

SOCIAL COHESION

*Inclusion and a sense of belonging
in Latin America and the Caribbean*

Summary



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Preface

In Latin America and the Caribbean, the idea of social cohesion has emerged as a response to persistent problems which, despite certain achievements over the past few years, continue to exist: high indices of poverty and indigence, the extreme inequality that characterizes our region and various forms of discrimination and social exclusion dating back to the distant past. The actors that might potentially be capable of fostering positive interaction lack a common set of principles of cooperation and communication. While there are usually many reasons for these gaps, the frail material foundation of social cohesion is a stand-out factor – although the problem certainly transcends the mere satisfaction of material needs.

Hence the importance of policies to promote social cohesion based on democratic values. In addition to its unquestionable ethical importance, given its implications for equity, social cohesion has a role to play in assessing the strength of the rule of law, the democratic social order and governance. Its conceptual use, however, has been far from rigorous; it is more akin to a political objective or aspiration, indistinctly associated with a variety of multifaceted social-development issues which are said to promote or impede its achievement.

Since the early 1990s, ECLAC has been working to develop a vision of development suited to a globalized world of open economies. This approach is intended to create positive synergy between economic growth and social equity, within the context of

the modernization of productivity. Objectives such as increased competitiveness, macroeconomic balance and the strengthening of participatory, inclusive political democracy are also emphasized. The ideas submitted by ECLAC in this book represent an attempt to increase the visibility, identity and depth of social cohesion, and advance its adoption as an important beacon for public policies.

To that end, several dimensions of social cohesion are explored. Action in these areas will require resources and political will, in order to reduce gaps caused by exclusion and create a sense of belonging founded upon the effective exercise of citizenship and a democratic ethic. The social cohesion agenda for the region must take into account both the limits and the economic, political and institutional restrictions that constrain the viability of social cohesion. An analysis of the underlying causes of its absence is also indispensable, for at least two reasons: in order to design and implement policies geared toward achieving social cohesion, and to consolidate agreements that will help bring it about. In this book, ECLAC will argue in favour of a social cohesion contract for the countries of the region, taking into account the specific features of each country.

Chapter I provides a definition of social cohesion, in order to address the ambiguity that surrounds the concept. In concrete terms, social cohesion may be defined not only as the inclusion and exclusion mechanisms instituted by society, but also as the manner in which these mechanisms influence and mould individual perceptions of and behaviour toward a particular society or community. After defining the concept, the chapter briefly explores the link between the obstacles preventing the achievement of social inclusion and certain significant features of the current stage of Latin American and Caribbean development. The chapter closes with a reflection on the issue from the perspective of citizen rights.

Chapter II summarizes certain background elements and features of the system of social cohesion indicators used by the European Union, and submits some preliminary ideas regarding the challenges facing Latin America and the Caribbean in this regard. A

system of indicators could be used to apply minimum standards of social cohesion, assess situations of discrimination and exclusion, and measure the progress and effectiveness of public policies in this field.

The contradictory trends which characterize social well-being in the region raise questions regarding social cohesion. Accordingly, Chapter III identifies and analyzes the national socioeconomic characteristics that most directly affect the way individuals perceive their chances of achieving well-being, and therefore contribute to the development of attitudes and behaviour that facilitate or hinder the achievement of social consensus. This approach makes it possible to focus on a limited number of issues and processes. Specific consideration is given to certain structural or “objective” factors – poverty and inequality in the distribution of income, among others – whose relative persistence over time may contribute to the sense of financial insecurity revealed by opinion polls.

Given the definition of social cohesion adopted in this book, it is important to capture the views and perceptions of individuals regarding the level of solidarity their society provides, as well as their definition of solidarity toward others. The survey method used in Chapter IV makes it possible to study the perceptions, views and attitudes of individuals regarding the main social inclusion and exclusion mechanisms in the region. Such perceptions, views and attitudes can ultimately lead to behaviours that facilitate or hinder the development of social covenants.

It is difficult to have an impact on the subjective aspects of social cohesion through public policy. Consequently, a more indirect approach is usually employed. Given the decisive role of economic performance and the distribution of the fruits of development in individual well-being, policies that affect the objective conditions most clearly associated with well-being and quality of life can be more effective in this regard. Chapter V examines three such policies, all of which are intertwined: increasing production opportunities, encouraging the development of personal capabilities and developing more inclusive safety nets to deal with vulnerabilities and risks.

The final chapter describes a social cohesion contract that would solidify agreement with and political commitment to the aforementioned objective, and furnish the economic, political and institutional resources needed to make it viable. As is well known, this is not the first time ECLAC has proposed the adoption of social covenants in the region. Fiscal and social-protection covenants, for example, were developed precisely as a response to the magnitude of the task at hand and the need for long-term sustainability. In this regard, while ECLAC is aware that repeated or excessive use of the idea of a social covenant can diminish its power, it considers the idea of a contract that sheds light on the role and duties of the State and society in the achievement of democratic social cohesion, and encourages them to fulfil such duties, to be a fruitful and innovative one. Chapter VI explains the proper use of the term “social cohesion contract”, details its potential implications and posits certain ideas regarding the funding of such an initiative in the political context described by the book as a whole.

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(ECLAC)

Foreword

At the sixteenth Ibero-American Summit of Heads of State and Government (Montevideo, Uruguay, 3-5 November 2006), it was decided that the theme of the seventeenth Summit, to be held in Chile (8-10 November 2007), would be “Social cohesion and social policies for more inclusive societies in Ibero-America.”

In order to move forward with the analysis of this issue, the Ibero-American Secretariat (SEGIB), with the co-sponsorship of the Spanish Agency for International Cooperation, arranged for the Economic Commission for Latin America and the Caribbean (ECLAC) to prepare one of the core documents for the seventeenth Summit.

The importance of social cohesion for the stable functioning of society, particularly in Latin America, and, above all, for the consolidation and improvement of democratic institutions cannot be overemphasized.

Yet a reminder of its significance is indeed called for, since the focus often tends to be on economic growth. While growth is, of course, of enormous importance, the emphasis on its consideration sometimes eclipses the mutually reinforcing relationship that exists between growth and the social processes which reinforce what ECLAC rightly calls the “sense of belonging” that is engendered by social cohesion.

The European Union has played a pioneering role in identifying and analysing this phenomenon. In its early days, following

the adoption of the Treaty of Rome in 1957, progress towards integration was based on the assumption that the liberalization of economic transactions would lead to major improvements in overall well-being and to reductions in regional differences. As time passed, however, the belief arose that active policies were needed to diminish regional disparities, and this led to the creation of the European Regional Development Fund (1975). Later, the Single European Act (1985) underscored the importance of economic and social cohesion. In 1992, this became one of the goals of the Union, with the establishment of the European Social Fund, and following the Treaty of Maastricht, it was enshrined as one of the pillars of European Union policy.

It is no coincidence that the Ibero-American countries will be gathering to consider how social cohesion can strengthen both inclusion and development. It is well known that Latin America is marked by sharp differences in levels of well-being across countries, among areas within each country, and among different segments of the population. Many of these inequalities are of long standing, but in some cases modernization processes are now exacerbating them. In any event, the countries' development potential is clearly being held back by these exclusionary mechanisms, which limit the development of both individuals and society by fuelling increasingly intractable distributive conflicts.

Progress therefore has to be made towards greater inclusiveness. We stand in need of an appropriate institutional structure, a structure that can be seen as a social contract to work together towards the achievement of certain goals and to adopt a normative framework to regulate the distribution of the benefits of collective action. If such a contract is forged, it will surely help pave the way for a stronger and more stable development process while, at the same time, contributing to greater social cohesion. That cohesion can be expected to give rise to a "sense of belonging" on the part of each citizen, safe in the knowledge that, no matter what changes are encountered in daily life, society will provide some degree of protection.

Obviously, there is no “one size fits all” approach for reaching that consensus or that degree of social protection. The Summit will provide an opportunity for sharing ideas regarding the ways in which the various Ibero-American States conceive of their cohesion policies and are working to put them into practice. It is to be hoped that the conclusions reached there will provide guidelines for further inroads in the direction of equitable and sustained growth.

Crucial inputs for the discussions to be held at the meeting in Santiago are to be found in this book, which has been prepared by ECLAC and which I am honoured to present.

Enrique V. Iglesias
Secretary-General
Ibero-American Secretariat



I

The fundamental importance of social cohesion

Social cohesion becomes a priority in times, such as the present, when an epochal transformation leads to the erosion and questioning of the existing foundations of collective life in society. There are compelling, objective reasons for believing that we are currently in the throes of a historic period of transition, that we are witnessing a paradigm shift in the history of humanity.

The changes experienced by mankind since the advent of industrial society have been examined within the realm of classic sociology. It has fallen to today's generations to observe the unsettling social changes being brought about by the technological revolution, the communications revolution and globalization.

As invariably occurs in the presence of sweeping change, there is a sense of uncertainty. The expectation of new opportunities is intertwined with the progressive loss of the cultural and social maps which, for better or worse, provided some sort of established basis or guidelines for behaviour. A feeling of bewilderment and, at times, resistance to what is happening tend to pervade the various sectors of society.

The Latin American and Caribbean region exhibits a number of unique features that raise some doubt as to exactly what types of conditions are needed in order to engender social cohesion.¹

1. First of all, achieving the growth rates required to generate enough resources to promote greater well-being and combining growth with social equity are both difficult undertakings. The after-effects that the greater volatility of growth has in terms of increased poverty and the vulnerability associated with unstable household incomes tend to erode social cohesion. In addition, growth and greater access to information and communications media fuel expectations of greater well-being, which clash with the concentration of wealth. The resulting perception of social injustice, in combination with frustrated expectations of social mobility and of access to resources and consumption opportunities, eats away at people's confidence in the system, undermines democratic legitimacy and exacerbates conflicts.
2. Steps should be taken to deal with a number of serious constraints in the labour market. The impact of the region's long-standing structural heterogeneity, which can be traced back to the segmentation, early on, of access to assets and production, is being augmented by such changes as rising unemployment, a widening wage gap, mounting informality and various forms of precarization. If an enabling environment for cohesion then passes through a stage marked by constraints on access, limitations in terms of job stability and a weakening of the processes involved in the formation of collective actors, then what sources of support can be used to recreate enclaves of social cohesion?
3. There is a disconnect between material and symbolic assets. The established imaginary of development depicts material and symbolic assets as complementary, and within this framework social cohesion could be associated with that complementarity. Now, however, the region appears to have

¹ This portion of the text is based on arguments presented by Hopenhayn (2005), especially in chapters 5 and 6.

turned that equation on its head. On the one hand, greater access to distance education and communications networks is driving an exponential increase in the stock of symbolic assets available to the bulk of the population, with these assets being disseminated via information, images, symbols and the stimulation of aspirations. On the other hand, the volatility of growth, inequality and employment constraints are hindering access to material assets.

4. Negation of “the other” is a long-standing feature of incomplete forms of citizenship in the region. In Latin America, conquest, colonization and development have gone hand in hand with a persistent negation of the full rights of groups whose racial, ethnic or cultural differences set them apart. In this pluri-ethnic and pluricultural region, indigenous peoples, Afrodescendants and other social groups are the victims of from various forms of discrimination or exclusion.

Even today gender, as a cultural expression of sexual differences, represents a synthesis of what is seen as corresponding to women and to men which structures beliefs and practices in many different hierarchical constructs that discriminate against women, although major strides have been made in some areas, such as education.

These phenomena place the tension existing between multiculturalism and citizenship, and between gender and citizenship, at the historical core of inclusion and exclusion. The groups that are discriminated against not only have more precarious forms of access to education, employment and monetary resources; their exclusion also stems from a lack of political and cultural recognition of their values, aspirations and ways of life.

5. Cultural changes are encouraging greater individualism, but it is unclear how they might reshape social ties. The economy, media-based culture and the more central role of consumption in social affairs all play a part in creating a situation in which private factors and considerations hold greater sway than public

ones do and in which personal autonomy overshadows collective solidarity. These trends raise questions as to how social bonds are to be reforged across the entire spectrum, from the family “micro-environment” to society at large.

6. The greater complexity and fragmentation of the “map” of social actors turns the confluence of common aspirations into a more diffuse process. The collective subjects that played a leading historical role in the realm of political negotiation—trade unions and associations—are becoming increasingly fragmented, and new forms of organization and flexibilization are further segmenting their interests and demands. New actors (women, ethnic groups, youth, landless peasants, ecologists, neighbourhood groups and others) are also emerging whose interests are difficult to integrate into strictly labour-related demands.

Traditional demands for greater social inclusion and well-being have been joined by demands for the recognition of diversity and identity. In an unprecedented development within the sphere of social movements, women are bringing the issue of the relationship between equality and difference into the discussion, arguing that diversity should not be a basis for inequality and that differences should be respected and valued (Ferajoli, 2002). The relationship between politics and culture has thus become an issue that draws much greater attention than before, but it is also a more problematic one (Calderón, Hopenhayn and Ottone, 1996, pp. 47-57).

7. There is now less clarity about the symbolic order and less certainty about the basic minimum norms of sociability. This stems from the citizenry’s keener awareness of the influence exerted by “factic” (neither representative nor public) powers and the opportunities open to the general public, the available information on public and private corruption, the perceived lack of transparency in decision-making and in the implementation of measures that affect everyone, and discriminatory access to justice, along with a lack of clarity regarding the relationship

between merit and reward. These factors corrode the symbolic order, i.e., the citizenry's firm adherence to a normative framework based on reciprocity and respect for the law.

8. There is a gap between the de jure and de facto situations. Equality is a legal norm and a value, not a fact; nor is it an assertion, but rather a prescription – hence the structural distance separating normativity from actuality (Ferrajoli, 2002). As discussed in chapter V, opinion polls reflect a tendency to lose confidence in the justice system and in other public institutions such as the police force and the legislature. This mistrust may stem from the contrast between legal equality and social inequality, the de jure situation and de facto conditions, or the ineffectiveness of the legal system or public policy to ensure the actual enjoyment of rights to which people are formally entitled. This lack of confidence in the justice system undermines social cohesion because citizens see that the rules of the game are not clearly defined and that reciprocity between rights and commitments is lacking.

