

# CEPAL

## Review

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UNITED NATIONS  
ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN

SANTIAGO, CHILE, APRIL 1989

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#### Notes and explanation of symbols

The following symbols are used in tables in the *Review*:

Three dots (...) indicate that data are not available or are not separately reported.

A dash (—) indicates that the amount is nil or negligible.

A blank space in a table means that the item in question is not applicable.

A minus sign (-) indicates a deficit or decrease, unless otherwise specified.

A point (.) is used to indicate decimals.

A slash (/) indicates a crop year or fiscal year, e.g., 1970/1971.

Use of a hyphen (-) between years, e.g., 1971-1973, indicates reference to the complete number of calendar years involved, including the beginning and end years.

Reference to "tons" mean metric tons, and to "dollars", United States dollars, unless otherwise stated.

Unless otherwise stated, references to annual rates of growth or variation signify compound annual rates.

Individual figures and percentages in tables do not necessarily add up to corresponding totals, because of rounding.

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## Participation and concertation in social policies

*Carlos Franco\**

The author of this article contends that, as a consequence of the debt crisis, macroeconomic goals and social goals have become relatively dissociated from one another and that the latter have tended to be reduced to the provision of special attention to the needs of the poorest groups in the population.

On the other hand, in the various instances of concertation within the region, emphasis has been placed on reaching agreement with different types of organizations that are, to some degree, integrated into the economic structure. However, the economic situation and, more specifically, the form of adjustment that has been chosen hinder the materialization and continuation of such concertation initiatives.

The author goes on to discuss the incompatibility between a substantive form of social development and a fall in the product and suggests that there is a need for a re-examination of the relationship between economic and social policies and the corresponding division of labour among State bodies. In pursuing this line of thought, one promising concept is that of the association between the growth of the product and the satisfaction of the basic needs of the population.

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Within the framework of the more general concept of development in Latin America, it is interesting to observe the way in which the approaches taken to the issues of basic needs and social policies have changed. Indeed, each new view of regional development brings with it a change in the relationships between the economy and basic needs, as well as a shift in the way economic policies and social policies are ranked.

### I

## Views of development and social policies

Up until the late 1950s, a basically economic concept of the industrialization or "modernization" process in the countries of the region prevailed which, explicitly or implicitly, characterized the satisfaction of the basic needs of the population as some sort of natural by-product of economic growth and, for that reason, social policies were regarded as being subordinated to production policies.

In the 1960s and early 1970s, however, the normative views of development which arose modified, at least at the level of theory, the relationships between economic growth and basic needs in such a way as to make them equal in importance and complementary in terms of policies for their management. The ramifications of this change were not confined to the equalization (in word rather than in deed) of economic development and social development in terms of their priority, but also gave rise to a process whereby social problems and policies began to be seen as separate elements of development. In other words, whether due to the experience of those years or to the re-thinking of development approaches, it began to be understood that social problems are not natural by-products of economic problems, but rather that they have an identity of their own which is affected by a multitude of economic and extra-economic (i.e., political, cultural, psycho-social and historical) processes. Precisely for this reason, even though social policies continued to be

linked to economic policies, their independent identity and specificity began to be recognized.

In the 1980s, the approach taken to development and to the relationships between economic and social problems and policies has changed markedly. A pessimistic view of the present and immediate future of the region, which purports to be realistic and to be based on an "objective" perception of the effects of the crisis and of the failure of some of the national States' expansionary and redistributive policies, has turned the word "adjustment" into an ambiguous term that may refer to either the economic recession or "healthy" growth. Both meanings of the word, although they differ in their application of certain kinds of short-term policies, reflect a belief in the "inevitability" of a drop in the product or the "necessity" of more or less mediocre economic growth rates. In this context, the renunciation of certain types (or all types, in some cases) of economic growth is coupled with a reassessment of the importance attributed to social problems and policies and a reconsideration of their relationship to economic problems and policies.

In fact, for several years now the belief has been expressed that certain significant social goals can be reached in spite of the economic recession or the distressingly slow growth of the regional product. This point of view is diametrically opposed to that of the preceding decades. While the approach taken in the 1960s characterized social goals as secondary offshoots of economic goals and while the two were viewed as being complementary in the 1970s, now, in the 1980s, social goals (at least some of the most significant ones) have become relatively dissociated from overall economic goals, and, as is also true of the social policies that make them possible, have become almost entirely independent issues ... in the realm of theory.

