

**DRAFT – DO NOT QUOTE WITHOUT PERMISSION**

**Challenges of Social Politic in  
Latinamerica: Equity and Social Protection**

by

Clarisa Hardy  
Executive Director  
Fundación Chile 21

October, 2003

Paper for Expert Group Meeting on Social Funds and Poverty Reduction organised by the  
Division for Social Policy and Development, Department of Economic and Social Affairs  
United Nations, 15-16 October 2003, New York

## **Non-Correspondence Between Social Policies And The New Social Dynamics**

### **I. Introduction**

Latin America's recent history is full of innovations in the field of social politics related to institutional, administrative and programmatic areas. This process involved all the countries of the region during the nineties and was the result of the need to deal with the magnitude and depth of poverty, of the lack of opportunities for vast majorities who demanded, together with democratic rights, economic and social inclusion. In many countries these changes coincided with social reforms in the fields of education and health, and in some places, of social security. Likewise, special programmes benefiting those poorest and most vulnerable portions of the population, multiplied.

The processes developed by this new orientations in social policies, along with the effects of globalisation, brought about demographic and social transformations, with a longer life expectancy (thus starting the trend towards the ageing of societies), with a more active participation of women in labour markets and public life, with higher educational rates, reduction of illiteracy and better health indicators, with the acceleration of urbanisation processes and, with these, establishing new ways of social relationships based on violence, both inside and outside the household. Nevertheless, with a few exceptions, all these changes have not solved the problems of poverty and inequality which had been at the source of the redesign of social policies.

This inadequacy or non-correspondence between current social policies and the present and predictable social dynamics, is analysed in the first part of my presentation, in order to describe the social reality that public policies have to deal with and, thus, to be able to identify the kind of changes we have to introduce in social politics, as will be described in the second part of my presentation.

### **II. The Social Question in Democracy**

From the first world Social Summit of Copenhagen in 1995, to the most recent Social Summits which –unlike Copenhagen- congregate organisations of the civil society opposing official summits, the nearly one-decade has been a long way of frustrations.

The Latin America that attended the Denmark summit was committed to more active social policies applied during the first half of the nineties. So, equally enthusiastic, the commitments subscribed then were considered as part of the new objectives the heads of state set in their respective government agendas for the remaining of the decade. In the pursuit of such objectives, Latin American countries –with almost no exception- followed the line then agreed of increasing their social expenditure and progressively using it in health and education, of innovating institutions and instruments, and of approving new and more varied social programmes stressing decentralisation and participation.

At the source of these decisions regarding social policies was the concern of the new governments of responding to the social demands that had built up and became visible after the recovery of democracy in the continent during the nineties. Presidential candidates

sponsored campaign programmes with explicit social content, as did parliament candidates and local governments, all of them aware of the fact that the social question was the cornerstone in the ballots. In opinion polls, citizens expressed their major concerns in the areas of labour, poverty education and health, urban security and, therefore, these topics were part of campaign promises which, once the new authorities had taken their respective offices, had to become public policies.

With more or less impetus, keeping these promises entailed changes in the courses of action of the different public policies of almost every government in the area, which is reflected in the figures that several well known international organisations have compiled.

If during the period of continental dictatorships, especially in the eighties, focus was on economic reforms and, particularly, the drastic reduction of social policies, democratic recovery altered the equation and put the social question in the middle of the arena. Even in some countries where economic reforms had been left unfinished, their completion during the nineties had to fit the local political atmospheres, and advances only took place when heads of government found enough political and social support, thus coexisting with more active social policies, as opposed to the detached way in which those economic reforms had been promoted in the eighties by authoritarian regimes deaf to the social demands of their respective societies.

Democracy, then, has been the force behind the changes in social policies in the nineties; likewise, should democracy prevail and grow deeper, it will have to take over the absence of promising results these policies have had. Thus, the social question remains paramount in democracies and the unsolved social problems, as told by history in the region, hits and shakes democracies which are overtly threatened by dictatorships, or indirectly by populist governments, or –as some new tendencies reveal- by authoritarian governments that, being popularly elected, ignore democratic institutions (parties and parliaments) in discredit and increasingly delegitimised in the eyes of the people.

The analysis of the situation in the nineties in Latin America is a good illustration of such phenomenon, as well as a cry of alert. Countries which show some degree of improvement in their social indicators and progress in poverty rates and in equal opportunities (especially related to the widening of accesses) are also countries with a stable democratic functioning, regular elections, governments in office till the end of their period, and with the powers of the State autonomously performing their functions. Such is the case of Brazil, Chile, Costa Rica or Mexico. In contrast, stagnant countries, with virtually no social progress to speak of or that undergo involution, like Argentina, Ecuador, Peru or Venezuela (more recently Bolivia, not to mention the special case of Colombia) additionally face serious problems of democratic governability, their institutions are in crisis, there are violent conflicts, repeated social mobilisations, their parliaments and parties progressively lose sight of their roles, and the chiefs of government lose citizen support.

Thus, democracy is the best breeding ground for the development of social policies aimed at a society with equal rights for its citizens. The effectiveness of social policies in achieving higher degrees of social inclusion, making social rights universal, is crucial for the strengthening of democracy. In short, defeating poverty, widening accesses to quality

education and health, generating socially protected employment and securing old age are still the programmatic axis of social politics which make it their democratic duty to guarantee social rights to all the people, regardless of age, sex origin and creed.

The one thing that has put Latin American democracies at stake is that this social discourse has not become tangible in the lives of citizens, thus also putting at stake current social policies, as well as the governability of many such democracies.

### III. Characterisation of Social Policies in the nineties.

- (a) Increase and progressivity of social expenditure: the expenditure goes up and is re-oriented, but still is not enough.

In average, per capita social expenditure in Latin America doubled in the last decade from US\$360 to US\$540 a year. Contrasts are ample, nevertheless, between the yearly average US\$113 allocated to social expenditure per person in those countries classified as of low social expenditure, and the US\$ 1.055 of the five countries whose social expenditure is high.

The data reveal two facts. On one hand, low social expenditure levels in the preceding decade (the eighties) account for the aggravation of social problems in the region inherited in the nineties and, on the other, the fact that -in spite of the impetus of social policies in Latin America in the last decade- the floor level from there they started was so low that these policies had to keep low social expenditure levels, well below the social requirements in all the countries.