These considerations demonstrate the multifaceted nature of the issues surrounding social cohesion and call for a systemic approach that embraces such elements as socio-economic inclusiveness, the recognition of diversity, the refinement of disciplinary and supervisory institutions, and the reinforcement of civic culture and solidarity.



II

Social cohesion: a conceptual approach

The concept of social cohesion can be defined in a variety of ways. It usually brings to mind a yearning for a sense of community in the face of globalization and thorough-going changes which, in the eyes of many, are associated with greater social fragmentation and the loss of stable ties. In the realm of critical thought, the idea of cohesion is often contrasted with the corrosion of national States' legitimacy and governance, widening social gaps, the emergence of self-referential identities, excessive economic rationalization and the –also excessive– tendency towards individualization and a weakening of the public sphere.

The concept also tends to be subsumed in ideas of proximate genus, such as equity, social inclusion and well-being. This can be gleaned from an examination of the European Union's agenda, where agreements on social cohesion primarily translate into a broad set of policies and indicators focused on narrowing the income gap and ensuring greater access to employment, education and health care.

Thus, there is no single, clear definition of the concept. This is probably because the European societies' tradition of

social citizenship assumed, as a given, the existence of an intrinsic relationship between social inclusion and the provision of mechanisms for integration and full membership in society.² In this sense, social cohesion can be seen as providing a causative link between integration and welfare mechanisms and individuals' sense of belonging to society. Inclusion and belonging, or equality and belonging, are the pivot around which the idea of social cohesion in welfare-State societies has revolved.

The notion of social cohesion, then, refers both to the efficacy of established social inclusion mechanisms and to the behaviour and values of members of society. Such mechanisms include employment, education systems, entitlement to rights and policies for promoting equity, well-being and social protection. The relevant modes of behaviour and values encompass such varied forms as confidence in a society's institutions, social capital, a sense of belonging and solidarity, acceptance of norms for civic coexistence, and a willingness to participate in deliberative exercises and collective undertakings.

Social cohesion is often confused with other concepts. One approximate method of differentiating this concept is to employ the Aristotelian construct of proximate genus and specific difference as a framework for its definition.

One of the concepts that is closely related to that of cohesion is social capital, understood as people's and social groups' capacity to embrace collective norms, to build and maintain networks and bonds of trust capable of reinforcing collective action and laying the foundations for reciprocal treatment that can then gradually spread to the whole of society.

A second interrelated notion is the idea of social integration, which can be defined³ as the process whereby people can enjoy at

² Some doubt is now being cast upon this relationship, given the recent changes stemming from the restrictions established by welfare States and the situation in which many emigrants find themselves.

³ Definition cited in Spanish-language version of Wikipedia [online] http://es.wikipedia.org/wiki/Cohesi%C3%B3n_social.

least the minimum acceptable level of well-being associated with the level of development reached by a given country. This rather restricted definition contrasts integration with marginalization. In a broader sense, the integration of members of society has been conceived of as a shared system of effort and recompense which helps to smooth out opportunities while working as a meritocracy in terms of the rewards received.

The notion of social inclusion can be regarded as a broader form of integration, one that not only improves access to channels for integration but also fosters greater opportunities for self-determination.

The idea of a social ethic alludes to another essential dimension of social cohesion: the community of values, consensus as to basic normative and social principles, solidarity as an ethical and practical value, and adherence to the value of reciprocal treatment.

In this sense, social cohesion is defined as a dialectic between established mechanisms of social inclusion/exclusion and citizens' responses, perceptions and disposition in terms of the workings of those mechanisms. This concept offers a number of advantages. First of all, it allows links to be forged among dimensions of reality that normally move along quite separate tracks: social policy and solidarity as a value that permeates society; synergies between social equity and political legitimacy; skills transmission and empowerment of the citizenry; socio-economic change, and changes in social interaction; variations in socio-economic factors and changes in collective subjectivity; the promotion of greater equality and greater recognition of diversity; socio-economic gaps; and a sense of belonging.

Second, this definition avoids overly functionalist biases in terms of the mere adaptation of a systemic structure by expanding its scope to embrace what Alain Touraine calls the "dimension of the actor".

Third, when defined in these terms, social cohesion is both an end and a means. As an end, it is a social policy objective, since

these policies seek to ensure that all members of society feel they are an active part of it, that they are both contributing to and benefiting from its progress. At a turning point in history, a time of thorough-going, swift changes triggered by globalization and the new information-society paradigm (Castells, 1999), recreating and locking in a sense of belonging and inclusion is an end in itself.

Yet it is also a means, in more than one sense of the word. On the one hand, this is because the more socially cohesive societies provide a better institutional framework for economic growth and are more attractive to investment, since they offer a trustworthy environment with clear-cut rules (Ocampo, 2004). On the other, it is because long-term policies aimed at creating greater equality of opportunity require a social contract to give them force and continuity, and a contract of that nature necessarily entails the support of a broad spectrum of stakeholders who are willing to negotiate and reach a wide-ranging consensus. In order for such policies to be successful, these actors must feel that they are part of a greater whole and must be willing to give ground in terms of their personal interests for the greater good. The citizenry's greater willingness to support democracy, play a role in public affairs and deliberations, and place trust in society's institutions, as well as the people's greater sense of belonging to the community and solidarity with excluded and vulnerable groups, pave the way for the social covenants or contracts needed to underpin policies for achieving equity and inclusion.

A sense of belonging to society is a pivotal component of the various definitions of social cohesion. It is ultimately a subjective factor, consisting of the perceptions, value judgements and attitudes of the members of society. A strong "micro" sense of belonging may coexist, however, with a "macro" environment in which social cohesion is in serious jeopardy. In other words, cohesion may exist within a community while, at the same time, the structure of society at large is coming apart.

One almost paradigmatic case in the region is that of national societies with large indigenous populations or, above all, societies

in which there are minorities that define themselves as separate peoples. These groups may well be very cohesive, with strong ties binding individuals to the community and collective values that enjoy wide acceptance. From a broader perspective, however, the surrounding societies are fragmented by socio-economic and cultural gaps between groups marked by ethnic and racial differences. Thus, largely self-referent groups may live side by side without any notable degree of social cohesion existing between them and in the presence of conflicts in terms of social cohesion that set them apart from the rest of society.

Indigenous peoples are not the only such case, however. The intensive development of the culture industry has also transformed many groups –particularly among young people– into veritable “urban tribes” which are possessed of a very strong sense of intra-group belonging, as well as their own linguistic and aesthetic codes, but which are isolated from outsiders. This sort of cultural diversification segments society while tightening bonds within specific groups.

The endowment of social rights is a manifestation of genuine membership in society, implying as it does that all citizens are included in the development dynamic and enjoy the well-being such development promotes.

Unlike civil and political rights, social rights require greater social progress and equality. A society of equals is a just society. According to John Rawls (1971), this means that a society should be able to guarantee universal access to certain social goods, such as rights, liberties, an income sufficient to afford a decent life and the necessary power to participate in collective relations. Similarly, Norberto Bobbio (1995) contends that, since the market lacks any sense of distributive morality, the inequitable logic of capitalism should be counterbalanced by the political will to seek equality of opportunities and compensation for sustained effort so as to establishing a “civilizing minimum” for all

Consequently, the point where citizenship and belongingness intersect is also the point at which instituted social rights intersect

with internalized social solidarity. Social cohesion thus calls for a greater willingness to give up certain benefits in order to reduce the exclusion and vulnerability of groups that are worse off. This is not only an ethical value, but also a practical one, inasmuch as individuals believe that they stand to gain more by being part of a “we” and that what is good for the community is good for the individual because it provides greater security and protection in the future (Hirschman, 1970).

Finally, citizenship is linked to a sense of belonging that is engendered by the confluence of equality and differentness. It is at this point that greater equality of opportunities must be combined with policies of recognition. Belongingness is built not only out of greater equity, but also out of greater acceptance of diversity. A society cannot internalize a “we” if it acts as though certain collective identities were invisible, if it practices institutionalized or informal discrimination against groups on the basis of social, geographic, gender, age or ethnic differences, or if it perpetuates social disparities rooted in ethnicity, gender, age or creed.

III

An approach to the measurement of social cohesion

Article Two of the 1992 Treaty on European Union, also known as the Treaty of Maastricht, states that the objective of the Union is to “promote economic and social progress which is balanced and sustainable, in particular through the creation of an area without internal frontiers, through the strengthening of economic and social cohesion and through the establishment of economic and monetary union...”.

Yet it was not until March 2000, when representatives gathered at the European Summit in Lisbon, that the European Council defined an explicit social agenda and concluded that “steps must be taken to make a decisive impact on the eradication of poverty by setting adequate targets to be agreed by the Council by the end of the year”.

Four basic objectives were set for 2010:

- To facilitate participation in employment and access by all to resources, rights, goods and services;
- To prevent the risk of exclusion;

- To help the most vulnerable; and
- To mobilize all relevant actors in combating poverty and social exclusion.

The emphasis here is on overcoming poverty and social exclusion. The European Union defines these terms as referring to situations in which people cannot participate fully in economic, social and civic affairs and to those in which people's personal, household, social or cultural resources or incomes are not sufficient to allow them to enjoy what their society regards as acceptable living standards and quality of life and who are therefore unable to full exercise their fundamental rights.

The task of defining social cohesion indicators has been entrusted to the Indicators Sub-Group of the Social Protection Committee, which was established by virtue of a special mandate issued by the European Council when it met in Lisbon.

Europe's efforts in this area have followed somewhat of an evolutionary path. The starting point was the seven structural indicators defined by the European Commission in 2000. Then, in September 2001, a high-level conference entitled "Indicators for Social Inclusion: Making Common EU Objectives Work" was organized in Ambers. ⁴ In December of that same year, in Laeken, ⁵ the European Council adopted a list of 18 indicators covering four basic thematic areas: income, employment, education and health. These indicators, whose number was increased to 21 in 2006, are tools for measuring progress in the pursuit of the objectives set out in the European social agenda.

These 21 social cohesion indicators (12 primary and 9 secondary measurements) can be summarized as follows:

⁴ This conference resulted in the publication of the book *Social Indicators: The EU and Social Inclusion* (Atkinson and others, 2002), which laid the conceptual and methodological foundation for the development of the social cohesion indicators used in Europe.

⁵ This Council meeting was held at Laeken Castle (Brussels), the residence of the Belgian royal family. The social cohesion indicators used by the European Union are therefore known as the "Laeken indicators".

Primary indicators

- Low income rate after transfers (threshold set at 60% of median income)
- Low income threshold (illustrative values)
- Distribution of income (quintile 5/quintile 1)
- Persistence of low income
- Relative median low income gap
- Regional cohesion (dispersion of regional employment rates)
- Long-term unemployment rate
- Number of persons living in jobless households
- Early school leavers not in education or training
- Fifteen-year-old students with low reading illiteracy scores
- Life expectancy at birth
- Immigrant employment gap

Secondary indicators

- Dispersion around the low-income threshold
- Low income rate anchored at a moment in time
- Low income rate before transfers,
- Gini coefficient
- Persistence of low income (below 50% of median income)
- Workers at risk of poverty
- Long-term unemployment share
- Very long-term unemployment rate
- Persons with low educational attainment

As the reader will see, within the context of European social policy, the expression “social cohesion” is used as a synonym for the notions of social inclusion and exclusion, poverty and vulnerability. In recent years, however, as a result of the influx of immigrants having different cultural roots, the issues of identity, belonging and multiculturalism have become a vital focus of public debate.

The situation in Latin America is very different from that of Europe, and this introduces a number of major additional complexities in the task of measuring social cohesion.

First of all, the socio-economic environments of Europe and Latin America constitute two essentially separate universes. Latin America is home to over 650 indigenous peoples, each with their own culture, religion and way of life. In addition, according to World Bank figures,⁶ in 2005 the European Union's per capita GDP, calculated at purchasing power parity (PPP), was US\$ 26,038, whereas Latin America's was only US\$ 7,575. Whereas the European Union has a Gini coefficient for labour income on the order of 0.32, Latin America's is approximately 0.53. Thus, we are talking about, on the one hand, a rich, egalitarian region and, on the other, a middle-income region where that income is poorly distributed.

Second, we are working with a concept that involves a number of new dimensions, one for which the measurement of objective gaps in society (e.g., income, employment, education and health), must be combined with other new ones, such as housing, pensions and the digital divide. This entails accepting the proposition that the distribution of well-being and opportunities involves much more than simply the distribution of labour income.

Third, our concept is one that opens up new frontiers (including institutional factors and belongingness), and this means that we are working under serious constraints in terms of the available sources of data. Latin America has no standardized household surveys at the regional level, and panel surveys are few and far between.

The task we have set ourselves is not an easy one. It will require a major effort to structure a system of coherent, functional indicators whose properties and objectives are such that it will be capable of reflecting Latin American realities in all their complexity.

⁶ World Bank, World Development Indicators Database, 2005.

In what are still very preliminary terms, a general framework for measuring social cohesion might consist of the following elements:

■ **Table 1**

SYSTEM OF SOCIAL COHESION INDICATORS: COMPONENTS AND FACTORS

Indicators		
Gaps	Institutions	Belonging
<ul style="list-style-type: none">• Income inequality• Poverty and indigence• Employment• Education• Health• Housing• Pensions• Digital divide	<ul style="list-style-type: none">• Effectiveness of democracy• State institutions• Market institutions• Family	<ul style="list-style-type: none">• Multiculturalism• Trust• Participation• Expectations of mobility• Social solidarity

Source: Economic Commission for Latin America and the Caribbean (ECLAC).

The exact definition of each of these components and the associated indicators are still being explored and developed. As in Europe, however, it is clear that a system of indicators and a database are needed that can be used to track trends and changes in social cohesion in the region.



IV

A preliminary outline of some objective social cohesion variables

The task of accurately defining a specific system of indicators for measuring inequalities or objective gaps is a work in progress, and ECLAC is currently executing a project in this field. Sufficient information has already been compiled, however, to provide an initial, although still fragmentary, picture of the situation in Latin America in terms of major indicators for gauging social cohesion.