It is not our purpose here to discuss the value assumptions of this concept, the nature of the diagnostic analysis that underlies it, or the coherence of the view it entails of the relationships between social and economic policies, much less to make value judgments about its political meaning. Instead, we are more concerned with considering how this approach is thought to make the achievement of certain social goals possible within a situation of flagging production.

### 1. *The political will of the region's governments*

According to this perspective, the achievement of certain social goals in a context of flagging production requires what is referred to as "the political will of the governments of the region", an expression that apparently alludes to the relations between governments and social groups living in conditions of critical poverty. At one level, it refers to the contents of speeches, plans, policies, programmes, instruments, and amounts and uses of resources, which are or could be defined by the governments, as they relate to the disadvantaged social groups within society and to how they are judged, on the basis of their technical relevance or political appropriateness, by the national and international groups or institutions advocating social development. At another level, this concept seems to refer to the quality of the politico-institutional relationship between the State and these social groups, based on what has been called a special concern for the poorest sectors. Certainly, these two levels, that of the content of public plans and that of the politico-institutional relationship, are regarded as being complementary and, hence, as forceful expressions of the "political will of the governments". In this sense, then, "political will of the governments" and "special concern for the poorest groups" are equivalent or, at least, related concepts, in that the latter specifies the meaning of the former by identifying its social referent.

The term "special", however, has an undeniably comparative connotation; it implies that when the State is faced with competing demands for public resources and the use of power by different social groups or classes, it will choose to allocate a greater share of such resources to the satisfaction of the needs of the poorest social groups. As is obvious, this can only happen if the two have a special socio-political relationship which takes precedence over the State's relationship with other social groups or classes or with the institutions representing them. Naturally, the extent of the difference in the amount of attention the State devotes to the various social interests will depend, all other things being equal, on the amount of resources at its command. If they are abundant, then the State can

combine a special concern for the poorest groups or a special relationship to them with a lesser, but still significant, amount of attention to the more affluent social groups. Conversely, if resources are scarce, then it is more probable that in order to devote special attention to the poorest groups, the State will have to significantly reduce the resources it allocates to the more prosperous social groups and its relationships with them.

## 2. Participatory policies

In Peru, as in other countries of the region, the expression of the political will of the State to give the interests of the poor or marginal social groups a special status was embodied, in past decades, in what are referred to as participatory policies or strategies. National differences or specific conditions aside, these policies were understood as involving the following: political action aimed at promoting the organization of mobilization of underprivileged social groups; allocating economic and political resources to the satisfaction of their basic needs; opening up mechanisms for participation by such groups in local government at the community level; organizing community programmes for joint management in the fields of health, education, housing and employment; or, as in the Peruvian case, reforming the system of ownership in agriculture and industry in order to make it more equitable.

We are not concerned here with evaluating the successes, problems and failures of past experiences with participation at the grassroots level. It is of interest, however, that such participatory policies were preceded or initially accompanied by expansionary economic cycles in the domestic markets in question and by a growing inflow of external resources from the international economy. It should also be noted that the gradual or abrupt elimination of such policies was preceded or accompanied by the beginning of recessionary cycles in these national economies and by the crisis in the international economy.

It should be stressed that these expansionary economic cycles and the inflow of external resources had, *inter alia*, two specific effects on

such participatory policies: firstly, they increased the amount of resources available to reformist States for use in attending to the needs of poor groups; secondly, they minimized or rendered manageable the opposition or reservations expressed in relation to these policies by industrial, financial, commercial and professional groups and, in certain cases, by trade unions. Thus, the expansionary economic cycle permitted the coexistence, at least in Peru, of priority State participatory policies with less, although still significant, State attention to the so-called intermediate organizations belonging to the national power structure.

Especially in the Peruvian case, the most forceful formulations of the participatory approach in the late 1960s and early 1970s were basically concerned with, or made explicit reference to, the relationship between two socio-political entities: the State and organizations of marginal groups (especially of peasant and informal urban sectors, as well as the union movement). In this sense, the expression "grassroots participation" signified a special relationship between these two socio-political entities which dominated or subordinated, at least at the theoretical level, the State's relations with entrepreneurial and professional associations and political parties. Moreover, the prevailing theories held that participation-oriented States should establish a direct link, or one involving as little intermediation as possible, with grassroots social organizations and that, in order for this to be done, it was necessary to bypass or circumvent the "intermediate" institutions whose interests were judged to be external, competitive or opposed to the interests of lower-income social groups.