But, social expenditure did not only increase, but it also changed its composition. Social investments on the human asset went up, as in health, education and, well behind, housing. Since most of this expenditure is spent on primary and, to a less extent, secondary education, as well as on primary health, spending is highly progressive, since the lowest income part of the population is favoured. Notwithstanding the progressivity of its allocation, however, social expenditure, given its limits, must focus on those who own less, thus making education and social policies less universal, something which has an effect, both, on the access and coverage of social services of social sectors in many countries and, practically in all countries, also effects the quality of the services rendered.

- (b) Social institutional and programmatic innovations not pervading the traditional institutionality.

During the nineties, and as a reflection of a different thinking of social policies as acknowledging social heterogeneity and appealing to diversity, changes take place in social institutionality. A variety of specialised Public Services saw the light of day. These Services were aimed at specific segments of society –those deemed particularly vulnerable- and, for the same reason, prime recipients of the action of public policies: the poor, children, women, indigenous groups, senior adults, the handicapped, peasants and micro-entrepreneurs, to mention all of those who are the origin of the creation or redefinition of

Social Services and Funds. These institutions are created to apply highly selective programmes in such way as to endow them with a performance prompter and more flexible than that of the traditional institutional apparatus.

This institutional “specialisation” resulted in a diversified programmatic offer, showing significant innovations, which is not the case of traditional institutions. This explains why, although the decade has seen good progress and programmatic innovations, since these actions are executed by entities which have a discreet coverage and budget, they lose their effectiveness. At the same time, even if there is a widening of the coverage of the more universal policies of traditional institutions, as they don’t change the quality of the responses (with programmatic exceptions in chilena and brasilina child food and security programmes) they obtain also poor results.

- (c) Co-ordination as an attempt to grant integrality replaces institutional reforms in the social sector.

The multiplication and diversification of highly specialised and focused social programmes (only in a small country Chile over 225 social programmes have been identified, a figure that in federal countries like Argentina and Brazil will be very much higher) has resulted in the need for a more comprehensive articulation of so much specialised work that several organisations and institutions are doing and whose currentness tends to disperse the impact of their respective policies and programmes benefiting the same social sectors and segments, from different perspectives and managerial levels (the national state and sub-national levels).

Different experiences with various kinds of co-ordination, like social cabinets, ministerial social committees or inter-ministerial commissions that occur when the ministries supposed to be in charge of the articulation are unable to do so. This logic tends to repeat itself at the sub-national levels –in regional, provincial and communal governments- in different shapes and with different institutions and bodies to co-ordinate.

Now, the efforts that articulation requires imply readiness and willingness on the part of those to be co-ordinated and so, articulation rests on the discretionary will of the parties involved. Hence the failure (to a greater or lesser degree, depending on the reality of each country), since the political logic implicit in the exercise of government (a phenomenon even stronger in coalition or multi-party governments), where each institution corporately reaffirms its centrality, limits or conspires against co-ordinative efforts.

Thus the nineties is the decade of the many trials of co-ordination, with meagre results (decentralised co-ordination being the most effective), whereupon programmatic dispersion is a constant and integrality and complementarity are the exception. Therefore, this is the consequence of having replaced, all these years, through exhaustive co-ordinative processes, those institutional reforms that could spur a greater integrality in public social action (as it will be exhibited in the second part).

- (d) Strengthening of social management: administrative innovations are at the core of changes in the nineties.

The nineties is the decade when the term “social management” was coined as an instance of the will to professionalise and technify a function that, after having been so marginalised in the preceding period of time, had become less influential in public policy making and failed to recruit good professional teams.

The exercise of social policies is then supported by information and evaluation systems. Accurate data and statistics are produced on the social reality of countries, and it becomes possible to use this information as a foundation for the design and allocation of public social action as well as for the estimation of the size of the needs to meet, with objective parameters for the level of public expenditure required. The Chilean and Argentinean experiences are good illustrations of these innovations, in both a greater level of professional and technical expertise and in new instruments and modes of management. In the Chilean case there is not only the accuracy of the information existing for the last 20 years, but also an evaluation system which is the result of an agreement between the Parliament and the Chilean Treasury by virtue of which the Parliament (and through it, the citizens) must be informed of the results of the assessments of social programmes and investments before the annual discussion of the budget of the Nation. The second case includes the creation, in the Ministry of Social Development, of an Information and Evaluation System of Social Policies (SIEMPRO with its initials in Spanish) implemented in all Argentinean provinces as a means to perfect social management.

This whole new array of information and instruments, however, in spite of marking the onset of the installation of new technical capacities in the public sector, in the end only has encouraged technocratic requirements inside state apparatuses, and does not connect itself to the democratic control processes of citizens and of information transparency. Not even in the Chilean case although it is established by law.

Also, although in the nineties there has been a new emphasis on decentralising social action (a growing delegation of social programmes of the central governments to local and provincial ones, with a more significant role for municipalities), on the one hand, and the search for new participative mechanisms, on the other, trying to find new incentives for public-private co-participation with a deeper commitment of organisations of the civil society, all these initiatives are relatively marginal in their effect, either due to the funds allocated being small –only used in localised programmes, not universal ones– or because, in the end, true decisions are made at the central levels by government bodies, thus delegating their execution and making only co-payment the most usual way of participation.

In summary, despite all the efforts, all those initiatives in management and social public administration are only partial, insufficient and, most of the time, a substitute of public action and not a source of complementarity for social and geographic integration between the public and private or social sectors.

#### IV. Contemporary Social Realities and Predictable Tendencies

##### (a) Coexistence of traditional poverty with the new poverty.

The first actual fact is that, while in Latin America poverty does not diminish but rather increases in absolute terms, extreme poverty decreases (exceptions in this tendency are Brazil and Chile, with a reduction of their poor and indigent people, in absolute and relative terms).