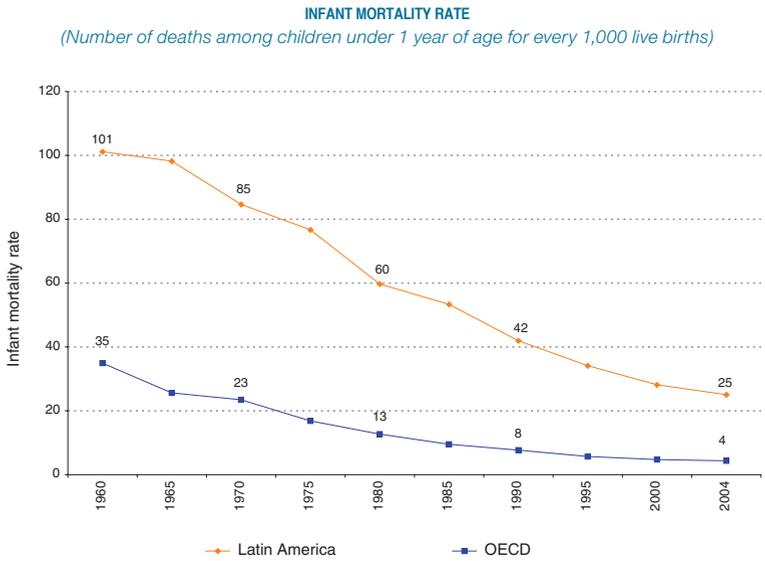
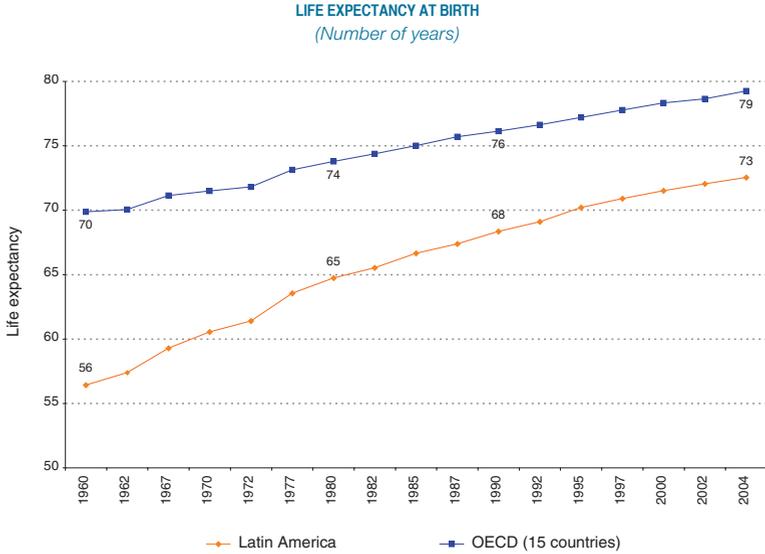
This is not to say that an effort will be made to establish a direct link between certain adverse economic conditions and the feelings of insecurity, disaffection or rejection reflected in survey results. The ways in which such “objective” economic conditions are translated into people’s perceptions and attitudes are quite complex; the interpretation of such conditions will depend on cultural, social and political factors and will thus vary in different specific situations. As discussed in the chapter on the concept of social cohesion as such, a dialectic is presumed to exist between the objective factors deriving from established social inclusion and exclusion mechanisms and the responses, perceptions and attitudes of the citizenry towards the manner in which these mechanisms operate.

Living conditions have improved significantly for the population of Latin America over the past few decades. In just 30 years, life expectancy at birth has increased significantly, and infant mortality, mortality among children under five and undernourishment have all dropped considerably. Most of these public policy achievements have been accompanied by greater access to health care and significant investments in basic infrastructure. This has provided a large and constantly growing percentage of the population with safe drinking water and basic sanitation services, and progress in these areas has in turn paved the way for other improvements in living conditions in the region.

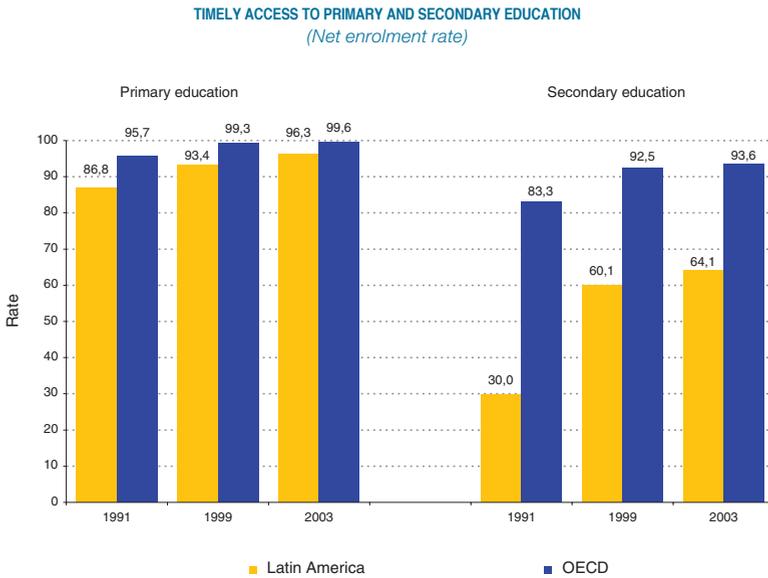
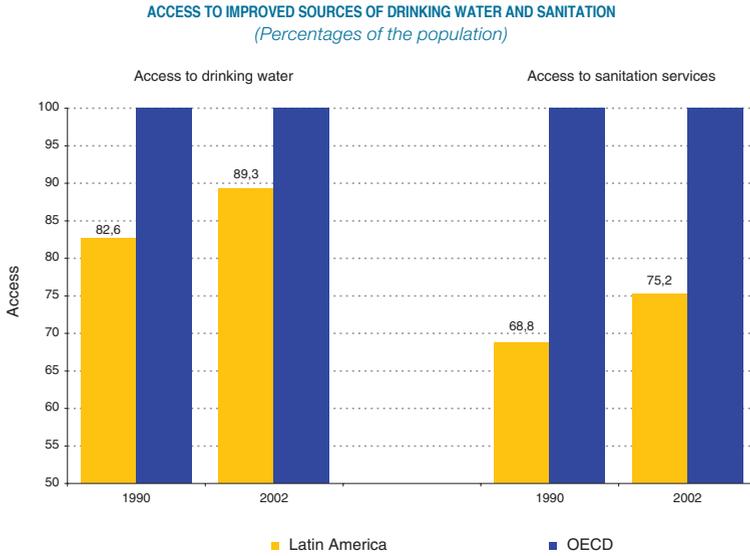
Adult illiteracy has been reduced, the coverage of primary education has been greatly expanded and access to secondary education for young people has increased in a very short period of time, at least in comparison to the amount of time it took countries with the highest levels of per capita income to achieve the same degree of coverage. Technical and higher-education coverage has also expanded in many countries during the past decade. The very speed with which enrolment has risen has not only reduced gaps in access to education between different social strata, however, but has also devalued the increased educational capital possessed by young people. The rapid rise in demand for the specific knowledge and skills required to handle highly sophisticated production processes has also contributed to this devaluation.⁷ This, in addition to a failure to create enough quality jobs, has made it difficult to translate higher levels of education into improvements in the distribution of income.

⁷ The "massification" of education is, in fact, a stage every developed society has experienced. What sets this process apart in Latin America, especially in those countries which have attained the highest levels of primary- and secondary-education coverage, may be that, in addition to occurring very quickly, it has taken place during a period (globalization) of significant transformations in the labour market. These transformations are characterized by changes in hiring conditions, a relative decline in the number of available jobs and a demand for greater qualifications and skills. The speed with which the region's population has entered the formal education system has played no small part in these changes, as the educational system has been given very little time to adjust. Hence, at least part of the problems facing the region in terms of the quality of education stem from outdated or irrelevant curricula.

Figure 1
QUALITY-OF-LIFE INDICATORS: TRENDS TOWARD CONVERGENCE BETWEEN LATIN AMERICA AND 15 OECD COUNTRIES



■ Figure 1 (concluded) ■



Source: Special tabulations of World Bank data, World Development Indicators (WDI).

There is a long list of indicators that reflect improvements in the standard of living of the population⁸ and its access to the resources that make such achievements possible; urbanization, changes in fertility patterns and family structure, and the rapid entry of women into the labour market have also been contributing factors. These processes (particularly the latter two) have helped to reduce absolute poverty, as working women raise household income and the number of dependent household members in the active population drops.⁹

Three factors should be noted with regard to these achievements. First, most of this progress has taken place in less than three decades, which means that all of these benefits are being reaped by the same generation or, at the least, are regarded as constituting an improvement over the conditions experienced by the preceding generation.

Second, the improvements in quality of life reflected by “hard” or objective indicators have raised the level of well-being not only for middle-income strata, but also for lower-income sectors, thanks to reductions in some of the gaps that existed two or three decades ago.¹⁰ Increased well-being in very basic areas, however, is accompanied by greater aspirations, and so “needs” (along with the goods to meet them) also multiply.¹¹ The consumption aspirations of middle- and low-income strata thus become permanent expectations that are out of proportion to these people’s incomes,

⁸ For example, the rapid expansion in access to durable goods (refrigerators, telephones, television sets, motor vehicles, computers, etc.) revealed by population and housing census figures reflects significant improvements in well-being that are not directly detected by poverty assessments based on household income. As will be shown below, it was not until 2005 that absolute poverty in the region, defined as a lack of sufficient income to satisfy basic needs, was reduced to 1980 levels. However, population and household census data from the early 1990s and the current decade reveal considerable increases in access to durable goods in every Latin American country.

⁹ See ECLAC (2006c), chapter 2.

¹⁰ The improvements reflected by indicators for the entire region have, of course, been reached starting from different baseline situations, and this has led to different levels of inclusion in each country.

¹¹ This is especially true in the case of urban middle-income strata, which have seen their well-being improve but whose consumption expectation have also risen rapidly. Among strata whose income has increased, the “empty half” of the glass appears to be growing larger than its “full half”.

whose levels largely depend on the growth of national income and its distribution.

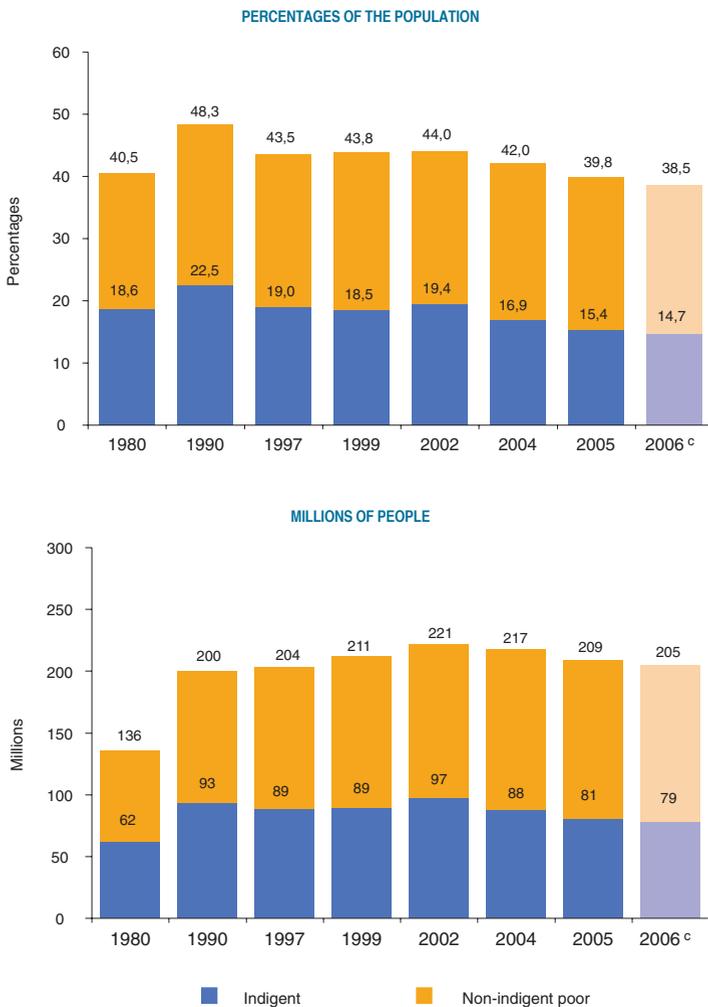
Third, improvements in well-being indicators are usually the result of government efforts as reflected in public policies. People are likely to give their government credit for those achievements, but they are also likely, above all, to blame it when things go wrong. When a significant percentage of the population remains excluded from such benefits, and especially when the manifestations of exclusion affect members of the same stratum or social group, citizens feel dissatisfied with the government, with institutions, with political parties and with their representatives (i.e., the political class).

Latin America and the Caribbean have recently been experiencing fairly rapid economic growth (4% per year between 2003 and 2005) compared to the historical average.¹² Overall, however, economic growth over the last three decades has been very slow and falls short of the level which, according to ECLAC estimates, would be necessary to provide productive employment for the labour force and reduce absolute poverty. Since the mid-1970s, GDP has grown at an average rate of 2.8% per year – little more than one point higher than population growth. Perhaps the most frustrating aspect of the economic evolution of Latin America, however, is the persistent gap in per capita GDP between the region and the developed world. This gap has existed since the early 1970s and has continued to widen in recent years, despite the region's rebounding growth rate.

This lack of buoyancy has hampered efforts to achieve a greater reduction of absolute poverty in the region. In fact, it was not until 2005 that the region as a whole was able to regain the ground lost during the 1980s in terms of poverty, even though some countries did succeed in reducing their poverty rates beginning in the 1990s. With a per capita income 12% higher than that of 1980, the

¹² ECLAC estimates that regional GDP will grow by 5.3% in 2006, making the last four years (2003-2006) the best ones in the last quarter of a century in terms of regional economic growth. A recent study (United Nations, 2005) notes, however, that the five economies that have an extreme poverty rate of over 30% would have to grow by more than 5% per year – possibly even by 9% – in order to halve that poverty rate by 2015.

■ **Figure2** ■
LATIN AMERICA:^a POVERTY^b AND INDIGENCE, 1990-2005
(Percentages and millions of people)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of national household surveys.

^a Estimate for 19 countries.

^b Includes persons living in indigence.