In practice, the interests of the institutional organizations belonging to the modern economy and the power structure were considered and satisfied relatively fully, but the advocates of the participatory orientation attempted to bypass or devalue them in favour of the State's special relationship with grassroots social organizations. The political consequences of this approach were the reluctance or refusal of the established groups and institutions within the economic and political system to regard the interests of the poorest groups as legitimate or

to agree to share the attention, resources and power of the State. Hence, the hypotheses formulated by the advocates of participatory policies concerning the behaviour of the intermediate organizations within the system acted much like a self-fulfilling prophecy and were thus ultimately borne out. In other words, the political reactions of the strongest industrial,

commercial, financial, professional and even trade-union organizations ranged from distrust to rejection of participatory policies, and they ended up by vigorously defending their own interests when the close of the expansionary economic cycle left the governments' without the economic resources they needed in order to manage social conflicts.

## II

### On concerted action

The examination of the experiences left many people with the impression that there was a need for a critical review of and theoretical improvement upon these participatory approaches. They began by questioning the desirability of confining the participatory approach to the relationship between the State and grassroots social organizations and by asserting that its coverage should be broadened to include the presence, interests and relations with the State of all social groups and representative organizations within the society. They then went on to argue that the allocation of public resources for the achievement of social goals, as well as social policies themselves, should be justified or rationalized in keeping with short-term economic policies. Finally, they contended that the relationship between the State and low-income groups would not be viable in the medium term unless it was protected by a network of political relations between the State and the organizations forming part of the modern economy and the power structure and by a progressively stronger commitment on the part of these organizations to meeting the basic needs of the population. Thus, the subject of grassroots participation gradually became a secondary issue in the ongoing intellectual and political debate as it gave way to a new topic—the concept of concertation—which, since the late 1970s, has become a question of increasing interest to social scientists, politicians and public officials in the region.

A review of the few national experiences with concertation, starting with that of Vene-

zuela and continuing on to the most recent one, in Uruguay, as well as of the Spanish experience, soon leads to the conclusion that these experiences have involved the creation of the political conditions for a transition from authoritarian to democratic systems. The consensus formed in these cases have basically referred to the relations between civilian governments and armed forces, constitutional and institutional guarantees for parliamentary and party systems and a basic minimum of reforms in the structure of the State and in its relationship to the civilian society. The Spanish social pact, among others, also defined the framework for relations between the State and business and labour organizations, as well as basic agreements on price and wage management.

If we then go on to examine the concertation strategies of the countries of the region, we will quickly see that their main components refer to short-term economic policies, the regulation of prices and wages and the creation of institutional frameworks and mechanisms for relations among the State, entrepreneurs and the trade-union movement. In some cases, these strategies include medium-term economic plans, constitutional reforms or the introduction of new institutional instruments. The point I wish to make here is that in none of the cases of which I am aware have these experiences and strategies centred on the definition of social policies or national goals concerning nutrition, a decline in infant mortality, primary health care, or programmes on literacy, housing or basic services in general. In other words, the interests of the



poorest social groups have not been taken into account, at least in any overriding sense, in these concertation experiences and strategies.

If we now look at the works of the region's economists, we will soon note the paucity of studies or proposals relating to either an economy geared towards the satisfaction of basic needs or an economy based on concertation. Furthermore, the growing literature on concertation produced by the region's social scientists in the past decade includes extremely few analyses or specific studies on the links between political concertation and basic needs or between the real agents of concertation and social policies.

In my judgment, this is no accident, and I have two reasons for holding this belief: firstly, because the social or political subjects which propose or take part in concertation initiatives are generally the State, political parties, business societies and the trade-union movement, i.e., the organizations whose power, interests and resources allow them to act directly and independently in the political scenarios of the region; and secondly, because in a context of economic recession, insufficient production and a shortage of resources, the victors in the political struggle to obtain the small economic surplus that exists or to avoid paying the costs of the crisis will be those agents or interests that are the most powerful or the most solidly embedded in the institutional fabric.

