is not exhaustive, it basically serves as a starting point and facilitator of the analysis.

91. Countries vary in the way they have structured their social protection systems. The narrow interpretation of social protection has been more or less restricted to social security systems that are fundamentally occupational – related insurance schemes – both publicly provided and private. Admittedly, social security remains an integral component of social protection, which in turn is more inclusive and broader than social security. Social protection also encompasses social assistance programmes for the poor through non-contributory schemes aimed at ensuring a minimum standard of dignity, by providing social services for the elderly, children and other vulnerable groups. Social protection should be seen in a holistic rather than a stand-alone manner, and should be integrated into political, economic and social goals as well as being successfully prioritized.

92. An enabling policy framework for social protection should be embedded in the context of the goals and commitments of the Copenhagen Declaration and Programme of Action adopted by the World Summit for Social Development, reinforcing the commitment to promoting social justice. This includes reaffirming the commitment of the international community to human rights and the related obligations to promote, respect and fulfil those rights and solidarity of all peoples. Since all Governments expressed their will to reduce the proportion of people living in extreme poverty by one half by the year 2015, policies and strategies for this aim must include social protection measures as part of the broader strategies adopted to achieve this goal.

93. In designing their social protection systems, countries should define the provision, funding, delivery and administration that are most appropriate to fulfil the prioritized objectives. To secure the sustainability of the system, insurance schemes may be socialized by means of mandatory contributions on the regular flow of income. Non-contributory schemes should also support the coverage of individuals, households and communities with intermittent or little income due to poverty or any other contingency that has separated them from productive work. Since the attainment of social justice rests on the principle of solidarity, Governments can rely on their general revenues to fund basic protection to the vulnerable and excluded. While other sources of funds (international cooperation, donations, foreign aid and charity) can supplement government revenues, it is the responsibility of Governments to look after their vulnerable and excluded population.

94. The objectives of social protection policy should be to achieve security for all through a pluralist and pragmatic approach. Policies should be sensitive to the political, cultural, social and economic context of the country concerned, and should be developed in a process led by Governments but involving extensive and continuous dialogue with their civil society and including the private sector and people in poor communities. Social protection strategies should also form part of a comprehensive approach to prevent key risks, which might have an adverse impact on the livelihoods of the poor, mitigate the impact of shocks when they occur and assist people in coping with the aftermath of shocks. In order to reinforce the political sustainability of transfers to the poorest, public policy must ensure that such programmes are monitored and evaluated and the results communicated back to the tax-paying public to maintain solidarity and support.

95. In the context of developing countries, social protection strategies need to take full account of the roles played by institutions of family, kinship and community,

as well as group-based social protection and micro-insurance systems. In so doing, the strategies will then create an enabling environment to keep the “small systems” afloat and gradually link them to formal systems of social insurance and social assistance. Societies may also wish to preserve social protection systems operated by institutions of kinship and communities as part of broader patterns of social cohesion and solidarity. At the same time, “traditional” systems, which impose extensive care burdens on women, for example, should not be treated as sacrosanct, and it also should not be assumed that traditional systems necessarily operate to include everyone.

96. In countries in rapid transition, social restructuring needs to keep pace with economic restructuring. Social protections systems need to be maintained to allow rapid economic and social change to occur in a secure and stable environment so as to maintain social solidarity and cohesion throughout the transition process. It should also be noted that substantial investment in the improvement of the governance of many systems of national social protection in developing and transitional countries is necessary, and that there is an obligation for the international community to respond to calls for assistance.

Part V. Social disruptions

Chapter XV. Armed conflict

97. The hope at the end of the cold war of a world without wars, where conflicts among and within nations are peacefully resolved, has not been as yet realized. According to the Department of Peace and Conflict Research at Uppsala University in Sweden, during the decade ending in 1997 there were 103 armed conflicts in 69 locations around the world. In 1998, there were 27 conflicts in 26 locations, and in 1999 36 conflicts.