In an attempt towards simplification, one could say that in our societies two kinds of poverty coexist: that poverty known as “structural poverty”, linked to illiteracy or low schooling, bad living conditions, exclusion and marginality; and a new kind of poverty, linked to higher schooling levels, better qualifications and living standards, conditioned by the labour and employment market, by low income and regressive distribution, as well as by the increase of socially unprotected employment (in few, “precarious employment”). Such phenomenon, typical in the informal sector, is also found in the formal sector: during the nineties, Latin America shows, as an average, that out of every 100 new jobs created in the formal sector, only 57 are socially protected (with a contract and social security).

While for the first case the countries that have succeeded in poverty alleviation have developed social policies and programmes of proven efficacy, in the second case we see the confrontation of situations about which there is less experience, and which are related to the new labour conditions of the population in an open, dynamical economy responsive to international situations that force countries to dramatically increase quality levels of the human resource, of knowledge and of information whose low degree of development keeps labour precarious in huge portions of the labour force.

##### (b) Women’s participation, changes in gender roles and families.

In the nineties women increasingly entered the world of labour and public life. Although still lower than male, female participation has set a tendency.

In the public arena, parliaments are the area most attended by women in public life. With the exception of Cuba -with nearly one third- nowhere the percentage is higher than 20% of the total of seats available. Contrary to what one could think, lower female participation of women occurs in local governments and, albeit slowly increasing, also remains low in the national government, in ministerial cabinets. As an illustration of the changes that are taking place, some realities show that women are present not only in traditionally female-dominated offices, as education, justice and health, but also in those traditionally male-dominated, like economy, defence or foreign affairs ministers.

The above mentioned may explain how, in a continent characterised by strong sex discrimination, leading female figures have entered the political arena, receiving growing public opinion support to the point that in several countries we can see potential female candidates running for the presidency, no longer an exception. However, quantitatively speaking, this is still a dissimilar situation when compared to male participation, not to

mention the high cost in private life that women have to pay, with its pressing household implications.

Still, more noticeable than the above is the evolution of women in labour. Over the past decade, female labour participation rate went up by seven points (average from 43 per cent to 50 per cent in the region), while for the same period, male participation, which remains considerably higher than women's, only progressed a little over one point. In spite of the surviving myths in this matter, this evolution shows that women enter the labour market and stay there despite their maternity (they neither walk out when they have children or come back once their children have become of school age, as was the case in the eighties), that they do not so in moments of crisis to help in their homes, but permanently, and with lower salaries. In fact, salary discrimination over equivalent jobs done by their male counterparts, occurs notwithstanding the fact that those women who enter labour market –especially those younger than 35- show schooling levels higher than that of men, pointing more to a culture of discrimination than to objective conditions.

Also, those homes where the woman is the head, or is more participative economically, have proliferated: by the end of the nineties an average 27 per cent of homes is run by a woman and, in 32 per cent of them, they are the main source of income.

The active insertion of women in labour and in politics has given rise to a redefinition of the relationships inside the domestic household and in public life, bringing about changes inside family networks and in traditional sex roles –both inside and outside the household, which –eventually- ends up changing the family itself and creates a new variety of practices and options that break the single model of bi-parental family with children. Equally, workplace and labour relationships change.

Then, women leaving their homes and looking for public and labour positions create new demands on the State for actions and services previously offered by household domestic contexts, especially the care of children and –frequently- of elderly people. On the other hand, changes within families, which diversify into different family types and structure (smaller size; more single-person homes; one out of four homes has one elderly person; more nuclear homes with a female head; more childless homes; more unmarried homes and children outside the marriage), also call for an adaptation of the policies they are the target of, originally designed for the traditional family structure and which is only a portion the actually existing family types.

(c) Ageing societies: a new demographic profile

Life expectancy advances and, linked to higher schooling levels of women who can satisfy their labour and public aspirations, the rate of fertility recedes. Also, improvements in living conditions and health indicators, especially investment on primary health, have lowered child death rates. Therefore, all these phenomena added up together lead to the ageing of latinamerican societies.

This tendency towards ageing is very influential. On one hand, it effects the whole of social relations and, on the other –stemming from the former- social policies, particularly



due to the demands this new demographic profiles poses to health (older age increases costs and the frequency of medical care) and social security systems.

The lengthening of life expectancy and a lower fertility rate, a decade-old trend in developed countries that has been the object of debate regarding: the span of active life and a redefinition of terms and modes of retirement, the space and role of senior adult women mostly on their own, the relationships between elderly and young people, the occupational mobility and permanent training of adult workers, incentives and stimulus to motherhood, among others, should not be overlooked in the current debate in Latin America, particularly if our realities differ so much from that of the more developed countries (though acknowledging tendencies which, duly predicted, might well avoid unwanted denouements).

Although the provision for all these situations is important, since they are part of world debates, it appears necessary and more urgent to resolve in the region the health problems and the accesses to the coverage of catastrophic diseases –increasingly complex and costly- for older adults, as well as social security for a growing and ageing population, given the low existing coverage (as revealed by the increase in socially unprotected employment) and the low income levels which discourage previous saving, all of which is an omen of an unprotected old age and prone to poverty, unless active social policies are set in motion.

(d) More schooling years, but low quality of education: the building of citizenship.

During the nineties in Latin America the average educational coverage expands, with marked differences among the countries. Pre-school care, which does not only allow women to participate in labour but also prepares children for their later school life, also increases, reaching a registration rate of circa 48 per cent, particularly as a result of the expansion this kind of care has in Argentina, Brazil and Costa Rica, with over 50 per cent. Likewise, primary education becomes practically universal, thus stamping out illiteracy from the new population in schooling age; moderate is the increase in the coverage of secondary education (with an average schooling rate of 54 per cent by the end of the nineties), though at this level differences among countries grow more visible (for example Argentina and Chile where school desertion is below 15 per cent of the school population).

These phenomena create, among other things, new demands on the educational system not only under stress in its task of improving accesses and securing the universalisation of all the levels mentioned here, but also of providing quality in education to match the challenges of the 21<sup>st</sup> century. All this leads to new demands in reforms, this time in post secondary or higher education which have an average coverage rate of circa 17 per cent (in contrast with the 50 per cent shown by the countries listed by the OCDE), still showing more significant exclusions, considering the fact that it must absorb an increasing number of young people graduating from secondary education.