The way in which concertation has actually evolved therefore indicates that its focus and practical expression deserve the criticism made of the participatory approach and policies in the past decade although certainly in a different sense. Whereas the participatory approaches devalued the State's relationship with intermediate organizations or those integrated into the modern political and economic structures as a means of fostering its special relationship with the community-level organizations of the lowest-income sectors, the approaches taken to concertation have marginated or devalued the State's relationship with the latter with a view to promoting an exclusive or exclusionary relationship between the State and the former.

An analysis of the above situation also reveals, however, that adjustment policies or those adopted in response to economic recessions tend to:

a) Erode popular support for the governments of the region or cause the breakdown of the implicit social pacts on which their democratic authority and their relatively autonomous exercise of power are based;

b) Reduce the governments' freedom of action as regards their functioning, their management of conflicts of interest or their imposition of limits on mounting processes of anomie or on social and political violence;

c) Heighten the inequality of the political and representational power of the various social groups that are competing for public resources and favourable State decisions;

d) Promote institutional and political disorganization within the less powerful social groups in the society and reduce their representational capacity for gaining access and independently expressing their views to the State or for pressing for or influencing public decisions in their favour;

e) Eliminate the economic surplus or, in other words, the material resource base which permitted these States to direct their actions in the 1960s and early 1970s towards attending to the basic needs of the poorest social groups through participatory policies;

f) Strengthen the privatist, corporatist and sectoral tendencies of intermediate organizations and impede them from integrating or accepting the demands or needs of the poorest social groups;

g) Severely lessen the possibility that consensual agreements on social policies will be reached among the State, organizations representing interests directly connected with the political régime, and the poorest social groups. In other words, they hinder the State from using a combination of participatory policies and concerted policies in order to promote social development.

### III

## Returning to the approach of the 1980s

Having identified what seems to be a general trend in many of the countries of the region, we may now return to one of the initial subjects of this discussion, i.e., the possibilities of relaunching *significant* social policies and goals in economies undergoing recession and adjustment.

Current trends provide grounds for our scepticism about this approach. Even in the midst of a crisis and the implementation of adjustment policies, we do not deny that it is ethically plausible to propose the achievement of social goals and that it may be possible to reduce, in some respects, the speed and intensity of the deterioration in the living conditions of the poor majorities in the countries of the region. There is certainly no question about that, at least for us. It is evident, however, that a discussion of this approach is meaningful only if it indicates that social policies can be reintroduced in a substantive way and that significant social goals, i.e., goals having a recognizable impact and coverage, can be reached. Close examination of current trends, however, indicates quite the opposite. They suggest that a substantive form of social development is incompatible with a stagnation or decrease in the product and thus call for a more careful reconsideration, at the theoretical level, of the relationships between social and economic policies. An analysis of the way that events in the region and concepts about its development have evolved shows that the approach taken in the 1950s, which character-

ized social development as a natural by-product of economic growth, is just as questionable as that of the 1980s, in so far as it seems to portray social development as being independent of productive growth or as a form of moral compensation or political rationalization for a resigned acceptance of the role assigned to the region's national economies in the current world economic order or of the content of recessionary or adjustment policies.

Nothing said up to this point detracts from the importance of the efforts being made to cushion the impacts of the crisis on the poorest social groups or from that of creative initiatives for achieving some minimum goal relating to the population's basic needs. The criticism of this approach, in its strict sense, does not ignore the need to introduce socially selective guidelines for the formulation and execution of economic "adjustments" for the benefit of the poorest sectors of the population. In this respect, when the approach in question is dissociated from its most ambitious purposes or arguments, it can become a source of initiatives for making use of the potential resources of society to benefit the poor, for incorporating the experiences of grassroots organizations into the design and execution of social programmes or for making innovations in the institutional organization of the State or in participatory methodologies for furthering human development.

### IV

## Reformulating social policies

In those countries in which the crisis has been less severe or in which the government has maintained its political will in spite of economic constraints, it is vital that the content of social policies be reformulated. The use of the word "reformulation" refers here, firstly to the need to

ensure that the content of these policies is not defined exclusively in terms of a combination of unmet basic needs (statistically selected by social level, geographic scope or age group), quantitative objectives or targets (defined solely on the basis of the available budgetary allocations), and

action programmes or instruments (defined exclusively by the technical-professional staff or the personnel available within the government service).

Any diagnosis of the situation that does not consider the specific degree of organization of the population to be served, its social practices and degree of mobilization, as well as its potential or real resources, does not provide an adequate basis for determining either what strategy should be used for carrying out social policies or what kinds of goals can be reached.