98. While armed conflicts have not diminished, there has been a change in their pattern, the majority of which now take place mainly within States. They are usually fought by militias and armed civilians with little discipline, as well as by regular armies. A particularly disturbing feature is the great number of children actively involved in hostilities. The fighting in most of these conflicts has tended to be intermittent with varying and fluctuating intensity. Many of the conflicts have brought about the virtual collapse of organized government and state institutions such as the police and judiciary; the breakdown of order; an increase in banditry; and in many cases the destruction or looting of state assets.

99. In some armed conflicts, the use of simple, domestically produced weapons has predominated, but mainly the combatants have been well supplied by imported arms, which seem to have been readily obtainable for hard currency or in exchange for local commodities.

100. The cost in terms of loss of human life and economic, political and social disintegration has been massive. It is estimated that over four million people have been killed in the past decade in the various conflicts, most of them non-combatants. One million people have been victims of the 120 million landmines that were buried in over 70 countries. Other long-term effects on people have been noted: extensive emotional and psychosocial stress; mental illness; sense of insecurity, especially for women and children; displacement and exile; and lost education opportunities.

101. Internal conflicts typically involve secessionist movements or groups seeking to gain power by military means. Another major factor underlying conflicts has been the inability of many Governments to guarantee basic order and protection to their populations, and their inability to contain minor conflicts and prevent them from developing into bigger ones. Countries that have been particularly afflicted by armed conflicts typically suffer from inequality among social groups, based on such factors as ethnicity, religion, national identity or economic class, reflected in unequal access to political power, which forecloses paths to peaceful change.

Chapter XVI. Discrimination

102. Discrimination continues to be pervasive and to take many forms. In many instances, it is destructive, effectively barring some groups from full participation in the political, social or economic life of their communities. Discrimination has frequently erupted into violence in various ways. The consequences have been particularly perilous when the resulting violence is not condemned by authority or, indeed, when authority condones overt discrimination.

103. In everyday life, prejudicial personal judgements erupt when there is a focus on differences as basic as between men and women, old and young, black and white, rich and poor, and so on. At the same time, people frequently fall victim to biases, which may emanate from incorrect information, false conclusions or even from existing clichés or stereotypes. People favour those who meet their needs, who resemble them most, who live near them or who are seen as attractive in some sense. In extreme cases, a polarization ensues between "us” and “them", with pride turning into prejudice, patriotism into chauvinism, defence into attack and violence.

104. Over time, many forms of prejudice that have in the past led to open discrimination can diminish with the general rise in education. Familiarity has tended to attenuate discrimination. But there have also been many situations recently where these norms have quite clearly not operated.

105. Another trend to be observed is that discrimination is less likely to be supported by authorities. Few Governments now openly contest the validity of international conventions and other instruments relating to discrimination, against women, or older persons or ethnic, linguistic and religious groups. Their provisions are increasingly being incorporated into national laws and more countries have in the recent past ratified the various instruments. Grievance mechanisms or redress procedures have also been put in places; in many instances, they provide a useful recourse procedure against wrongs perpetrated.

106. A related development has been the spread of awareness among groups discriminated against, their less ready acceptance of their fate and greater capacity for organizing in defence of their cause. In some cases – for example of that of persons with a disability – a measure of success has resulted. However, in some instances vigorous advocacy has produced counter reactions and at times has incited greater hostility against the target groups.

Chapter XVII. Violence

107. Violence (besides that arising from armed conflict) has always been an affliction of societies, and it is difficult to assess whether such violence has recently been diminishing or increasing at the global level. What is clear is that attitudes toward violence in general and toward particular forms of violence especially have been changing. There is less tolerance and acceptance of it and barriers are being erected against violence, inter alia, within the framework of the agreed human rights.

108. The criminalization of violence, focusing first on communal forms, is being extended to the private domain, marking an important shift in where societies draw the dividing line between the private and the public domains. Thus, violence against vulnerable members of the family and women in particular has been increasingly recognized as a criminal act. At the same time, this change has varied in intensity and depth from society to society, with domestic violence still seen in some quarters as a private matter, legitimized by cultural norms.

109. Violence has been on the increase in countries that have undergone major upheavals, such as serious economic, political or social dislocations, especially when this has involved confrontation between different value systems. A strong correlation may also be observed also between such factors and the increase in violence against women and various forms of domestic violence.