^c Figures for 2006 are projections for all countries; figures for 2005 are preliminary estimates for some countries and projections for others.

region had the same poverty rate in 2005 as it had 25 years earlier – approximately 40%. That rate is expected to drop to 38.5% in 2006. During the same period, the poor population increased in size from approximately 136 million to 205 million (see figure 2). Over the last 16 years poverty in Latin America is therefore estimated to have been reduced by slightly less than 10 percentage points, although the poor population actually increased by 5 million.

One of the worst consequences of insufficient, highly volatile growth is the fact that, over the last 25 years, the percentage of the population living in extreme poverty or indigence – one of the most glaring manifestations of social exclusion – has not been substantially reduced.¹³ As of 2006, an estimated 15% of Latin Americans were living in households with incomes lower than what they would need to be able to meet their food needs.

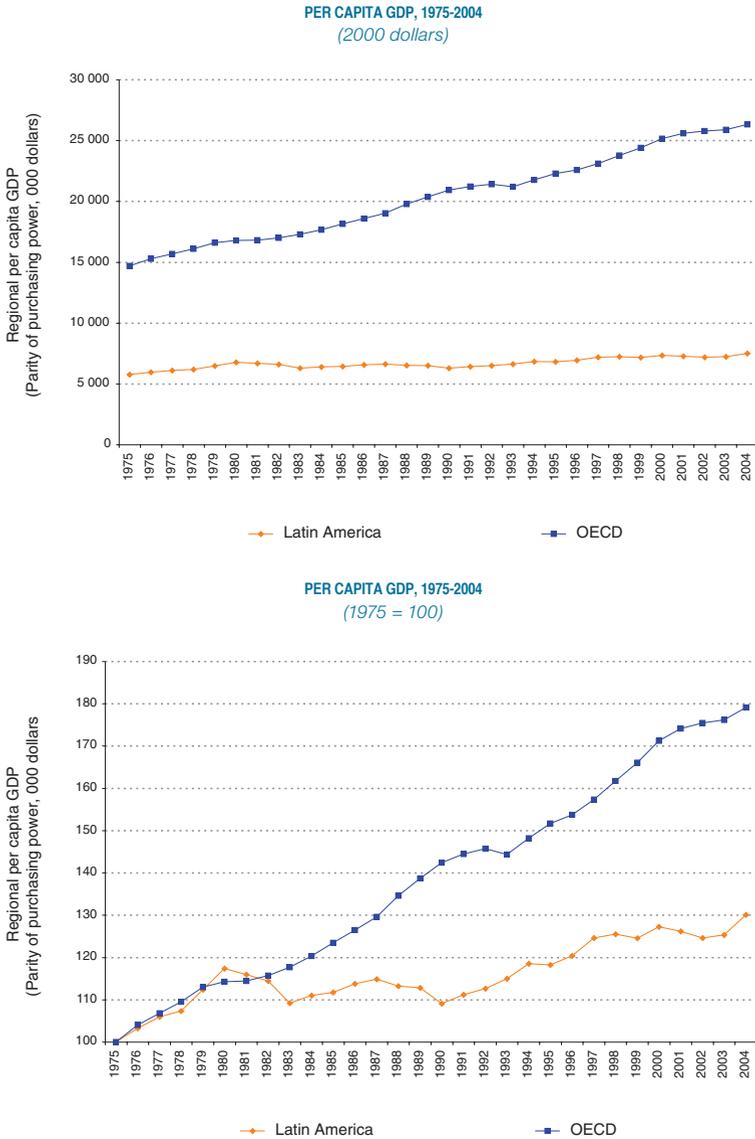
The link between economic growth and the reduction of extreme poverty is becoming weaker, however. Higher GDP growth rates are now required to bring about the same reductions in poverty and extreme poverty that were achieved with lower rates just a few years ago. There are only two or three countries in which this situation can be attributed to the fact that, as the overall level of poverty declines, it becomes less likely that a given level of growth will make a dent in hard-core poverty.¹⁴ Most countries in the region are far from reducing poverty to the point where growth would not benefit the poor, if only through trickle-down effects.

Figure 3 tracks the trend in per capita income in Latin America and shows how its low growth rate has widened the gap between the region and developed countries. If the region had matched the annual growth rate of the 15 OECD countries between 1980 and 2005, today its poverty rate would be roughly 15 percentage points lower than its present level.

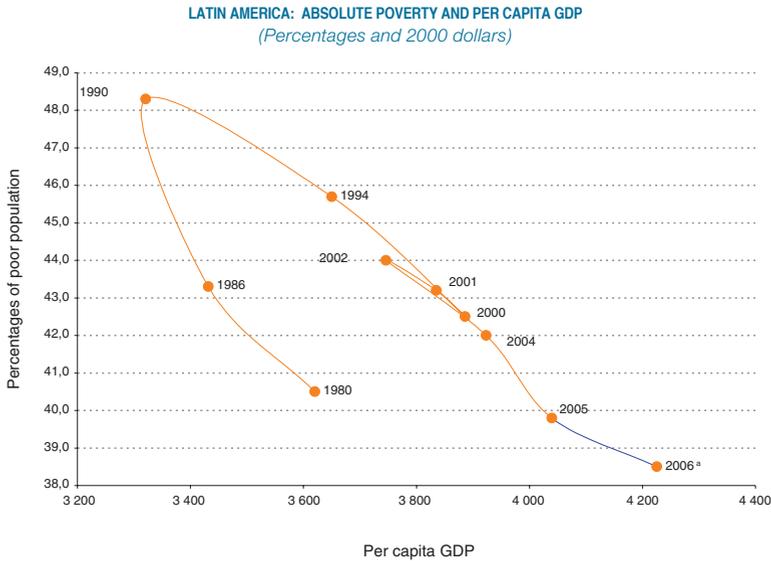
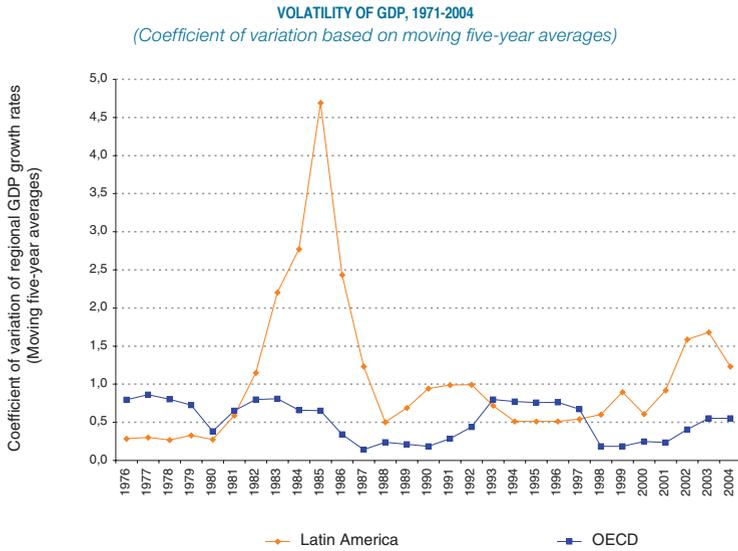
¹³ According to ECLAC estimates, the number of persons living in extreme poverty in Latin America rose from 62 million to 79 million between 1980 and 2006.

¹⁴ This may be the case in Chile and Uruguay, where extreme poverty is near or below 5%. It is not the case, however, in countries where extreme poverty exceeds 20% or even 30%. The most recent ECLAC estimates on poverty and extreme poverty can be found in the 2005 edition of *Social Panorama of Latin America* (ECLAC, 2006c, p. 317).

■ **Figure 3** ■
INDICATORS OF DIVERGENCE BETWEEN LATIN AMERICA AND 15 OECD COUNTRIES AND OF VOLATILITY



■ Figure 3 (concluded) ■



Source: Special tabulations of World Bank data, *World Development Indicators (WDI)*, and Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America* (various issues), Santiago, Chile.

^a Projections.

This figure also illustrates the macroeconomic volatility of the region, particularly over the last two decades.¹⁵ This has become a determinant of poverty and has aggravated inequality in the distribution of income in countries that have experienced a sharp decline in GDP.¹⁶ The effects of recessionary cycles are exacerbated by a tendency in most countries towards procyclical spending in the public sector, and sometimes in the social sector as well, which magnifies the regressive effects of downturns in the business cycle.¹⁷ The vulnerability of low-income groups is thus linked to the economy's vulnerability to external shocks and domestic adjustments (ECLAC, 2006c).

Over the last 25 years, in addition to low, volatile growth, the region's highly unequal income distribution has been another factor in blocking a greater reduction in absolute poverty and exclusion in Latin America and the Caribbean. This distributional inequality, which is greater than in any other region, is, in large part, responsible current poverty levels and poverty gaps¹⁸ (ECLAC/SEGIB, 2006). If the distribution of income were less unequal, poverty could be far lower than it is today, even with the same per capita income level. To quote a recent study on the conditions required to achieve the first Millennium Development Goal: "...the main obstacle to the success of poverty reduction efforts in Latin America and the Caribbean is that the medicine which is most effective in treating the poverty that afflicts the region – inequality reduction – is one that the region seems to find very difficult to dispense. A little inequality reduction would go a long way towards reducing extreme deprivation in this region" (ECLAC/IPEA/UNDP, 2003).

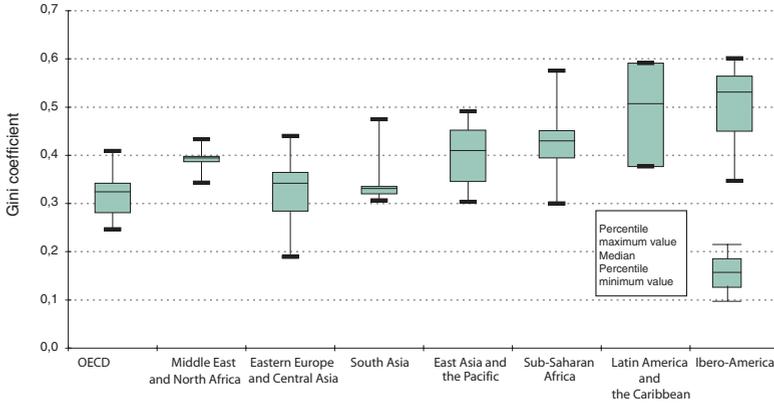
¹⁵ During the 1990s, the coefficient of variation in GDP growth rates in Latin America and the Caribbean was more than twice that of the developed world and the developing countries of Asia.

¹⁶ In the case of Central America, the evidence clearly suggests that the reduction of poverty requires not only economic growth, but stable economic growth. See Sauma (2006).

¹⁷ Given the widespread awareness that exists today regarding the need for countercyclical policies to protect the most vulnerable groups, special attention must be paid to the macroeconomic environment if the redistributive decline associated with the economic cycle is to be avoided. Consequently, ECLAC has stressed the need to create a solid and stable macroeconomic environment, guided by countercyclical policies, in order to protect and empower the most excluded sectors. This is an essential prerequisite for an agenda that aims to promote equity.

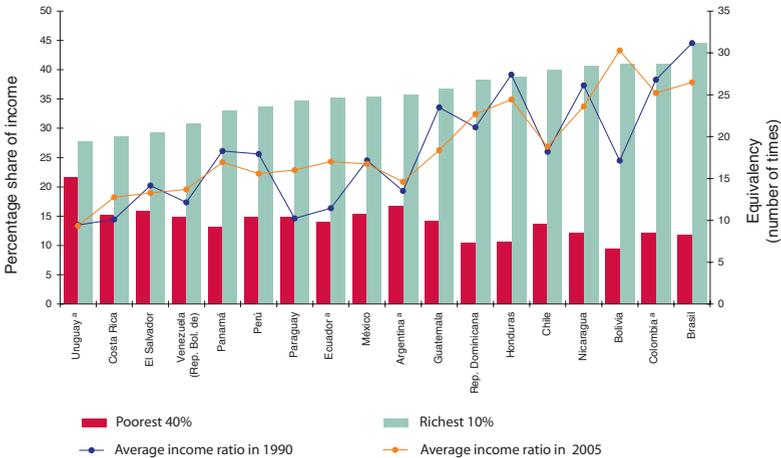
¹⁸ The poverty gap is the difference between the average income of the poor and the income required to exit poverty.

■ **Figure 4** ■
WORLD REGIONS: GINI COEFFICIENT, 1997-2004
(Concentration of per capita income, by income decile)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of national household surveys, and World Bank, *World Development Indicators (WDI)*.

■ **Figure 5** ■
LATIN AMERICA: TOTAL INCOME SHARES AND MEAN INCOME RATIO FOR THE POOREST 40% AND RICHEST 10% OF HOUSEHOLDS, 1990-2005



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of national household surveys, and World Bank, *World Development Indicators (WDI)*.

^a Urban areas.

One of the distinctive features of this distributional inequality is the large share of income that is absorbed by the highest-income stratum of the population, particularly the richest 10%. The gaps between intermediate groups (deciles) are not particularly pronounced. In this regard, the region resembles more egalitarian countries. There is “an abyss,” however, between the wealthiest decile and the next 10% (IDB, 1999). In European countries, the income of the richest 10% exceeds that of the ninth decile by no more than from 20% to 30%, whereas, in Latin America, the gap between these two deciles is greater than 100% and, in some cases, exceeds 200%.



V

Analysis of some subjective variables affecting social cohesion

Latin America does not possess a systematic, coherent set of subjective indicators for social cohesion. However, what information is available, although fragmented, does help to illustrate the situation of certain variables associated with social cohesion in Latin America.

One source of information is Latinobarómetro, an opinion survey that covers a wide range of subjects. This survey also has certain limitations,¹⁹ however, so the data it provides must be treated as purely illustrative in nature.

1. Perceptions of justice

Latinobarómetro indicates that a large percentage of the population²⁰ regards the legal system as unfair, discriminatory and, what is more,

¹⁹ These limitations are significant because the Latinobarómetro questionnaire is not designed to measure social cohesion. Consequently, for the purposes of this analysis, the information it compiles is neither systematic nor coherent, but rather illustrative and fragmentary.