A similar effect is produced by a failure to take into account the orientations, resources, organization or power of all the social actors, including institutions which are external to the poorest social groups but which are directly or indirectly involved due to the nature of the goals established in accordance with social policies and the public or private resources that have been or could be mobilized. Any diagnosis that does not chart the dynamics of social and political interactions does not permit a precise definition of the goals, resources, strategy or programmes in which public policies are expressed.

The experience gained in the region over the last three decades also indicates that it is necessary to broaden the coverage of what we usually call social policies. This experience seems to show that no social policy can achieve its objectives if it does not incorporate, with the greatest possible degree of precision, the following elements: strategies and mechanisms for participation at the grassroots level by the target social groups; the concertation of the social and political agents or actors that are a part of the public power structure; the decentralization of the State and technical-administrative innovation; and the prioritization, in spatial as well as in social terms, of the actions to be taken. Policies of participation, concertation, decentralization and spatial prioritization are not distinct from social policies and are not, therefore, the responsibility of other public sectors or ministries. They are essential components of social policies as redefined above and their focuses, instruments and practical application are indispensable to the achievement of the goals that have been outlined.

It is equally clear that so-called social policies cannot be defined on a parallel or sectoral basis

by ministries which lack institutional channels of communication or which are only loosely connected by the notoriously unsuccessful mechanisms of inter-ministerial co-ordination. In a situation where resources are in short supply and must therefore be used as efficiently as possible, it becomes more necessary than ever to harmonize the States' social policies and to define common goals as regards the expenditures to be made by public sectors. In reality, a government has, or should have, one single social policy, even though its administrative execution may be carried out by various agencies. Thus, in my opinion, it is necessary not only to consider the institutional option of integrating all "social" ministries by placing them under a single authority, but also to agree upon a single social budget so that social programmes can be articulated or integrated, thereby co-ordinating the time frames for their execution, aligning the pattern of expenditure and maximizing the effectiveness of resource use.

Perhaps the greatest challenge in respect of the design of social policies in the region is the redefinition of their relationship to economic policy. If in the past these two types of policies were regarded as being unrelated to one another, it was because the growth of the product and the satisfaction of basic needs were assumed to be separate spheres of action. This gave rise to the State's division of labour, whereby the former was the responsibility of the ministries of economic affairs and production and the latter that of the social ministries. In its turn, this division of labour led to a division of roles whereby social policies were assigned the functions of offsetting, making up for or rectifying the deviations, omissions or errors of economic policy.

Hence, it is clear that if the style of the product's growth is associated with the satisfaction of basic needs, then economic policy becomes the best tool of social policy or its best operational vehicle. In other words, a progressive transformation of the profile of the social needs to be met, of the composition of productive supply, of patterns of financing, investment, employment, distribution and consumption is actually the best social policy instrument. Should that occur, the present division between economic policies and social policies would disappear.

Thus, I believe that there is an alternative—one which is forcefully suggested by the nature of the current crisis in the countries of the region—to an insistence on the compensatory role of social policies, whether this is based on the continuity of the structural pattern of the productive apparatus and the style of growth or on the inevitable continuation of financial and technological dependence. I am not unaware of the problems involved in bringing about a progressive change in the production structure and the style of growth or in a reconfiguration of the social and political alliances within each national State. However, past failures and those likely to occur in coming years, as well as the enormous human costs associated with the approach which we are calling into question here, indicate that it is plausible to consider, at least as a hypothesis, the pursuit of other options.

We are convinced that a broader definition of social policies and a redefinition of their linkage with economic policies could place the countries in a position to increase the economic,

political and social resources at their command; to organize, on a larger scale, the network of socio-political interests and alliances upon which social policies must be based if they are to have continuity over time and be effective in terms of action; to ensure a more active form of participation on the part of the groups concerned; and to achieve a political coverage that reflects current experiences. In short, they would then be in a position to stimulate the development of an awareness of the plight of the poorest sectors of the region's population and to encourage concerted public action in their behalf.

Unless substantive, albeit gradual changes are brought about in the international economic order, in the socio-political alliances among States, in the content of short- and long-term policies and in the resources made available by an economic, restructuring, sustained and selective form of growth in the productive apparatuses of the countries in the region, it will be extremely difficult for these States to meet the dramatic social challenges facing them.