These new inequalities at the beginning of the new century are less the result of accesses to the schooling system, than to the dissimilar qualities in the education students receive, according to their socio-economic level and their parents' jobs, or to the still

present exclusions in higher education (some change has been experienced in this matter, Chile and Brazil, for example, as shown in the corresponding chapter of this project).

This increase in schooling years, though important as it is in the improvement when compared to the situation before, shows some quality deficits which undoubtedly have an effect on the creation of the social capital required for the progress of Latin American societies, but is also, paradoxically, helping create a greater citizenship. Our societies, as reflected in the new modes of social mobilisation and the type of conflicts several countries in the are experiencing, are the outcome of a population that, however deficiently, is more schooled and better informed, which gives room for a deeper citizen awareness and the capacity of the population to demand their citizen rights, a population that –though integrated- does so in conditions of inequality, which poses a threat to the necessary social cohesion sustaining democratic stability. Paradoxically, more schooling leads to a contradiction: more citizenship and lesser degrees of governability because public policies fail to satisfy the new demands that this very progress (still unevenly distributed) has created.

- (e) Information technologies and massification of communications: new aspirational models and their universalisation.

In Latin America, 85 per cent of the homes have a television set, being Argentina, Chile and Uruguay above this average, over 95 per cent. Access to open or free television - the most powerful medium, along with the radio- is almost universal; the presence of paid television (cable or satellite) is also increasing (though more segmentedly, in higher income homes). Both media allow direct information from, and instant communication with the rest of the world.

Likewise, fixed and mobile telephony have become massive, together showing an average pervasion rate of 60 per cent in Latin American homes. More recent is the expansion of internet and, with it, of the access to information and knowledge everywhere on the globe. Noteworthy is the fact that connectivity figures have increased in these new information technologies in Latin America, but are still low when compared to developed countries. Chile is in the vanguard of the process in the region with a connectivity rate of 20% in 2001 (only a couple of years before, in 1999, it was 4.6 per cent), followed by Uruguay, Peru and Argentina, all of them far from the 50 per cent in the USA, 45.5 per cent in Japan, or 40 per cent in the UK.

In short, the globalisation of communications is a phenomenon that strongly exerts its influence in Latin America, trespassing the territorial boundaries of our recent past, universalising expectations, homogenising “needs” and giving rise to new aspirational models which further diversify and makes more complex the social demands. As a result of this, a qualitative change in the relationship between the population and the social services occurs, and the citizens express new quality demands not only because of their greater expectations, but also –as we discussed above- because they are better educated and informed. In few, the citizen demands more and better.

Nevertheless, there is another side to this phenomenon: new sources of inequality. In the past, access to television and telephony segregated the rich from the poor; nowadays, these goods are part of a progressively generalised consumer basket, providing quick and timely access to information and doing away with most of the excluding factors derived from socio-economic levels and geographic distances. This is not the case, in contrast, of new technologies which not only provide information but also, and more important, knowledge and formation. With a highly segregated access, they represent a new type of inequality resulting from the differences in the level and quality of knowledge. The digital gap is currently a factor of difference in the creation of social assets.

(f) Urbanisation and emergent social problems: the centrality of violence

The growing processes of urbanisation Latin America is undergoing trigger the interaction of all the previously mentioned dynamical factors, and create new social problems that make it necessary to widen, diversify and enhance the complexity of the radius of action of social policies. Changes in the social and personal relationships are detected, and new situations arise where violence is central, deepening the feeling of insecurity of societies, families and people.

Violence is more visibly settled in the public areas, as verified by figures that show an increase in criminality levels and the different forms of urban violence, with new behavioural values and patterns and the acquisition of new consumer habits, an upswing in drug use and trafficking (not only as a global problem, but more so locally) given the social networks established around its trade, and the alterations in the standards of coexistence and the appearance of new rules for coexistence inside the communities directly and indirectly involved.

Nevertheless, equally dangerous as street violence, if not more, is the one inside the domestic household. It is believed that, in one moment of their lives, over half of Latin American women have been the victims of aggressions in the home, 33 per cent have been sexually abused, while 45 per cent have experienced psychological violence (threats, insults). Between the home and the street there is only one continuing line.

In recent years, in Latin America violence-associated risk factors have been but weakly dealt with, for instance: urban income differences, urban poverty, higher open unemployment rates, the existence of a significant portion of urban youths neither studying nor working.

(g) Migrations and new demands for social integration

In the continent, migration has been a stable presence. In the past the dominant migratory flow was from the rural areas to the cities inside the country, with only some between countries. Nowadays, these internal adjustments causing the demographic landscape of national territories to change are followed by greater migration across the borders, thus presenting new problems.

Concerning migration between countries, while in the nineties there was a decline in the migratory flows to Latin America of population coming from outside the region (the most important ones of the preceding decades), in turn, a considerable increase was observed in the migratory flows from Latin American countries (intra-regional migration) dominated by lesser skilled workers. Also, during the past decade another upswing was that of latinamericans to countries outside the region, particularly professionals and technicians.

This new migratory profile poses new challenges to public policies in two senses: on one hand, there ought to be a migratory policy to improve the flow of professionals and technicians inside the region and, thus, avoid the deterioration of national capacities in terms of the loss of social assets; on the other, the phenomena of the migration of less skilled families and individuals, with low educational and poverty levels, create new requirements, phenomena which are inherent to family disintegration, child vulnerability, the loss of referents, schooling problems, pauperisation, and, in general, all those problems common to multi-racial coexistence (discrimination, intolerance, xenophobia). All of the above coincides with the pressures on the labour markets and the appearance of supranational demands for social services and security.

## V. Conclusions and Proposals

In the nineties the concept behind all the innovations noted here in the field of social policies, which also resulted in the creation of some social reforms, was founded on the assumption of a linear social development based on two concepts: on one hand, growth automatically creates employment and, on the other, once social minima are guaranteed and accesses to services from which one is excluded are opened, poverty is overcome once for all.

These two conditions were not fulfilled in the nineties. As the decade moved on, it was progressively demonstrated that there is no automatic co-relation between growth rate and employment generation rate, as much as that poverty may hit more than once the vital cycle of the same person or family. So that, in the absence of both conditions, the idea of linear social development collapsed, as revealed in the figures for several countries which have witnessed the increase in the size of their populations in poverty conditions along with symptoms of a deterioration in living conditions.