²⁰ People aged 16 and over were interviewed for the Latinobarómetro surveys. The idea is for the samples used (covering 18 of the region's countries) to be representative, so they include some 1,200 respondents in each country and are designed to be internationally comparable.

inefficient. Only a little over a third of those interviewed in 17 countries (36% in 2001 and 35% in 2003) say that they agree or strongly agree with the statement “The judicial system punishes the guilty no matter who they are”. There are sharp differences across countries, however. In Argentina and Paraguay, fewer than one person in five (18% on average) agrees with the statement, while in Nicaragua and Uruguay almost half (47% on average) do so. There are also differences between respondents of different ethnic origins. In Bolivia, Guatemala and Peru, the percentages agreeing with this statement are significantly lower among indigenous people²¹ than in the population at large (12, 7 and 17 percentage points, respectively). This finding should be borne in mind, because differences by ethnic origin become more significant when we turn to personal attitudes and predispositions, which are subjective factors that are “closer” to behaviour.

2. Job insecurity

Many Latin Americans also express concern about the possibility of losing their current position in the near future, and this does not seem to have changed since the mid-1990s. In 2005, three out of every four working people²² said they were “very concerned” or “concerned” when asked “How concerned would you say you are that you will be left without work or unemployed during the next 12 months?” A review of the Latinobarómetro series for this question shows a rise in concern about the possible loss of employment peaking at 80% in the region in 2002, partly owing to the increase in Argentina (from 72% in 2000 to 86% in 2002) and Uruguay (from 63% to 74% in the same years). There were also increases in Brazil, Chile, Honduras and Panama in the early years of the decade.

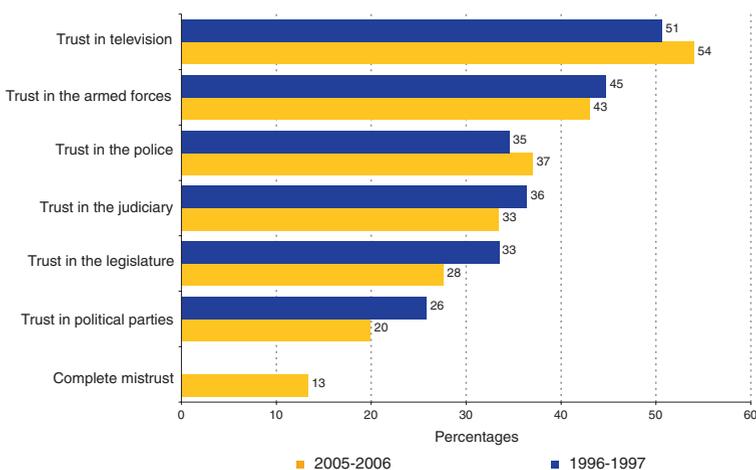
²¹ Latinobarómetro introduced a question about language for the first time in 2003 (“What is your mother tongue?”), and this was used as a proxy variable for membership in indigenous populations.

²² This question has been amended over the nine years of its inclusion, and since 2004 only those actually working have been asked it. To make the data comparable, use was made of information about employment status given in the questionnaire itself and only answers from respondents stating they were in work were counted.

3. Trust in institutions

This type of trust can be defined as “the belief that a person or group will be able and willing to act appropriately in a given situation”. It thus constitutes “a temporary suspension of the basic uncertainty surrounding the actions of others”.²³

■ **Figure 6** ■
LATIN AMERICA (17 COUNTRIES): TRUST IN INSTITUTIONS
(Percentage of people expressing trust)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of microdata from *Latinobarómetro 1996-2005* and figures from *Latinobarómetro Report 2006*.

Levels of trust fall dramatically when people evaluate the institutions most directly linked to political power: the judiciary (33%, ranging from 15% to 52% in different countries), the legislature (28%, with similar fluctuations) and political parties (19%, with less dispersion across countries). As many as 13% of those surveyed expressed mistrust in all persons and institutions, a pattern that is most pronounced among people of indigenous origin (and women more than men) and the poorest.

²³ See Spanish-language version of Wikipedia [online] <http://es.wikipedia.org/wiki/Confianza>.

4. Multiculturalism and discrimination

The emergence in the region of the issue of multiculturalism, meaning a manifestation of diversity and the coexistence in a society of groups with different cultural codes, is associated with two fairly new and interrelated social situations that are influencing countries' degree of social cohesion: the emergence of indigenous peoples as social actors, and the resulting rapid increase in conflicts associated with their greater prominence and the demands they make on national States (Cobo, 1999).

The fact is that exclusion and discrimination in all their forms (against women, indigenous populations, older adults, the disabled, the poor, religious or ethnic minorities, those evincing non-heterosexual preferences), based on what are almost always ascriptive characteristics in terms of symbolic and cultural representations of what constitutes "difference", fracture a society's identity, undermine the sense of belonging to it among those affected and, consequently, impair social cohesion. This is a complex phenomenon (and one with clear historical and cultural roots in the case of discrimination against indigenous peoples) that manifests itself subjectively in sociocultural representations, stereotypes, traditions and stigmas, and in symbolic expressions of inequity, which do not always have a direct link to people's material living conditions and which, in any event, transcend them (Székely, 2006).²⁴

As for discrimination, it would be a mistake to think that these attitudes and the practices associated with them were more powerful

²⁴ The following statement about the region, made a decade ago, still holds true today and, in a more generic sense, interconnects with the labyrinths out of which Octavio Paz sought to extricate the problem of Mexican identity: "Because of our own 'substantial' precariousness, we have constructed ourselves by denying the other; and this denial is a cornerstone of the Latin American imaginary: sign, stigma, phantom. Identity based on this denial is always a deferred identity: the *criollo* is non-Indian, but that does not make him European; his compulsion to shun difference prevents him from seeing difference within and outside of himself, so that he denies part of his own being. In the case of the Indian, difference is also blocked out in his subjectivity, because it is experienced as aggression, deprivation or subjugation. The dialectic of the integrated and the excluded, so often employed in the successive crises of modernization, would seem to have its ultimate source in this original denial of the other" (Calderón, Hopenhayn and Ottone, 1996, p. 71).

or occurred only or mainly in countries with a larger proportion of indigenous people, such as Peru, Mexico, Bolivia and Guatemala. The racial mixing characteristic of Latin America complicates the picture: sometimes subtly, sometimes not so subtly, discrimination also affects people of mixed race who, chiefly because of their physical appearance, are restricted in their opportunities for recognition, status and access to well-being on equal terms with the Caucasian population. In a number of Latin American countries, furthermore, it is race rather than membership in indigenous groups that provides the basis for discrimination against those of African descent.

5. Social solidarity

Within this context, the concept of solidarity, i.e., “unity or agreement of feeling or action”,²⁵ refers especially to mutual support given in difficult circumstances.

Figure 7 shows how Latin Americans perceive the degree of solidarity exhibited by their fellow citizens and the importance they assign to the need for greater solidarity. As may be seen, while on average more than half the population in these countries think their fellow citizens tend to show solidarity, a strikingly higher percentage of people have a negative perception in poorer societies with substantial proportions of indigenous people. Conversely, the countries where people perceive the greatest social solidarity among others are the ones with the most robust social policy institutions, the most active anti-poverty efforts and, generally speaking, the highest levels of trust.²⁶

In the light of the information given about trust and solidarity, the question arises as to whether some “social fissure” is

²⁵ Definition from the Concise Oxford English Dictionary.

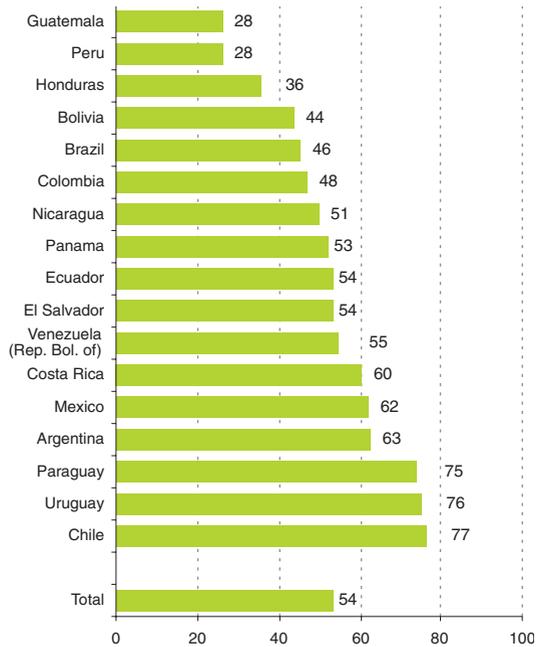
²⁶ In 1997, the United Nations Development Programme office in Chile and the Centre for Public Studies (CEP) carried out a national survey on human security based on a representative sample of 1,504 people. In this survey, 63.8% agreed with the statement “People are unlikely to do anything for others without expecting something in return” and 76.1% agreed that “People override respect for others in order to pursue their individual goals” (UNDP, 1998). Underlying this is the perception of a high degree of instrumental orientation in others’ conduct, the very opposite of spontaneous solidarity.

undermining social solidarity and limiting it to collaboration within the immediate community and whether this fracture is specifically linked to social exclusion and discrimination.

■ **Figure 7** ■

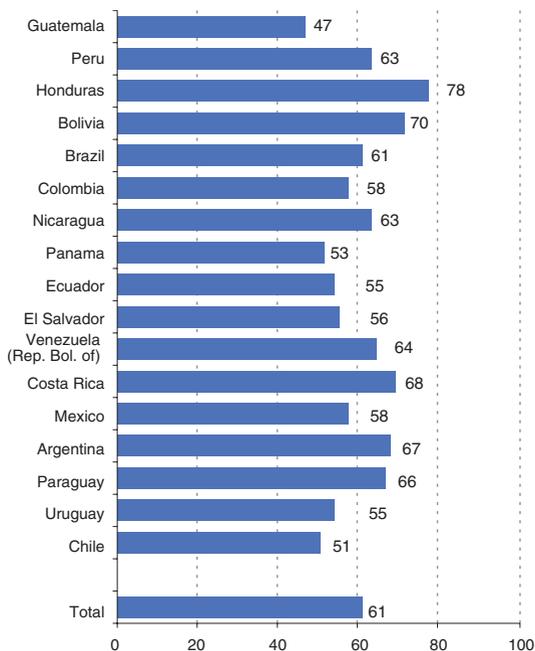
**LATIN AMERICA (17 COUNTRIES):
PERCEPTIONS OF SOLIDARITY, 1996-1998 AND 2003**
(Percentages)

PERCEPTION OF FELLOW CITIZENS' DEGREE OF SOLIDARITY*
(1996-1998 average)



■ Figure 7 (concluded) ■

PREDISPOSITION TO SOLIDARITY AS PART OF A COMMON ASPIRATION FOR SOCIETY, 2003^a



Source: Latinobarómetro, 1996 to 1998 and 2003.

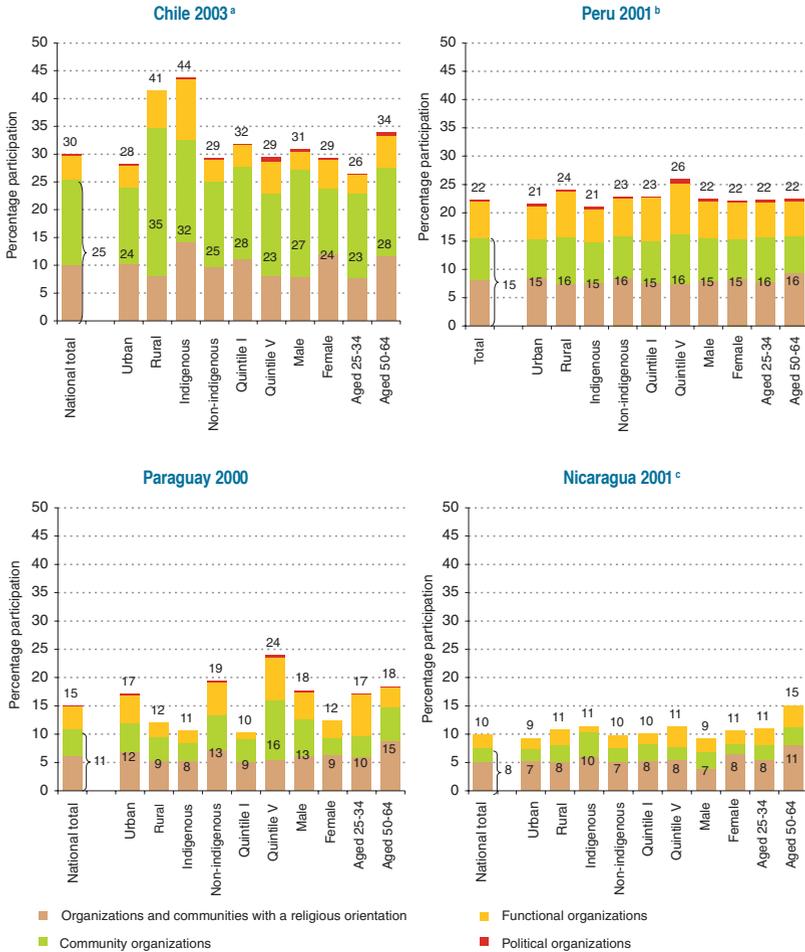
^a Sum of those answering "a great deal" and "quite a lot" to the question "Do you think people show a great deal of solidarity, quite a lot, a little or none at all?".

^b Sum of those responding "strongly agree" and "somewhat agree" to the statement "For the good of the country, the individual should be prepared to sacrifice his/her personal interest".

6. Social and community participation

Participation can be understood as any collective action to attain particular ends, implying the existence of a collective identity rooted in shared values, interests and motivations (Bango, 1996). As for community participation, this can be understood as the rational, conscious and voluntary organization of individuals inhabiting a particular geographical territory with a view to devising initiatives that meet their needs, identifying common interests and values, collaborating in the realization of public works and the provision of public services and influencing the decision-making of groups exercising power in that territory (ECLAC/SEGIB, 2006).

■ **Figure 8** ■
LATIN AMERICA (17 COUNTRIES): SOCIAL PARTICIPATION, AROUND 2001
(Percentage of people aged 15 and over participating in organizations)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of national household surveys. Countries are ranked by per capita GDP. The upper value for each bar indicates the total percentage of people participating; the lower value denotes the percentage participating in community organizations and in organizations and communities with a religious orientation.