110. Violence against women in both the public and domestic domains persists despite important gains made by women in many spheres of life. Even in societies where domestic violence against women has been criminalized, much remains to be done before it is eradicated. Girls and young women continue to be especially vulnerable to abuse by parents, adult caregivers, acquaintances, husbands and male friends. The incidence of violence or sexual assaults against women with a disability is particularly prevalent. Rape has been increasing in many parts of the world. Violence against women also continues to be widely practiced by parties to armed conflict. Migrant women are also particularly prone to violent acts. Trafficking in women has reached major proportions, and is estimated now to be in the range of 1-2 million per year.

111. Prostitution is globally on the increase. Coercion, deception and sexual abuse in childhood, and very often destitution, are common experiences of those pushed into prostitution. Since prostitution, even when tolerated socially, operates largely outside the law, prostitutes continually endure physical and sexual violence, and their "handlers" typically prevent those who wish to from escaping prostitution.

112. Over the past decade, there has been a marked increase in reported violence against children. According to the United Nations Children's Fund (UNICEF), in the course of armed conflicts in the 1990s, over 2 million children were killed, 6 million injured or disabled, 1 million orphaned and 15 million displaced. Sexual abuse has become widespread, with child trafficking also on the increase. The practice of selling children into servitude or prostitution continues in poor countries despite efforts to curb it. Between 15 and 30 million children live on the streets of major metropolitan areas, with their numbers growing, and face exploitation and violence at the hand of the public and in many cases even the authorities. The increased consumption of illicit substances by children and youth, induced by adults, represents a new and growing form of violence. More than 50 million children work under hazardous conditions and are subject to physical abuse by their masters.

Chapter XVIII. Corruption and crime

113. Corruption has recently attracted renewed attention and has assumed a central place on the international agenda. It seems to be on the increase as a global phenomenon, although it is not easy to document it. It takes many forms and some practices that are considered corrupt in one place are not considered corrupt in another.

114. The new scrutiny to which corruption has recently been subjected derives from several developments. In the context of economic liberalization and increase in trans-border transactions of various kinds, including financial flows, lending, trade in services and ownership, greater attention is being given to how different countries conduct their business, to their laws and regulations, accounting rules and tax codes, and to other aspects of their economic life. The clash of different business cultures and the insistence of outsiders to be assured of a “level playing field” when venturing into new markets have contributed, inter alia, to casting light on practices previously hidden or tacitly accepted.

115. With the new emphasis on the beneficial role of properly functioning markets for the allocation of resources and the promotion of economic efficiency and the insistence on reforms to make Governments also function more effectively, has come a new awareness that given the vast resources directly or indirectly controlled by public authorities, corruption which leads to the misallocation of resources represents potentially staggering losses to society.

116. There is also a new recognition of the fact that corruption typically hurts the ordinary person most, while often entrenching the already advantaged or the stronger and privileged. Seen as an important issue of equity in a world undergoing rapid change, it is also less tolerated by the public at large.

117. Organized crime in past decades has taken on monumental proportions. Trafficking in humans, drugs and illegal firearms, and money-laundering have burgeoned, creating a shadow economy that runs into the hundreds of billions of dollars. Profits from the illegal trafficking in cocaine, heroin and cannabis, to cite one example, are estimated at a staggering $85 billion, while overall spending on drugs each year is estimated at $400 billion.

118. The global environment that enables the growth of legitimate multinational business and facilitates the freer movement of people, capital and goods across national borders has also provided unprecedented opportunity for criminals to organize themselves on a global scale. Traffickers of all description have benefited from growing economic integration, moving criminals and booty easily from country to country, stalking victims and recruits in new and ever-growing territory and investing profits in centres that offer secrecy and attractive returns. The negative aspects of globalization, such as rising inequity, deepening social exclusion and marginalization of sections of poor populations, have also worked to the advantage of criminals. Growing numbers of people, especially the poor and the young, in developing and developed countries alike, are becoming vulnerable to the lure of crime and the "highs" of criminal behaviour.