As heartless reality keeps telling us, there is no such thing as linear social development and the validity of policies based on the assumptions of the automaticity of the benefits of growth and of selfsustainability of social accesses, can only end in frustration.

Therefore, those policies and measures that do work and are applicable to face structural poverty, exclusion, lack of accesses, in short, extreme poverty, are not useful in the case of the new forms of poverty in the nineties associated –as analysed in several of these studies- to unstability of labour markets, with new vulnerabilities effecting not only (as it oftentimes occurs) the poor sectors, but also the middle ones. In this scenario, the indefensiveness, disprotection and insecurity derived from the new inequalities in which

many persons and families live, appear as crucial –or more- in social policy making as are the basic minimum requirements for the poorest.

A panoramic view of social indicators in different Latin American countries tells us that the past decade is an inflection point in reference to the past immediately before it, and that a transitional process is taking place (obviously at different pace and speed, given the heterogeneity of the countries in the area) in societies, from social exclusion to unequal integration.

From a social policy perspective, this transition is a completely different scenario where to conceive and adapt such policies for them to take charge not only of the new objective social realities, but –particularly- also of the subjective expectations of the population.

Although it should not be hard for the different political and social actors to reach national consensus regarding the urgent need to deal with exclusion and extreme poverty, in real life practice has not been easy, once one considers the unacceptable figures for indigency and poverty, of excluded population, in many Latin American societies. In such a scenario one knows what to do, there are experiences that can be repeated and massified, and more instruments are available every day. What is required, then, is to find the political will to carry out the task.

In contrast, these new inequalities set up a more complex scenario, requiring a changeover in social policies with measures and initiatives whose contents are as yet not clearly visible and for which very little experience is available concerning the reforms and changes to follow as references, whose feasibility must be based not only on the basic concept of continued and stable levels of growth permitting the success of these policies, as well as of technical quality and proficiency to carry out the reforms that might be necessary, but also on a stable democratic system, with reputed and legitimate political institutions, in order to allow the society itself to decide what to do for this growth to become socially pervasive and its benefits to reach the entire society.

#### A. General Conclusions: Growth and Democracy for Social Development

##### (a) Legitimacy of social policies in democracy

Based on the performance of the different economies over the latter years in the nineties, where poor growth has limited, if not deteriorated, the quality of life of the population, especially the poorest; voices have risen calling the nineties the lost decade. A closer look at this period in history, however, shows a picture different, in terms of social policies and of its legacy, from the opinion of those who call it that name, since social policies become central and, thus, legitimise their top priority in the public agenda of all the countries in the area.

During this decade particularly revealing is the rescue of the social function of the State that had been discarded the decade before. This role surely varies from country to country, depending on the availability of the different resources and the quality of public

functions. Equally noteworthy are social indexes and, although poverty was not reduced everywhere, extreme poverty did recede, social expenditure increased as much as its orientation (itemisation) changed. These advances and new orientations, when compared with the decade before, consolidate new perspectives of social policies, making them more legitimate and central in public policies.

The perpetuation of social problems can not overshadow these reality elements that, in the end, are a source of strength and support the idea that, with the appropriate measures and changes, there shall be room for progress in the social question.

(b) Active social policies as the cornerstone of the relation between growth and social development

The relation between growth and social development is neither unidirectional nor magically automatic, as stated by those who say (or behave accordingly) that the best social policy is economic policy and that social policies should act compensational, assisting those harmed by economic policy.

The nineties prove that growth, albeit a condition to social development is overtly insufficient unless followed by active social policies, not only compensational but also proactive. Examples abound.

Brazil and Venezuela, during the nineties with the same GIP average (0.3 points, with serious problems in their growth rate) show very different results: while the former even reduced poverty by 21 per cent amidst economic difficulties, the latter saw an increase in its poor population by 23.5 per cent along with an economic crisis.

Argentina, Uruguay and Costa Rica, with stable IGP average indexes between 1990 and 1999 (2.6, 2.5 and 2.3, respectively), exhibit different performances: Argentina did little to reduce its poor population, only by 7 per cent in this period; in Uruguay it receded by 47% and in Costa Rica by 22 per cent.

Ecuador and Paraguay show negative growth indexes: while in Ecuador, in those years with an average growth of -0.5 per cent poverty grows by 2.4 per cent, in Paraguay, with a similar negative figure of -0.6 per cent poverty leaps by 43.6 per cent.

Chile is a stranger to these realities, for -apart from exhibiting the region's highest growth for that period (4.2 per cent average)- is the most proportional in poverty reduction (46.6 per cent), with the highest social expenditure of the total state expenditure (70 per cent).

Similar signs are detected when we compare economic growth with the human resource indexes annually recorded in the Human Development Report of the UNDP: countries in growth unable to improve their social indexes share the scene with those who do both.

So, then, on the basis on the empirical evidence mentioned before, it could be stated that the difference lies in the decision making regarding what must be done with growth, and how to do it, which means nothing but the presence of active social policies.

(c) The virtuous relation between democracy and active and efficient social policies.

The central debate has focus on the relations among economic and social politics trying to demonstrate, in one case, the centrality of economic policies and subordination of the social ones or, on the other hand, the relative autonomy of social policy. But the relation between both social and economic politics with democracy has not been explored with the same accuracy.

In Latin America, the retrieval of democracy during the nineties had to do with the re-enlivenment of social policies since in democracy they become visible and are a topic in the expression of citizens' demands which, as repeatedly proven by opinion polls, focus on the problems of poverty, employment and security. No candidate running the democratic ballot will go far without such demands being included in their programme. Here is where legitimacy for social policies develops. Likewise, failure to meet these demands, that is, the use of insufficient, weak, inadequate or inefficient social policies, puts democratic governability at stake and brings about institutional crises.

Once the elections have concluded and if the democratic institutions are in full function, and the representation of both majorities and minorities rules supreme -regardless of the economic inequalities or the strength the corporate interests involved, the citizenry becomes guarantor of the new government's proposals.