^a In this country, respondents were asked to state which type of organization they devoted the most time to; in all other cases, they were asked about concurrent participation in different organizations, with priority being given

■ **Figure 8 (concluded)** ■

first to participation in religious communities, followed by other types of community organizations (residents' committees, mothers' centres, sports clubs, etc.) and then functional organizations (unions, trade associations, irrigation associations, cooperatives, etc.), and finally political organizations. In Nicaragua, for example, 2.4% of people participate exclusively in functional organizations, but the figure rises to 3.3% if all those participating in such organizations are considered, regardless of their involvement in other organizations. The figures are 3.9% and 4.6%, respectively, in Paraguay and 6% and 7.3% in Peru.

^b Questions regarding social participation was asked in both 2001 and 2003. However, the 2003 survey did not include information about ethnic origin or participation in religious communities. In 2001, there were no questions about participation in political organizations. The figure used in the chart is based on the proportion of people participating in organizations of this latter type in 2003.

^c No question about political participation was asked in this country.

Figure 8 shows levels of social and community participation of an associative character in four countries, calculated on the basis of membership in community organizations (sports clubs, mothers' centres, communities with a religious orientation, cultural centres, etc.), functional organizations (producers' organizations, cooperatives, unions and trade associations, among others) and political organizations.

7. Appreciation of democracy

The information provided by Latinobarómetro, based on a set of indicators included in the 2002 census round and data for 1996, shows a decline from 61% to 57% in the share of respondents stating that they prefer democracy over any other regime.

According to the index of support for democracy (UNDP, 2004, pp. 132 and 133), 43% of Latin Americans qualified as democratic, 26.5% as non-democratic and 30.5% as ambivalent.

This study brings two interesting phenomena to light. The first is that the more educated people are, the more likely they are to see themselves as democrats; the second is that attachment to democracy declines as economic mobility diminishes.

The evidence from Latinobarómetro and Eurobarometer is that, in both Latin America and the European countries, only a little over half of all citizens are satisfied with the workings of democracy in their country; in Latin America this percentage fell by 10 percentage points between 1996-1997 and 2004-2005 (from 62%

to 52%), while in the European Union (15 countries) it increased by 8 percentage points (from 48% to 56%).²⁷

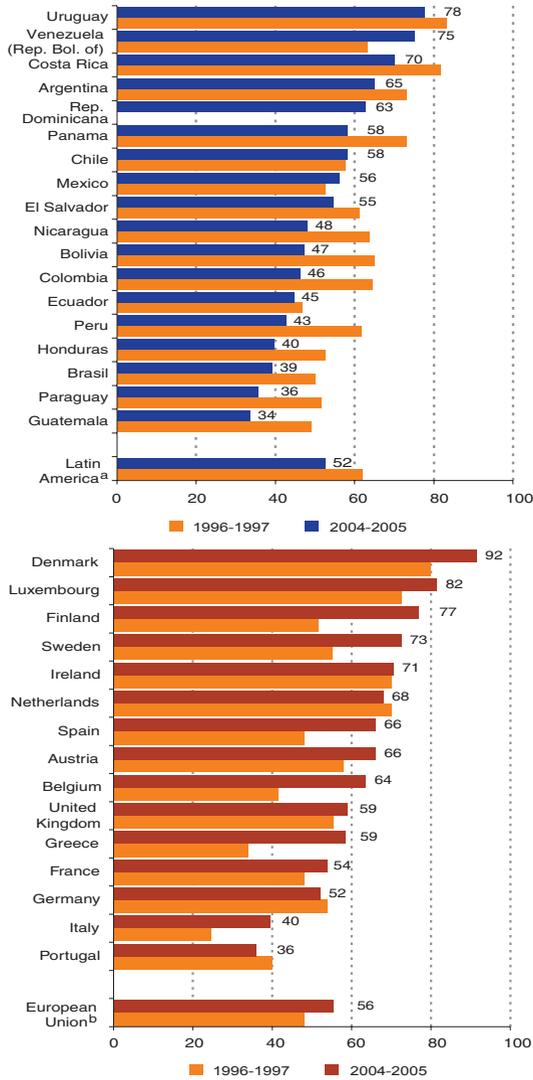
8. Indifference to politics and the rejection of parties

It has already been noted that a willingness to participate in organized deliberations and collective planning is one of the types of behaviour and attitudes that contribute to social cohesion.

Overwhelmingly, the evidence is that Latin Americans are uninterested in politics. Although negative replies to the question “How interested are you in politics?” could have different motivations, the fact is that since the mid-1990s, between two thirds and three quarters of those interviewed by Latinobarómetro have replied that they are only “a little” or “not at all” interested (see figure 10). The 2005 data show 74% of the population sharing this low level of interest, and this attitude is consistent with the low frequency of political participation. Just 27% of the population said that they talk about politics frequently or very frequently; 17% said that they frequently or very frequently try to convince someone of their political ideas; and just 6% said that they work or have worked for a political party or candidate. It would seem that “the great majority of Latin Americans willingly exclude themselves from the political arena” (Barros, 2005).

²⁷ In both Latin America and Europe, the percentage persons expressing satisfaction with the workings of democracy differs very markedly across countries: by over 40 percentage points between Uruguay and Guatemala (78% and 34%, respectively) and by over 50 percentage points between Denmark and Portugal (92% and 36%).

Figure 9
LATIN AMERICA (18 COUNTRIES) AND EUROPEAN UNION (15 COUNTRIES):
APPRECIATION OF DEMOCRACY, 1995-2005
(Percentage of people stating they are satisfied with democracy in their country)



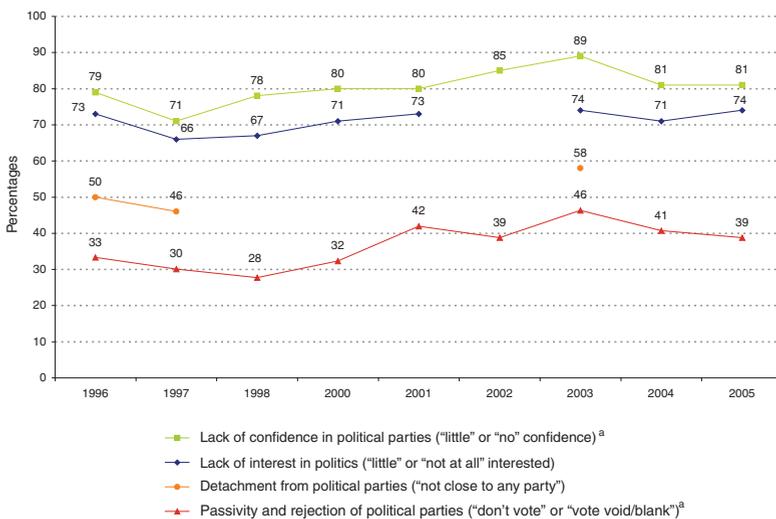
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Latinobarómetro 1996-2005 and Eurobarometer 1995-2005.

^a The regional average does not include the Dominican Republic.

^b The earlier figures are the average for 1995 and 1997.

A lack of interest in politics is accompanied by a growing rejection of political parties. Between 1996 and 2005, the proportion of respondents who rejected political parties rose by 5 percentage points, on average (from 35% to 40%), in the 17 countries covered.²⁸

■ **Figure 10** ■
LATIN AMERICA (17 COUNTRIES):
INDIFFERENCE TO POLITICS AND REJECTION OF POLITICAL PARTIES
(Percentages)



Source: Latinobarómetro 1996-2005.

^a Does not include "don't know/no answer".

As might be expected, the failure to ascribe value to political parties, which are the principal mediators between the aspirations and interests of citizens and the possibility of their expression in the State, is closely associated with a feeling of detachment from them. In 2003, 58% of Latin Americans felt that they were not

²⁸ This percentage declined in only 6 of the 17 countries and did so significantly in just two of those six (Colombia and the Bolivarian Republic of Venezuela): in both, the percentage answering "don't vote", "vote void/blank" or "not registered" fell from between 50% and 60% in 1996 to between 30% and 40% in 2005.

close to any political party, a rise of 12 percentage points from the low reached in 1997.

The attitude of rejection towards political parties and the tendency to abstain from voting are generally on the rise, indicating a lack of interest in political participation, which is an important aspect of social participation.²⁹ Are these attitudes a consequence of social fragmentation resulting from exclusion and discrimination and expressed in a lack of appreciation for democracy³⁰ and in a feeling of discontent, whose effects are heightened in poor and highly unequal societies? The social exclusion and lack of citizenship reflected in these attitudes of rejection and alienation from politics do nothing to strengthen the sense of belonging to society. Both impede democratic governance and the achievement of stable social agreements or covenants.

In summary, the limited and fragmented empirical data available paint a disturbing picture of the variables associated with the sense of belonging, the strength of people's ties of solidarity, insecure employment and the very doubtful legitimacy of democratic institutions, all of which demonstrates that social cohesion needs to be placed quite high up on the region's agenda.

²⁹ An interest in social cohesion is inseparable from the quest to build citizenship in Latin American societies (Barros, 2005, p. 116).

³⁰ Among the countries presenting a low degree of satisfaction with democracy (well below the regional average) are those with larger proportions of indigenous people. Furthermore, the study on democracy in Latin America shows that the countries of the Andean region are those where the lowest percentages of people identify themselves as "democrats" (see figure 6 in the study cited, page 134).



VI

Opportunity, capabilities and protection: three pillars of social cohesion

As pointed out in previous sections, social cohesion is a dynamic relationship between intertwined objective and subjective factors. Public policy can have a major influence on social cohesion by expanding economic opportunity, supporting the development of personal capabilities, creating more inclusive social safety nets to deal with vulnerabilities and risks, and efficiently managing public finances. In all these areas, a serious and persistent effort is also needed to endow the institutions of democracy with full legitimacy.

1. Economic opportunity and social cohesion: what can be done about informal and insecure employment?

The level of economic growth determines the number and quality of jobs that are created and the levels of pay and income people receive. Employment is the most important link between economic development and social development because it is the main source of household income (about 80% of the total in the region). Access to employment, pay levels, and social coverage and protection for

workers have a decisive influence on the level and distribution of material well-being in the population. By the same token, social exclusion and segmentation deriving from lack of access to decent jobs are key factors in poverty and social inequalities, which are reproduced over time and reflected in the region's high and persistent income concentration (ECLAC, 2000).

a. Policies to address informal employment

Disturbingly, about 70% of new jobs created in the region during the 1990s were in the informal sector (ECLAC, 2001 and 2002b). In view of this situation, any analysis of social cohesion in the region has to take into account the segmentation of the economy and labour market, the scale of informality in the broad sense of the term and the fact that, for the region's social and employment protection systems, participation in the labour market constitutes the basis for protection, and employment legislation and social security are these systems' key institutions.

Informality is largely due to insufficient high-quality job creation and to the absence of properly designed protection systems, since, when employment legislation and protection have a contributory or corporative basis, they tend to become exclusionary, and workers who are excluded from them are not only deprived of a voice and of representation, but, owing to their position in the economy and labour market, have difficulty in organizing as well.

If social cohesion is to be strengthened, it is necessary to determine the size and nature of the informal sector, devise forms of expression and participation, and develop strategies to modify this insecure and unproductive form of employment via two approaches.

The first is to draw informal workers into the formal economy, which will also help to build economic citizenship.

The second is to alter the design of social protection systems so that they provide comprehensive coverage at least for certain minimum benefits in keeping with citizens' rights and the principle

of solidarity.³¹ This can be supplemented by different methods of representation, which may include bringing informal workers into corporate organizations or encouraging them to create their own forms of association with a view to improving their economic performance and potentially obtaining a platform for representation and negotiation. Also essential are policies to reconcile productive work with reproductive activities and provide poor women with greater employment opportunities; examples would include policies aimed at ensuring adequate preschool and nursery-school coverage.

b. Towards new forms of job security

Insecure and unstable employment is not confined to informal workers and excluded groups, but is also found in organized businesses and indeed in informal enterprises linked to formal ones through subcontracting or outsourcing arrangements.³² This generally results in a feeling of insecurity among the workers concerned, affecting their sense of belonging to society and undermining social cohesion.

This phenomenon tends to be perceived as much further-reaching than it really is. According to surveys, seven times as many people fear they will be left jobless as are actually unemployed, while far more people fear that their temporary contracts will not be renewed when they expire than actually suffer this fate.³³ These concerns clearly influence the subjective dimension of social cohesion.

Mechanisms to offset the loss of income from rising joblessness should be a key element in social protection, as they can prevent poverty from worsening in periods of recession. While thus

³¹ What is required, to use Esping-Andersen's terms, are forms of "de-commodification", an aspect of social citizenship rights that expresses the degree to which the welfare State weakens the monetary link and guarantees these rights whether or not people are participating in the market. This mechanism "de-commodifies" social goods and services (Esping-Andersen, 1999, p. 43).

³² Particularly home-based work for third parties rather than for the market.

³³ Much the same holds true for indicators of violence and the perception of vulnerability to violence.

far these mechanisms have consisted mainly of cash benefit systems, consideration should be given to creating systems based on insurance and compulsory saving, which cannot fully make up for the income lost but do allow pension contributions and access to health services to be maintained, while making it easier to keep children at school and pay for housing (Machinea and Hopenhayn, 2005).

In this context, it makes sense to introduce a strategy of occupational “flexicurity”, as has already been done with satisfactory results in developed countries. This type of scheme involves combining the increased labour-market flexibility required in more open, competitive economies with security to offset the human costs of economic adjustment. Security entails the application of passive and active labour policies, i.e., unemployment insurance and occupational reskilling, and placement policies to reduce income loss during the transition and to shorten this period’s duration. Modernizing employment protection by shifting it from the job to the individual can also help to maintain existing levels of social protection.

A flexicurity strategy is consistent with a modernized approach to social cohesion whereby it is associated not with the rigidity of institutions (including employment) but with a balance between acceptable margins of security and the flexibility needed to cope with changing conditions. In the absence of the former, the latter will result in unacceptable levels of insecurity and will have a negative effect on cohesion. In the absence of the latter, the former will encourage corporatism among workers already possessing stable jobs and will make it much harder to adapt the organization of production to the new challenges of globalization.