119. The relative ease of international communication, in particular the Internet, facilitates the operations of criminals across borders. They have been able to move their money anywhere in the world with speed and little danger of detection, thanks to rapid developments in financial information, technology and communication. "Megabyte money" (as symbols on a computer screen) can be moved scores of times to shake law enforcement officials off its trail. In addition, criminal organizations have been making full use of financial havens and offshore centres in the new global economy to launder their assets. Some estimates put the number of such "anonymous" corporations at more than one million worldwide and the amount of laundered money as high as $500 billion a year.

120. The Internet is also a new tool for the old crime of trafficking in humans. The proliferation of web sites on pornography, sex predators and paedophiles, with "content" providers from around the world, attests to the transnational reach of criminal syndicates engaged in sexual trafficking of women, girls and boys.

121. The changing nature of organized crime is a serious test to government and intergovernmental law enforcement agencies. Its sheer sophistication and complexity call for innovative forms of cooperation between Governments, intergovernmental agencies and non-governmental organizations at multiple levels. Above all, the explosive growth of organized crime raises fundamental questions of the role of state in ensuring social protection and human rights guarantees for the poor and marginalized.

122. While a variety of factors have contributed to the perceptible rise of organized crime worldwide, a global picture of conventional crimes (such as assault, homicide, robbery and other property offences) is harder to draw. In some developed countries, overall trends in recorded crimes are reportedly on the increase, especially in the countries with economies in transition; in others, they are on the decline. Crime in major cities owes something to more efficient police work but also to the changing demographic profile. For the most part, first-generation immigrants – with the few exceptions who maintain criminal ties to their native countries – have tended to be law-abiding.

123. Global crime assessments have to be made with caution, bearing in mind that statistics typically reflect only crimes that are reported and therefore only a portion of actual crimes committed. Within countries, the picture may also vary considerably between rural and urban areas and major cities, and depend on the development profile of each country. Other determinants also play a role, including the degree of credibility of the police and of the state as a law enforcer and dispenser of justice, especially in the eyes of ethnic minorities and indigenous populations, and the willingness and ability of poor, illiterate, newly immigrant or elderly people to file

complaints. These factors make straightforward comparisons within and between countries difficult. The United Nations surveys on crime trends and operations of criminal justice systems point to other problems, including differences in legal definitions of crimes and administrative procedures for counting, classification and disclosure.

Part VI. New challenges: equity and ethical implications

124. The concluding part of the present *Report* focuses on the moral, ethical and distributive implications of major recent developments in such areas as the changing boundaries of privacy, corporate social responsibility and bio-medical developments. The purpose is to facilitate an informed discussion rather than to lay down norms for what ought to be. This discussion may also help shape the future contours of the policy agenda for local, national and international action.

Chapter XIX. Privacy: changing boundaries

125. Regarding the change of boundaries between the private and public domains, three different but closely related trends are examined briefly, pointing to their possible ethical as well as practical implications. The first trend concerns the apparent shift in the importance given to meeting individual as against collective needs and its consequences. The political dimension of the public-private debate remains of central importance as the new information and communications technologies provide Governments with expanded possibilities for collecting and disseminating data about all aspects of daily life. While democratic ideals uphold the public interest in protecting individual privacy, upon which rest the fundamental freedoms of speech, movement and association, the competing claim is increasingly heard that information – gathering is essential to development planning and national security.

126. The second trend concerns privacy, freedom from intrusion by public or private agents. While social surveillance and monitoring or "snooping" is in many respects socially useful, benefiting and protecting individuals, it can also be an unwarranted intrusion and an instrument of unacceptable social control. In this context, the questions raised are how has technology changed the balance between protecting people and controlling people and how is it affecting notions of the right to privacy.

127. The third trend concerns the conflict between privacy and confidentiality, on the one hand, and the economic and social importance of freely available information and its wide dissemination and easy access, on the other. The expanded utilization of information technology in the marketplace has resulted in threats to privacy that are potentially far more amorphous than the information-seeking activities of government. Concerns about privacy are not new, but the impact of new technology has expanded the focus of attention from the rights of the citizen to include the rights of the consumer. When personal information can be so easily and cheaply collected, stored, manipulated and transmitted in electronic form, the threat to privacy becomes far more pervasive. It becomes practical to utilize and to market that personal information for commercial purposes. The threat to privacy is now present in the workplace, the marketplace, in private homes and in public spaces.