The ability of democratic systems to process these demands and provide room for the different interests is what marks the difference in the quality of social policies, in their efficiency. Social and labour reforms are illustrative instances of this, as health, education and social security reforms, all enacted by powerful actors who try to shape them according to their interests. Teachers, students' parents, medical doctors and other medical staff, patients, entrepreneurs and workers, they all have a say in the results through parliaments that will be able to adequately process such demands and provide the changes to respond to public interests above private ones.

One can see that in countries with stable governments, regular elections, presidents finishing their office periods, and working political institutions (parties and parliaments) are those showing better social indexes in the nineties (even if they have social problems) like Chile, Brazil, Costa Rica and Uruguay. The opposite is the case in countries like Argentina, Peru, Venezuela, recently Bolivia, not to mention Colombia, with political instability, institutional and governability crises, violent and recurrent social conflicts, and where social indexes deteriorate.

Anyone who focuses the social policy debate only on the necessary but insufficient effort to grow, or solely on the very quality and merits of public policy proposals, will inevitably face frustration. Just as important is the need to internalise, as a basic element for the currentness of active and efficient social policies, the required deepening of democracy

as well of the stability and legitimacy of its political institutions, paying special attention to the strengthening of those instruments that make it possible its daily function, beyond electoral processes, as are –for example- parliaments and parties, a strong and consolidated civil society, transparency in information, freedom of speech and pluralized media, an independent judiciary system showing both probity and expediency in processing the numerous social demands that the population often takes to justice (the judicialisation of social policies is a new and very visible phenomenon), in labour, with consumers of both public and private goods, and citizens with both social rights and duties.

## B. Challenges for Social Politics: Proposals for Changes and New Reforms

### (a) An increase in the funds for social expenditure

The new social panorama of our Latin America and those foreseeable tendencies that we have referred to in the first part of this report, make it impossible to overlook a debate of the funding that is required bearing in mind, not only the international competitiveness of our countries, but a project aimed at the kind of society we want to build as synthesised in the idea of a society made up by citizens. This allows us to view social policies from the human and social rights perspective.

The pressures on the health and social security systems resulting from the new demographic profile, the care of children, as much as the provision of public social services for a better inclusion of women in labour and public life, the need for better accesses to and quality of education at all the levels of it, including higher education; the imperatives to widen knowledge and the access to new technologies in communication; the social prevention and rehabilitation in view of emergent phenomena like drug addiction or social and private violence; the new modes of and demands for social integration resulting from increasing migratory processes, all counted among the most relevant existing and arising problems, forcefully cause one to think of the funding (amounts and sources) of social policies, expenses that will be both recurrent and growing.

Normally banned, especially during recession or economic crisis, the debate on taxation has no room in our societies, in spite of Latin America's reality in contrasting with that of developed countries –where social welfare policies rest on tax sources which considerably more sizeable than ours (and more re-distributive in origin at that): while revenue in Latin America represents 13.6 per cent of the IGP, in OCDE countries is accounts for 36 per cent of the IGP; while state participation in Latin American economy is an average 27 per cent, in OCDE countries is amounts to 36 per cent; and while in OCDE countries per capita social expenditure varies between US\$ 3,250 (countries with lower social expenditure) and US\$ 7,350 (higher spenders) a year, in the five Latin American countries having a higher social expenditure average it amounts to US\$ 1,055. In other words, OCDE European countries spend between three and seven times as much per person as is spent on a Chilean, Argentinean, Uruguayan, Costa Rican or Brazilian citizen.

Our financial weakness presents itself not just in a poor continent with a single type of extreme poverty, but in a group of very heterogeneous countries, with emergent economies whose demographic tendencies and problematic -the child of today's open and



globalised world- are beginning to resemble those experienced by societies that have welfare states looking after their populations.

In democracy, rights are unrenounceable, but securing them entails the acknowledgement of responsibilities and an equitable sharing of it is only possible if the principle of solidarity is at work. In the absence of this principle that collectively involves societies with their own welfare, in many countries “creative” experiences and initiatives have supplied this need in the field of social responsibilities in the form of public-private associations diverse in nature. Additionally, the growing needs and the currentness of the subsidiary policy of the State have helped increase the direct support of the users themselves, thus giving rise to shared funding (public-private) in areas that used to be the exclusive responsibility of the state (gratuity of education and health, for instance). These formulae, however, are limited in their results.

This limit has become visible in times of economic crises, when vast sectors that through the market used to have access to their social rights, either partially or totally, stopped meeting their needs for economic reasons. Also, in such critical times, this public-private shared social responsibility grows weaker, which burdens the state with growing financial responsibilities that in better circumstances are compensated by the support of the private. In summary, available private funds decrease while social demands over public goods increase.

In view of this situation the only conclusion possible is that the tax revenue topic, unpleasant and unpopular as it is, has not so far been replaced with other formulae when it comes to securing universal social rights. Also, the size, structure and sources of tax revenue, as well as its timeliness, must be the subject of democratic debate, as a part of the unmet challenges that, rather later than sooner, social policies will have to resolve.

- (b) Between the unfinished creation of social authority and the democratisation of social policies: an open discussion to resolve

When in 1995, as a result of the agreements reached in the Copenhagen Social Summit, countries there were presented with a series of goals in order to overcome poverty and social exclusion; in many of them it was apparent that achieving these goals would require a viable political will. Undoubtedly, the first major topic was available finance, as analysed before, a matter that took them to a debate of commitments on the part of the rich nations with their poor counterparts concerning the transfer of additional finance where required, a decision so far not made a fact. The second major topic, as important as the former, was the creation of the so-called social authority. This authority will entail a significant political reform of the state, since a new institutional actor on the social stage will be introduced whose importance is equivalent to that of the economic authority (the Treasury or equivalents) and which, in all presidentialist countries, is part and parcel of the chief of state’s political authority, whose say is most influential in the decision making of public policies regarding the definition –based on the nation’s budget (from the size of the expenditure to its orientation and priorities)- of the actual agenda the government will follow in social matters.

In the nineties, the debate on the social authority mistakenly centred on institutional changes that, far from embodying the real concept of such a nature of authority, emphasised those characteristics more linked more to the management of the social institutionality. If by social authority one understands that authority determining that the economic authority must internalise, whenever it makes a decision, the social cost and impact of its economic measures so that, based on these considerations, corrections or compensation ensue or, eventually, the dismissal of such decisions due to their high social cost, undoubtedly in the nineties the topic of social institutionality was far from being tackled like that.