In practice, the goal of preserving a perception of security among those affected by change has been achieved in different ways. Such change can be seen in countries like the United States, where employment legislation is very flexible and social and employment protection is weak, the labour market is highly dynamic and those who lose their jobs can quickly find work again. A model combining flexibility with a high level of protection is found particularly in

Denmark, but also in countries such as Belgium, Finland, Ireland and the Netherlands. Intermediate situations that combine legal security for employment contracts with generous unemployment insurance exist in Germany and France. These schemes provide a strong feeling of security and thus contribute to social cohesion, but the economic outcomes have been unsatisfactory.

Applied in more developed countries to reconcile competitiveness with security, this strategy is even more necessary for medium-sized and small countries like most of those in Latin America and the Caribbean. The fact that countries with high levels of informality and social exclusion are subject to greater fiscal constraints than developed countries are, however, makes fiscal responsibility all the more important.

Flexicurity needs to be supplemented by two further policies. The first is a State-supervised worker training system oriented towards attainment of the standards required in each area of the economy, with training provided by duly accredited technical bodies (Schkolnik, Araos and Machado, 2005). This falls into the category of active labour policies designed to reduce the impact of the business cycle by improving the quality and relevance of vocational training and thus reducing the number of highly vulnerable workers.³⁴

Emergency job creation programmes are the second policy. These are a common response in periods of economic contraction, providing short-term jobs on low wages to semi-skilled or unskilled workers. If these programmes are also to send out positive signals about employment rights, it is essential for them to comply with employment legislation and not pay wages lower than the legal minimum or leave workers totally unprotected.

In summary, efforts to bring informal sector workers into the mainstream, flexicurity policies, and certification systems that make people more employable all help to enhance job protection and

³⁴ Namely workers with little education and no specific technical skills, who can be and usually are the first to be laid off in the event of a recession.

quality and to uphold employment rights. The effect is to strengthen social cohesion by making people feel they are part of a system designed to expand their opportunities and capabilities.

2. Capacity-building: education and social cohesion

The relationship between education and social cohesion has a variety of facets. It is generally recognized that education makes a fundamental contribution to reducing poverty, preparing people to exercise citizenship, protecting the most socially vulnerable groups and promoting greater equity in access to opportunities for well-being. These effects are a critical component of social cohesion, which depends heavily on the type of skills and capabilities the education system sets out to instil in students so that they will be properly equipped to adapt to economic change throughout their lifetimes, participate actively in decision-making, exercise their right to take part in public affairs, manage and use strategic information and willingly employ new communication technologies so that they can share actively in the symbolic transactions of society (Hopenhayn and Ottone, 2000).

From a sociopolitical point of view, education is an effective way of strengthening democracy throughout society. The leading role increasingly played by knowledge and education in development has a significant impact on the dynamic of a democratic system, since the material and symbolic basis of democracies no longer consists just of a particular type of economy or political institution but also depends on the widening use of knowledge, information and communication. The practice of citizenship is no longer confined to the exercise of political, civil and social rights, but includes participation on more equal terms in communication, cultural consumption, information and access to public spaces (Hopenhayn and Ottone, 2000).

From a socio-economic point of view, the greater people's level of formal education and the better its quality, the less likely they are to be or become poor. Furthermore, education is the main

resource for defeating poverty and remedying the structural causes that reproduce it: low labour productivity, limited access to the tools of modern life, sociocultural marginalization, vulnerability to family health problems, and a lack of continuity and underachievement in children's education.

Consequently, the relationship between education and social cohesion is decisive. It is also problematic, however, and calls for at least three types of action. First, an effort must be made to create greater equity in terms of educational opportunities and quality in order to prevent the reproduction of inequalities in employment opportunities, access to assets and cultural and civic participation and thus give society the perception of a more just and more meritocratic order, with a clear sense of belonging. Second, the lack of communication between the worlds of education and work needs to be remedied to give greater fluidity to this crucial nexus of social integration (see chapter IV) and narrow the expectation gaps that affect students in the face of an intractable labour market. Third, there is a need to roll back the types of discrimination produced by socialization and transmission dynamics in the education system so that the learning experience will be based on respect for diversity and on reciprocity of rights.

a. Greater equality of opportunity

Education is one of the leading mechanisms for providing equal opportunities because efforts to equalize the future employment opportunities of children from families in high-income, mid-income and low-income strata can have a beneficial effect in terms of equity even in societies with sharp wage and income disparities. A better distribution of symbolic assets (useful knowledge and skills) today facilitates better distribution of material assets (income, goods and services) tomorrow, thereby blocking the intergenerational reproduction of poverty.

In a recent document, ECLAC and UNESCO (2005) argue that, in order to promote greater educational equity in Latin America, it is not enough to provide universal primary education

coverage (one of the Millennium Development Goals); it is also necessary to meet three further challenges concerning coverage and continuity. The first is to assure universal access for children between the ages of 3 and 6 to quality preschool programmes which can contribute to their general education and, as an indirect effect, improve education outcomes at the primary level. The second challenge is to foster access for adolescents to secondary school and to ensure that they remain there so that they will complete 12 years of schooling, thereby greatly increasing their chances of obtaining formal employment. Lastly, it is necessary to make the types of instruction offered by the formal education system more flexible in order to provide relevant content to young people and adults within a perspective of lifelong education, including literacy training.

If social cohesion is to be strengthened, it is vital for society to recognize the role of education as a key institution for equalizing opportunities and promoting a more meritocratic order in which all individuals have the opportunity to develop their capabilities, use them productively and fully exercise their citizenship. A sense of belonging to society is enhanced by an education system that all perceive as fair and that contributes to intergenerational equity.

Changes in education management should combine qualitative improvements with greater equity. For example, combined public-private service delivery can be beneficial when it mobilizes market mechanisms that improve the quality of education, but in no event should quality be further segmented as a result, as the effect would be to reward those who can pay and penalize the rest. If this happens, education does not contribute to social cohesion but instead reinforces the human capital divide and perpetuates inequalities from one generation to the next. A disturbing trend in some of the region's countries is the consolidation of dual education systems in which public education is deteriorating in quality by comparison with private education and in which competition between schools in subsidized systems is raising entry barriers that discriminate against the most vulnerable students.

Similarly, decentralizing the education system is a very helpful way of giving municipalities and schools greater leeway to take the initiative and adapt supply to the specific conditions and needs of local demand. If decentralization is also to be proactive in distributional terms, it must provide for the transfer of technical and financial resources to decentralized agencies in poorer areas so that efforts can be targeted in the interests of equity. This breaks down the vicious circle of “bad schools for poor municipalities”.

b. The link between education and employment

Young people have greater formal opportunities to acquire knowledge and build human capital than adults do (although such opportunities vary greatly at different income levels), but they also have less access to spheres in which this human capital can be put to use, namely the labour market and income sources. This is partly because technical progress and the growing supply of qualified human resources make more years of education a precondition of access to modern types of employment. Yet it is also partly attributable to the low quality of education, which causes young people’s educational attainments to become devalued (a given number of years in the school system is “worth less” now than two decades ago). In addition, the new way in which labour is being organized makes employment less stable. Most new jobs are in the informal sector, and many people entering the labour market do so with little work experience and without acquired rights.

From the standpoint of social cohesion, the main problem is that the more education people have, the greater their expectations of a better job after graduation. The risk is that these expectations will be frustrated if the divide between increasing education and diminishing prospects of capitalizing upon that education persists or widens. This may lead to greater tensions between adults and young people, a widespread perception that society is insufficiently meritocratic, and diminishing confidence in the future and in the institutions of social integration.

Vocational education, job training and support for young entrepreneurs from low-income sectors are essential, and more investment in the quality and coverage of these programmes is required. A qualitative leap is called for in the adaptation of education and training to technical change and the new demands of the workplace, and many different actors, including universities, business and employers' associations, and lending institutions, must take part in this effort.

c. Educating for equality, educating with differentness

Education may also play a decisive role in forming values and attitudes that can reverse historical forms of discrimination while promoting a broader culture of respect for human rights. Clearly, then, socialization at school and the transmission of values in the curriculum must move in this direction. It is important for both implicit relational codes in schools and curricular content to instil a positive appreciation of equal rights and respect for differences of gender, ethnicity, race, culture and place of origin.

It is therefore important to employ a multicultural approach that not only promotes respect for differences but also inculcates a greater awareness of the way in which the long-standing denial of "the other" through discrimination and exclusion for ascriptive or cultural reasons has led to profound asymmetries in people's opportunities for learning of both life skills and work skills. Consequently, it is necessary to give priority to greater learning opportunities for those groups that have traditionally been most severely discriminated against and excluded.

By the same token, if one of the purposes of education is to promote greater social cohesion, then education needs to incorporate a multicultural paradigm that harmonizes a greater equality of opportunities with a greater recognition of diversity.

3. Social cohesion and protection

a. *Why are social cohesion and protection related?*

An essential factor for social cohesion is solidarity in the financing of protection systems. Risks such as unemployment, underemployment, sickness and the loss or drastic curtailment of income in old age determine individuals' present and future well-being. To feel protected from these risks is also to feel that society is responding to contingencies which affect people but over which individuals have no control. The ability to integrate people into a common normative framework largely depends on whether or not they feel that they really do belong to a shared system of interaction, cooperation, negotiation and dispute settlement in which there are social safety nets to at least partially protect them from certain fundamental risks (Filgueira, 2006).

These risks are not random. Both their distribution and their intensity within a country and across different social sectors and categories are determined by the way in which markets, families and States function, and social policies play an essential role in determining how these different elements are intertwined. The degree of risk and the mechanisms established to mitigate it will vary from one society to another (Huber and Stephens, 2004).

Social cohesion is threatened when there is a widespread perception that risks are transmitted from one generation to the next, i.e., when people feel that there is "first class" and "second class" social citizenship in terms of protection against risks and when they believe that this hierarchy has taken on the nature of a fixed social divide that is perpetuated across generations. When, on the other hand, the State and society create transfer mechanisms that narrow the divide in terms of the impact of catastrophic events on family security, particularly future security, the feeling of belonging to society is strengthened.

However, social protection systems do not operate only by means of contributory mechanisms that correlate contributions

with benefits. They also require solidarity mechanisms involving transfers from some people to others. Transfers from those who have more to those who have less, or from lower-risk populations to higher-risk ones, are part of the dynamic of solidarity that makes a more cohesive society possible.

b. The rights-based perspective in social protection

The “social State” model has traditionally been associated with formal employment³⁵ and formal occupational categories and has been structured around male heads of household. It is based on the assumption of a stable, two-parent nuclear family model and of constant human capital requirements in the economy. This model matches neither the historical risk structure of Latin American countries (which was never similar to that of First-World countries) nor the emerging risk structure, however.

The proposal put forward by ECLAC at its thirty-first session (ECLAC, 2006a) acknowledges that the design of social protection financing, drawing on a partial welfare-State model derived from the notion of a “labour-based society”, failed to meet expectations; nor did the reforms based on market-development incentives in the 1990s do anything to correct this, instead heightening the inequity of social protection systems.³⁶ The Economic Commission’s analysis of the relevant labour-market trends demonstrates that paid formal employment cannot be the sole mechanism for access to social protection in the short and medium terms and that a system has to be designed that will strike a better balance between incentive and

³⁵ See Draibe and Riesco (2006) for an analysis of objections to this policy approach.

³⁶ The reforms to market development incentives made contributory social benefits subject to individual contracts, thus excluding from these benefits people who could not meet contribution requirements because they lacked steady employment. Inequity was subsequently reproduced in the social protection system itself. To correct actuarial imbalances and increase the coverage of safety nets, the reforms of the 1990s often laid the emphasis on incentives to strengthen the relationship between contribution history and protection at the individual contract level. They thus exacerbated the gaps in system coverage and weakened solidarity mechanisms. Following an exhaustive analysis of the low coverage resulting from these designs, ECLAC is suggesting a new social covenant founded upon the right to social protection.

solidarity mechanisms while providing for changes in demographic and epidemiological trends and family structures.

Designing a cohesion-oriented rights-based social protection model entails taking certain decisions regarding four essential features of social policy: the levels and sources of contributory and non-contributory financing; the degree of solidarity in financing; the development of social institutions to manage benefit policies efficiently; and the identification of explicit, guaranteed and enforceable rights to social benefits.

A social protection system is not so much an institutional structure as a political accord, entered into by society to establish the basis for the construction and regulation of its public affairs; this accord determines what rights apply to all and how they are to be guaranteed and made viable. A certain level of cohesion is also essential for achieving a consensus along these lines. Moving from a set of social policies to a comprehensive social protection system both demands and fosters social cohesion, but it also requires that steps be taken to deal with conflicts among rights, resources, distribution patterns and institutional designs.

c. Gaps in protection and changes in the family: challenges for social cohesion

As countries develop, the number of dependents per formal worker declines and the tax burden rises along with expenditure on public social services. In the region, however, demographic and labour-market trends have led to a situation in which there is a large number of dependents for each formal worker. In addition, the financing capacity of the State is limited, not only because the overall tax burden is low but also because it is applied to a relatively low per capita GDP. In some countries, therefore, the gap between the number of dependents who can actually benefit from social spending and the number who need to do so is very large, and households therefore have to look for ways of meeting their needs in the market or, in the worst-case scenario, see them go unmet (Uthoff, Vera and Ruedi, 2006).

As a result, risk has largely been transferred to the young, children and women, especially mothers, women working in the informal market and female heads of household. The State's response to this change in the quantity, quality and distribution of social risk has been slow, fragmentary and, at times, misguided. A new social protection architecture is therefore needed that will combine the efforts of the State, the family and the market to achieve the broadest possible access to social protection on an equitable and efficient basis.

The family and domestic life are not hermetic spheres but are instead shaped in reference to the public realm. The household is a venue of intensive symbolic creation that engenders and reproduces actions that give rise to social cohesion. Feelings of solidarity have been observed to be closely connected to feelings of belonging. It is no coincidence that the family is the original provider and the one that gives rise to a sense of belonging to a lifestyle, a group, a neighbourhood, a class and, ultimately, a country (Jelin, 1994).