Chapter XX. Corporate social responsibility

128. The role of corporate social responsibility is also addressed. The state has traditionally exercised responsibility for providing the national institutional framework to promote both economic progress and equitable social development. However, the extent to which transnational corporations now operate outside the regulatory framework of any particular country brings to the fore fundamental questions regarding the obligations or responsibilities of the private sector for promoting general economic growth and social progress, and for maintaining and promoting standards and norms of ethical behaviour. Apart from contributing to the economic progress of a country through the creation of income and employment, what more should the private sector do?

129. It is argued that the primary motivation of corporations should be to make a profit for shareholders; that responsibility for ensuring that political, economic and social objectives are met should rest solely with Governments. Corporations, it is argued, should be required to obey laws and regulations, pay taxes and maintain labour and environmental standards as they exist, but cannot be responsible for solving social problems, achieving full employment or eradicating poverty.

130. Yet it can also be argued that the private sector has both a practical need and a certain ethical responsibility for the well-being of the environment in which it operates, based on its own needs for economic and social stability in which to operate, its needs for skilled and healthy workforces and the benefits it obtains from reduced governmental regulation. It could be argued that expanding markets are only sustainable if they are complemented by a social response to ensure a certain degree of equity. At the level of the individual enterprise, it could similarly be claimed that with wealth comes certain responsibilities. Thus, the private sector in general and transnational corporations in particular might

find it in their interests to accept a greater responsibility for promoting an environment conducive to their continuing success.

131. These opposing views lie at the heart of the current global debate on corporate social responsibility, a debate that has intensified in recent years as a result of the growing attention paid to the social impact of globalization and economic and financial liberalization. The growth of the power and influence of corporations has sparked a reaction calling for them to accept commensurately greater responsibilities. But there has also been a counter-response, particularly from developing countries, which fear the imposition of new forms of conditionality and see corporate social responsibility as a new form of protectionism and a hindrance to their development.

132. In a globalizing world, corporate social responsibility has become complex. As companies have been increasingly involved in international trade and investment, their participation in dialogue with stakeholders has become an important element in a truly global corporate citizenship. The social contract of an individual corporation could therefore consist of a number of subcontracts, one for each host society in which it operates. Globalization has expanded the set of stakeholders far beyond the immediate community in which an enterprise has its headquarters.

133. Corporate codes of conduct have also increasingly become a matter of concern outside the headquarters of individual companies. Codes are applied not just to branches and franchises but also to suppliers and marketers. As many companies extend operations beyond national boundaries, the application of a company code in the context of the laws of the various countries in which they operate has become more complicated. In addition, the existence of corporate codes of conduct, in themselves, are no guarantee of socially responsible behaviour.

134. In effect, there is a fundamental issue to be resolved with regard to corporate responsibility. Private companies are motivated and judged by their ability to earn profits. Is social responsibility a hindrance to profit-making? Many people would argue that social responsibility can be profitable and that good corporate citizens that take into account the concerns of their stakeholders will be more efficient in the long term. The nature and extent of corporate responsibility and its relation to profitability and good corporate citizenship continues to be debated.

Chapter XXI. Bio-medical developments, ethics and equity

135. The discussion of developments in the bio-medical sciences focuses on the bio-ethics of particular contemporary concern and why these are critical to the future shape of society. Variable cultural responses to the issues are discussed, and the question is posed whether universal ethics can be consistent with cultural diversity.

136. Bio-ethical questions raised by four major new developments in bio-science and medicine are discussed, together with their different likely impact on different societies and groups: the new genetics; new reproductive technologies; transplantation; and medical prolongation of life. The topic concludes with a brief discussion of bio-ethics in relation to social justice and human rights, and the likely impact of advances in biomedicine on population trends and structures and related matters.