The creation of a controlling Ministry in the social during the nineties was rather the logical response to the need for a new institution in the area of focused social programmes, often with additional finance or the power to co-ordinate other social sector ministries, or as a head and technical department for different kinds of inter-ministry co-ordination (Ministry Social Committees, Inter-Ministry Social Committees and Social Cabinets, according to the country).

The above, rather the response to the logic of higher efficiency in public social management –thus allowing a greater integrality in the performance of very sectorised public offices, and not to a social authority with the faculty of making decisions concerning programmatic priorities and the balance between economic policies and social policies, did not show very rewarding results either. This was so because as the new co-ordinative ministries, or those inter-ministry co-ordinative offices, become connected to one another, effective articulation is rendered dependent on the will of the parties involved and not, as would be the case of a state reform creating an ad hoc institutionality for co-ordination and providing the instruments to do so (a matter that would entail a state reform with the creation of such faculties allocated to ministries with a new rank).

Following these lines, co-ordination, conceived as social ministries having the co-ordination function of their peers, or as co-ordinative offices between the different social ministries, demands a huge effort of articulation by the parties involved, consuming a lot of energy in its promotion and generating practices leading to a culture of co-operation inside cabinets where, oftentimes, ministries whose rudder is in the hands of ministers accountable to different political parties compete with each other in presidential administrations that had to establish a coalition in order to govern, all of which makes the logic of co-operation and co-ordination inside the Executive very difficult.

So, then, in the analysis we can see, on one hand, weaknesses in co-ordinative efforts as a means to improve public social management and, on the other, the failure to create social authority. Both are challenges awaiting proposals.

As for co-ordination, we must realise that it has taken the form of the articulation of entities with equivalent power (ministries with the same rank), in lieu of state reforms capable of creating effective co-ordinative entities with a rank of their own, more powerful and capable of undertaking such tasks. Reality, then, suggests the replacement of the axis of co-ordination, from the ministries (as has been the case so far), towards the articulation of instruments, services, funds, programmes and budgets which must be co-ordinated in order to achieve specific goals, under an effective political authority of higher hierarchy, the case

of a social ministry reformed for such purposes. Such an initiative requires a minor reform of the state (not the major reform that new institutionalities demand), because it means the redefinition of the localisation of public services, funds, programmes, budgets and social instruments dispersed several ministries and bring them under the single command of only one of them.

As for the task of building a social authority proper, the open discussion includes two alternatives: on one hand, the very painstaking task of creating an entity with the rank of social authority, equivalent to the economic authority, something that would create a new equilibrium among Latin American cabinets, where the power and strength of the Treasuries are not counterweighted; on the other hand, the starting of a perhaps easier process as is the democratisation of public decisions, especially in programmatic social priorities and national budgets, as well as of the fiscal debate in general. As the citizens, through parliaments and institutionalised mechanisms of social participation, grow more involved in the decisions regarding the use, amount and results of social expenditure and public investment –and also of their sources and the laws that rule social relations and organisation, the social authority will become more real.

(c) A new social institutionality for the changes in society

As discussed in the first part of this report, Latin America has witnessed sudden and deep changes in social dynamics, the preamble of other changes more noticeable in years to come in this globalised world. These changes in social reality contrast with the rigidity of the social institutions, which renders them stagnant and prevents their timely adaptation to a social poses to them greater demands for ductility and flexibility to react to Latin American dynamics, a fact that would make it necessary to revise the legislation organising and regulating the current institutionality.

Less than passable have been the solutions that in many countries were found to fight the stagnation and rigidity of their traditional ministries and public services, as was the creation of parallel entities in their lieu (the case of many Social Funds) making institutional crisis evident and accounting for the power struggles inside the public sector between the traditional actors and those new, parallel to them. As arguable as the above is the creation of supra-ministries (by adding a number of those linked and complementary), formally with power to decide and integrality faculties that, in real life, have been inoperative, being huge, heavy institutional structures hard to manage and complex to handle. Moreover, they are politically costly since they alter cabinet balance (by introducing two types of ministry, being supra-ministries the first and traditional ministries the second) and strain the Executive with their rivalries, particularly in coalition governments or those co-run by several political parties.

The matter is, then, the revision of the stagnation of today's institutions, the definition of their functions and enhancement of their flexibility for them to adapt themselves to current social dynamics and programmatic priorities of their governments, priorities which change even during the period of one government in office. These circumstances require re-thinking and re-allocating functions to different offices, grouping instruments, services or offices according to programmatic similarities and unifying only

those whose programmes, dispersed in the state's administration, deal with the same social sectors, duplicate functions and, by the same reason, limit their results and effects and reduce efficiency in the use of the resources available.

All this must be followed by a new approach to social policies based on universal rights. Such an approach will reduce, on one hand, the extreme localisation of today's social policies and, on the other, the proliferation of hundreds of highly specialised, low-coverage social programmes -which are an unnecessary leak of funds- which reduces the effect and impact of social policies.

The new social dynamics, with its new vulnerabilities giving rise to insecurity and indefensiveness, demands from social policies the building of protective networks, an integrated system to get rid of excessive sectorisation and of partial solutions to social, by nature more integral, problems. The orientation one detects in the programme Chile Solidario is the attempt to create a system that would connect subsidies to investment, promotion or social development policies inside the same network, as an answer to the need for that integrated system of social protection whose later evolution could be the first step towards a change.

#### (d) Decentralisation and citizen participation

How, how much and what to decentralise, are all part of a debate that social policies should include in the discussion and analysis of new proposals, now that a decade has passed since decentralisation became a relevant topic in Latin America, with experiences whose diverse results have not been thoroughly evaluated. What to do in order to achieve maximum decentralisation and the best social results? And what, on the other hand, not to do, to avoid aggravating inequalities by decentralising? The analysis is all but completed, but the experience in the nineties seems to point to the fact that the more localised or specialised a social programme, the greater its decisional level and decentralised its execution should be, whereas the more universal the social programme, greater is the need to keep decisions central, even if some of these decisions on and the implementation of these programmes could be delegated.