Within the household, the demand for unpaid domestic labour is generated by four main social categories: children, the infirm, the elderly and people who have long working days and who have little or no desire to take on domestic or care work themselves. Although the first category is shrinking, the others are expanding, and the need for elder-care will increase as life expectancy rises (Durán, 2006). Some empirical studies on gender-based time distribution confirm that, while women in the region work fewer paid hours than men, they invest more time in unpaid activities, and this results in longer working days; men, meanwhile, have more time for recreation and other activities (ECLAC, 2004, p. 23; Aguirre, García and Carrasco, 2005). What this means is that, although the large-scale entry of women into the labour market is a process that has been going on for quite some time, with the female economic participation rate in urban areas of Latin America rising from 45.9% in 1990 to 58.1% in 2005 (ECLAC, 2006b), considerable difficulties have arisen in terms of the redistribution of household functions because of the inertia of patriarchal cultural traditions. Besides the traditional need

to care for children in the home, there is now a growing demand for elder-care.

If citizenship is to be forged on a basis of equality and recognition of gender difference, then autonomy and freedom of choice in the sphere of reproduction and care need to become a source of specific rights, structured around reproductive rights and the socialization of domestic tasks. Family and work demands need to be restructured on a gender-equitable basis in pursuit of a more balanced consensus as to the foundations of well-being (Draibe and Riesco, 2006; Arriagada, 2006; Durán, 2006; Sojo, 2004).³⁷

d. Coverage, solidarity and financing

Because the region's countries have been unable to provide universal social protection, the benefits that are available fall into three basic categories: those directly subsidized and provided by the public sector to meet the needs of the poorest; those associated with social security systems financed by workers' contributions to protect them and their families; and those for which people pay in order to obtain higher-quality services. This organizational structure has segmented the financing of social protection and the quality of benefits, leading to sharp differences in quality, prices and access times.

An insurance system that uses a combination of public benefits, contributory social security premiums and private markets based on copayments need not necessarily result in selection or "skimming" of the beneficiary population, with coverage and quality dependent upon the ability to pay. This can be avoided if, instead of having a multiplicity of differing subsystems depending on the insurer or provider involved (public, social security or private), these systems are integrated in line with a common rationale for financing, delivery and regulation of the social protection system. The lack of an integrated system of this kind has been a recurrent

³⁷ Martínez and Camacho (2005) have carried out an analysis of the infrastructure of care services in the region, and Mora, Moreno and Rohrer (2006) provide an overview of the current debate on policies to reconcile family and work in Latin America.

problem in Latin America. Again, reforms designed to incorporate subsystems into an integrated social protection system also need to regulate market and private options, with rules aimed at striking the right balance between public and private initiatives so that desirable social and public outcomes can be achieved.

Public finances can play a vital role in this process by helping to transform the way benefits are accessed, so that people cease to be treated as payers of specific taxes (in their capacity as employees) and copayments and are instead incorporated into a system that treats them as citizens with guaranteed, enforceable rights and that finances benefits through a combination of contributory and non-contributory funding schemes involving clearly defined solidarity mechanisms. This is the citizenship principle that should guide current reforms to social protection systems.

New regulatory proposals based on a combination of the principles of equity, solidarity and efficiency are aimed at creating an integrated system that can be used to pool different financing sources into a solidarity fund, decide on the distribution of accumulated resources, define basic benefit packages, set minimum service quality standards, specify the rules applying to businesses operating in the social protection market and establish competition and consumer information policies.

4. Public finances and social cohesion

The ways in which efforts to enhance social cohesion interact with public finances and social protection have to be built into the design of the social cohesion contract, which must be supported by a wide range of stakeholders. Decisive factors include the size and composition of the tax burden, a countercyclical approach and increased flexibility for social spending, the sectoral and subsectoral orientation of spending according to its progressive or regressive impact on equity, and clear and enforceable rules for explicit contingent liabilities when different public and private agents are involved in providing benefits. None of these elements is social-cohesion neutral.

a. The taxation dilemma

Financing for social spending depends on two fundamental elements. The first is the structure of the labour market, where, as is well known, only a fraction of workers are able to obtain protected employment that provides access to social services funded by their social security contributions. The remainder (family members not covered by benefits and workers who do not belong to contributory systems) have to rely on the public system, their families or the market (Esping-Andersen, 1996 and 1999). This heterogeneity can be measured by comparing the proportion of workers in formal jobs with the proportion of people who do not have access to employment of this type (the young, the economically inactive, unemployed persons, informal workers and older adults).

The second key element in public finances is the tax burden, which determines how much funding the State has available not only to cover gaps in risk protection among the most vulnerable sectors of society but also to finance social policies that contribute to greater cohesion. The tax burden averages 17% of GDP in Latin America, which is well below the figures for the European Union (41%), OECD (36%) and the United States (26%).

Although distributive equity is a central element in social cohesion, regional data indicate that, with few exceptions, inequalities have actually worsened over the last decade. These systems have regressive effects in most of the countries because they have failed to consolidate a market-driven income distribution pattern. This situation cannot be attributed to the endogenous potential of these instruments; rather, it is attributable to the fact that tax systems rely heavily on indirect taxes and that benefits and exemptions tend to go mainly to higher-income sectors. This is in sharp contrast to developed countries, whose tax structures show that it is feasible to reverse the concentrated primary distribution resulting from the action of the market to achieve a more egalitarian share-out of disposable income.

An analysis of the tax situation in Latin America and the Caribbean reveals two fundamental corollaries. The overall tax

burden in most of the countries is a third lower, on average, than it should be given national per capita income levels. In absolute terms, the tax burden in the region should be between three and four GDP points higher than at present; the extra resources that such an increase would generate would provide funding for social programmes and non-contributory social security systems. Simulations of changes in tax structures and concentration curves have shown how difficult it would be to introduce a progressive system under current circumstances, however.

If reforms are to gain approval, a broad consensus and strong political will must be in place, together with the institutional and administrative capacity to safeguard spending quality. In Latin America and the Caribbean, these two factors have traditionally been the Gordian knot: the question is how it can be untied or cut. In any case, the quality of the taxation system must be ensured, and care must be taken to avoid jeopardizing economic competitiveness by instituting excessively high tax rates or a poorly designed tax structure.³⁸

b. Public social expenditure

Countries have various options at their disposal in terms of the use of public finances to provide social protection to their citizens, support training, offer assistance in critical situations and provide basic services. The number of people served by the State can be increased if greater fiscal resources are generated by raising the tax burden as a share of GDP or increasing social spending as a share of the total. Otherwise, households have to accomplish this on their own, either by buying services directly or through copayments in the market. More efficient benefit delivery would also improve access, however.

Thus, public finances must be used in a way that improves citizens' access to social benefits efficiently (the lowest cost

³⁸ An important debate is in progress in Brazil on this very issue of the quality of the country's high tax burden and its adverse effects on competitiveness. See Afonso (2007).

consistent with quality standards) and promptly within a framework of solidarity. The use of public resources for this purpose is subject to three essential management variables: (i) the methods used to raise the funds and the timing of expenditure; (ii) allocation to target groups in such a way as to generate a sense of equity; and (iii) the impact over time.

With regard to the first of these variables, it should be noted that the relationship between revenue and social spending needs to be synchronized in a way that facilitates countercyclical policies, with reserves being set aside during upturns and with spending levels being increased during crises. This approach will help mitigate any negative effects on social cohesion by reducing the corrosive social impact of economic volatility. In so doing, it will help maintain a greater perception of stability and protection in society.

In relation to the second point (i.e., greater equity in resource allocation), selectivity or targeting is needed to give greater effect to the universality principle in social policy, with resources being allocated to deal with specific forms of exclusion or access barriers (ECLAC, 2000, pp. 32 and 33). In order to increase equity in resource allocation, targeted programmes must be improved and refined. It would also be helpful to reduce the large inertial component of total expenditure, although this is not always practicable given the lack of flexibility inherent in fiscal budgeting, particularly when it comes to pension and payroll costs. Nonetheless, such a policy would allow total spending to increase in line with potential GDP while also permitting countercyclical growth in targeted social spending.

The third point mentioned above has to do with the effect of spending commitments on public finances over time. There needs to be a greater focus on evaluating and administering fiscal risks associated with the liabilities taken on by the public sector and their effect on revenue and expenditure flows, and hence on the possibility of ensuring the quality of benefits over time. This is not a minor issue where social protection is concerned, since if proper provision is not made for future fiscal commitments, there is the risk that the quality of benefits intended to enhance social

welfare might have to be sacrificed to cover liabilities that will fall due and accrue over time, with all the negative implications this has for social cohesion.

Accordingly, there is also a need for democratic control over two aspects of the liabilities taken on by the public sector: (i) their explicit or implicit character, and (ii) whether they constitute direct or contingent liabilities. To be explicit, a liability must be contractual or legal; implicit liabilities, on the other hand, amount only to a moral obligation or declaration of intent. Direct liabilities, meanwhile, are those that are not triggered by any specific event but have to be met under all circumstances, whereas contingent liabilities only have to be met if some particular event, such as a natural disaster, should occur.³⁹

In order to maintain or achieve social cohesion, then, it is crucial for the State to clearly identify the liabilities that it takes on, as society needs to know how and when to enforce its rights. Consequently, these liabilities should be publicly identified and quantified on an ongoing, permanent basis in order to show the degree to which protection promises might have to be acted upon as a result of the functions and guarantees assumed by the State, or how social protection liabilities are being transferred to the market and families, as happened in the last wave of reforms.

³⁹ By way of illustration, explicit direct liabilities are those commonly recognized, quantified and registered as liabilities, such as the external public debt and budgeted expenditure. Implicit direct liabilities are those arising as State obligations as a consequence of medium-term policies, such as the provision of a service to older adults qualifying as indigent, provided there is an accepted legal obligation and an implicit moral and social commitment on the part of the government. Implicit contingent liabilities, meanwhile, are those that are not officially recognized but spring from declared policy objectives or political pressure from interest groups in existence at a particular time, examples being a State rescue for private-sector banks in a severe financial crisis, the assumption of liabilities created when local governments default on unsecured debts, or assistance for natural disaster victims. Explicit contingent liabilities are those spelt out in advance by law or contract, but whether or not the expenditure associated with them actually arises, and the amount of such expenditure, will depend on whether an event triggering the liability occurs, examples being State-guaranteed minimum pensions and basic health-care packages; the liability will only be triggered if people's own pensions are below a legal minimum threshold and if citizens need basic health provision in a predetermined payment system.

VII

A new social contract

Latin America needs to take a qualitative leap if it is to capitalize on the opportunities opened up by globalization. Attaining this objective will require high and sustained growth rates; efficient public policies to reduce income inequalities, educational divides and employment problems; large investments in education, science and technology; a shift towards a meritocratic society that respects diversity; and an end to long-standing discriminatory practices.

This entails the creation of a new social contract. Long-term policies to strengthen cohesion need to be underpinned by a contract that is endorsed by a wide range of stakeholders willing to negotiate and accept far-reaching agreements. This implies that stakeholders must be ready to sacrifice some of their personal interests for the benefit of all. It also needs to be understood, however, that this relinquishment of private interests for the common good is not a purely altruistic action, inasmuch as it arises out of the belief that the common good is the best guarantee of individual interests.

To create the right political conditions for social cohesion, ECLAC believes that one of the first priorities is to establish clear fiscal rules covering the levels and sources of contributory

and non-contributory solidarity financing. These rules must also be based on explicit, guaranteed and enforceable thresholds for the exercise of social rights. Universally recognized rights cannot be applied at the discretion of certain individuals or left to the workings of the market.

In accordance with the principles of universality and solidarity, such a social cohesion covenant must ensure that resources are used transparently and effectively. It also needs to be oriented towards reaching a consensus on the following points (ECLAC, 2006a and 2000):

- (i) Guaranteeing a certain threshold of social protection to which all members of society are to have access simply by virtue of their citizenship. This threshold should be set at a realistic level in terms of the society's stage of development and viable levels of intersectoral redistribution and transfers, which means that political viability is a necessary consideration;
- (ii) Raising thresholds of social protection, welfare and investment. Both the rate of increase and its sequencing and progressiveness should be calculated to optimize the relationship between growth and equity. Redistributive mechanisms must safeguard competitiveness and the sustainability of growth;
- (iii) Creating tangible manifestations of solidarity; the exact mechanisms may vary from country to country for reasons of age, gender or employment status, income and specific vulnerabilities;
- (iv) Forging an institutional structure with sufficient authority and legitimacy;
- (v) Using regulatory mechanisms, as well as other measures, to ensure that the principle of solidarity is effectively applied in fiscal and contributory financing;
- (vi) Strengthening solidarity, in the case of contributory systems, through the social optimization of contributions.

Care should also be taken to make sure that contributions are rewarded by established levels of benefits so as to prevent abuses in the name of solidarity; thus, the contributory efforts of individuals should be linked both to the quantity and quality of actual benefits as well as to the principle of solidarity;

- (vii) Increasing the progressiveness of social spending and the tax burden and ensuring that the benefits are openly channelled to the most vulnerable groups in the form of social investment; and
- (viii) Adopting certain standards in terms of the impact on social cohesion of any increase in available resources, which the State should assume as one of its obligations under the covenant.

The most significant proposals being made in this connection establish a link between public finances and social cohesion. They suggest that the social contract should be combined with a fiscal covenant by means of certain “general rules of the game” which fiscal authorities undertake to apply. Only if the constraints imposed by these rules are respected will it be possible to ensure the financial viability of the goals and provisions of a social contract under which citizens do not just demand rights, but also agree upon ways of guaranteeing them and rendering them enforceable.

A social contract embedded in a fiscal covenant that is consistent with contributory systems, cementing the link between public finances and social cohesion, confers legitimacy upon public financing policies designed to reconcile economic viability with social effects that expand access to social benefits and to opportunities for human capital formation for the most deprived sectors of society. As we have seen, this contributes to social cohesion in a variety of ways. The interaction of public finances with social protection can be seen as both a point of departure and a point of destination for cohesion, as a locus of dialogue based on a shared language and procedural rules accepted by all parties. Thus, this interaction

can also serve as the foundation for a State policy whose aims are greater equity, less exclusion and guaranteed social rights for all, a policy that will instil a greater sense of belonging and distributive justice, thereby engendering confidence in the future and trust in social institutions.

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