

CONCLUSIONS TO PART II

1. The institutional framework of societies is changing rapidly in consonance with technological and global socio-economic shifts. Demographic trends, information and communications innovations, as well as cultural and political changes, have left their imprints on the family, the numbers and behaviour of generations, the roles ascribed to the market and the state and the organizations of civil society. Social policy thus faces the important challenge of addressing the impact of these changes on the people and institutions.

2. With better education for women and increasing female participation in the labour market, there has been a decline in fertility rates in developed and developing countries alike. Combined with other cultural and economic changes, including more adults living by themselves (forming single-person households) and higher divorce rates, this trend has resulted in smaller family sizes and new family structures. Single-parent households (often headed by women) have been on the rise. In developing countries, particularly in Africa, this trend results from the devastating impact of HIV/AIDS. Children are potential victims of the dissolution of the traditional family.

3. Policy measures to protect the welfare of the vulnerable in society, namely women, children, the old and the disabled, are urgent. One issue of concern is the trend of increasing fertility among adolescents (15 to 19 years of age) as total fertility declines. Because 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 both developing and developed countries. It also poses a great challenge in most 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. 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 necessary that public financial resources be committed to making quality child-care services affordable to all.

4. The family and society are made up of generations that have special needs and play different roles. Many factors affect and in turn are affected by the generations and their behaviour, including fertility, mortality, health, housing, education, employment, savings and investment, migration (both internal and international) and technology. Today, the generation aged 15 to 24 is the largest in history, with most of these youth living in developing countries, representing both a challenge and opportunity for their economies. With education and appropriate skill training, they could become a productive workforce as they move into adulthood. Their numbers, however, also require large amounts of resources for training and the creation of gainful employment opportunities. This is of particular importance because youth unemployment is a root cause of loss of confidence and work skills, and can lead to antisocial and risky behaviour among people of this age group. Population ageing poses different challenges, such as how to best utilize the experience and wisdom of a generation no longer working but that still has many potentially active and productive years ahead; development of medical technology to care for its increasing numbers; and old age social security. The middle generation faces the promise of greater choice, flexibility and personal control, while also being threatened by job insecurity in an increasingly globalized economy.

5. The impact of globalization is also visible on the formation of a global youth culture fostered by

communication technology and the media. Youth, including adolescence, is a transition period between childhood and adult responsibilities, a time when people are also most vulnerable to socio-economic changes and breakdowns. The learning of relevant skills and global citizenship are critically important as international migration, communication and global economic competition intensify.

6. The trend of moving from a multi-generational to a nuclear family 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) and 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.

7. The policy challenge posed by these changes in the generations is to ensure equity among generations and to best utilize the potential of all in creating a society of harmony and cooperation.

8. Changes in the political environment, perceptions of the role of the state and advances in communications technology all facilitated the increase in the number and scope of activity of organizations of civil society. They continue to play their traditional roles of helping to 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 counterbalance 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.

9. All these processes are taking place within the context of the evolving roles of the state and the market. In the past 20 years, the perception of the role of the state has shifted from that of ensuring a full employment level of economic activity and the general welfare of citizens through macroeconomic

management and provision of social services, to one of promoting economic growth by reducing Government direct intervention in the economy and withdrawing from service provision. This shift was partly prompted by the fiscal crisis and external imbalances experienced by many countries in the aftermath of oil price shocks, rising welfare expenses and excessive external indebtedness in some developing countries. It was also pushed along by economic problems encountered by some middle-income developing countries in the pursuit of statist development strategies and the political and economic collapse of the former socialist bloc. In the 1990s, the market model had quite clearly triumphed over the command model as the organizing principle for national economic management. Economies were more open and thus more vulnerable to external shocks.

10. 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 concerns have emerged due to the existence of market failures even under ideal circumstances. 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.

11. In Europe and South-East Asia, the view that the unfettered free market is not the most appropriate guide to the allocation of resources has been strengthened by financial market crises and the end of the stock market boom in the United States. Although countries in these regions are undertaking market-oriented reforms in some areas of the economy, they have generally tried to avoid the social destabilization associated with radical reforms. In particular, the reform process in the European Union has been aimed at modernizing and refurbishing the social-democratic welfare state.

12. The withdrawal of the state from the provision of social services, especially in the areas of education, health (see part III) and social protection (see part IV), has also led to the overall reduction 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.

13. 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 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 social and 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 is justifiable on efficiency grounds, 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.

14. What has really proved crucial for the success of many market-based economies in the twentieth century is 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 development goals, notwithstanding the emergence of different types of economic and social costs that need to be addressed. Effective regulation and government supervisory oversight should be introduced as crucial policy goals to increase market discipline and greater transparency. It is a necessary condition for preserving competitive behaviour and supporting the continuous development of the market.