This appraisal comes, in one case, from the analysis of those selective programmes focused on the poorest (urban and rural) and on other certain, vulnerable groups when action is decentralised, with interesting results and accomplishments that imply, as we shall now discuss, the ability to articulate at a territorial level (with different degrees of decentralisation, from the local to the regional) several actors involved in these programmes, with a high dose of social participation. The other case shows a contrast in the results of universal programmes in education and health, with dissimilar performance expressed in highly differentiated indexes according to the participation of rich and poor areas, sometimes even widening social inequalities (as shown in the examples of municipalized education and health when not assisted by national social policies).

Very much related to the above is the role of citizen participation, since a deep and enhanced degree of participation seems a requisite for the achievement of social goals. The restrictive view of participation in social policies of the nineties, along with the meagre

involvement of the civil society in their design and implementation, is not reliable when it comes to accounting for the growing degree of citizen participation in contemporary societies, or for the limitations implied in restricting public policies to the realm of the government, thus reducing the public to the governmental.

Hence the need to enhance the democratic participation of citizens in different fields. The ability several non-governmental organisations have to undertake social development is evidence of capacities and capabilities that, more often than not, are underestimated. Encouraging such initiatives, as well as society's own organisation towards active involvement in its own development, requires not only a call for participation in these matters; legal arrangements, institutional support and promotion are as necessary as is the communication coverage that will make society visibly responsible and legitimate in its existence and role.

However, a deepening and an enhancement of the scope of citizen participation in other areas are also necessary, areas from which the citizen had been banned (with some exceptional experiences at municipal levels and in a few countries), like the budgetary debate and public policy making. By supporting civil society bodies, representative and expressive of the various social interests, these organisations will have a say in the local, regional and even national budget debate, as much as in the passing of laws pertaining to the quality of life of society.

In short, the development of modes of participation for the different organisations of the civil society –from the making of decision in the definition of social priorities and the resources thereby, to the regulation of the management of such policies and resources, to the active involvement of civil society in specific social programmes, not only as an observer or investor, but as a "partner" complementary to the action of the state.

Meeting these challenges in the role of the citizen will demand a major change in states where information transparency and accessibility, if not altogether absent, are at best insufficiently inserted in the state practices of countries in the region.

(e) A new generation of social reforms

Finally, in view of the magnitude of the changes that have taken place over the past decade and of the type of dynamics generated, and foretelling their tendencies, apparent is the need of a new generation of social reforms in order to make the need of accesses in those areas where they are not universal (to get rid of exclusion and marginality), compatible with that of quality (to level inequalities), thus creating a social network or system to protect society from the unpredictable freak factor, for which society is not responsible, but which has an effect on the lives of people, families and groups.

Few social reforms occurred during the nineties, since in many countries emphasis was on economic reforms that, started in the eighties, became generalised in the following decade. Unattended social reforms were tackled with managerial improvements, professionalisation of public functions, especially in the social area, and with programmatic innovations. Where reforming initiatives were undertaken, basically they were meant to

deal with the serious problems of social exclusion, their efforts aimed at widening accesses to and coverage of social services, the case of the Colombian and Brazilian health reforms, the educational reforms in nearly all the countries in the region, and some changes in social security systems.

The current complexity of these demands for reform lies in the fact that they must be complementary with those actions aimed at opening and universalising accesses; together their purpose is to bring to an end inequalities in these accesses, thus allowing these quality-oriented reforms to make quality universal to all the citizens. Such combined effort is obviously difficult, complex and hard to implement given the investment required, the interests involved and the dissimilar technical and political views pertaining to these reforms there are in each country.

It is these very reforms social policies should take over, reforms for which the political institutional framework of the democratic system is crucial, given their magnitude and the contradictions that must be settled when they become statements, decisions and fact.

It is possible to identify, without much detail, some specific areas social reforms should deal with.

(i) In the case of education, and in view of the new profiles of societies, of the new vulnerabilities and inequalities, and of the growing demands for opening accesses, identified as central to the reform are those aspects involved in resolving the low coverage in pre-school education, main obstacle for women to access the labour market and, for children, a source of inequalities that will later pervade the school system. Also, it is necessary to reduce desertion in secondary education (exceptionally Chile has made secondary education mandatory) and to widen the access to higher education, not only university, but also technical and professional education. Added to the universalisation of elementary education -a relatively general feat in Latin America in the nineties- we find the new demands. Reality, nevertheless, has also made it clear that this is not enough, because in those countries where progress has been made in accesses not only to elementary, but also secondary -and even higher- education, dissimilar quality indexes reveal two discriminatory accesses to education that will be a source of inequalities in the future in labour markets and in income levels.

(ii) In the area of health, although efforts in some countries must remain centred on the enhancement and universalisation of primary health care, demographic changes and the expansion of new sources of accidentability and health risks for the population are making the care of complex and catastrophic diseases more pressing and massive, which creates inequalities in the care rendered and demands more prevention. Also diseases like AIDS and the development of violence into an instrument of social relation pose demands on the costs of health, on the accesses of medicines, on rehabilitation programmes -increasingly specialised and expensive, are factors currently generating new discrimination and inequalities for the population, and have an effect on the quality of health service and of the treatment.

(iii) As far as social security is concerned, the combination of the changes in productive processes and the structure of employment, with the new demographic profiles of the ageing societies, strain the area of social security and demand from it things that cannot be ignored, since these demands reflect more vividly inequalities in the origin of the new vulnerabilities and indefensivenesses of citizens, particularly those associated to the access to employment (employability), to the types of work accessible, and to differentiated income, all source of distributive restlessness on the continent. The careful analysis of these reforms cannot conceive decisions in the area of social security without, at the same time, taking into account decisions made in the field of labour. Hence the need to tackle the so-called labour flexibility reforms along with those in social protection, identifying -among the former- the room for flexibility necessary to encourage employment, to adapt to the requirements of modern productive processes and to improve the quality of life of workers, men and women, (where lies the core of the development of people and the quality of their family relations), and –among the latter- what should be the actual steps to take in order to guarantee the social protection for those who have a job and for those who lose theirs.