

CEPAL

Review

Executive Secretary of ECLAC
Gert Rosenthal

Deputy Executive Secretary
Carlos Massad

Director of the Review
Anibal Pinto

Technical Secretary
Eugenio Lahera



UNITED NATIONS
ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN
SANTIAGO, CHILE, AUGUST 1991

CEPAL

Review

Santiago, Chile

August 1991

Number 44

CONTENTS

Industrial restructuring, trade liberalization and the role of the State in Central America, <i>Larry Willmore</i> and <i>Jorge Máttar</i>	7
The prospect for equity, <i>Marshall Wolfe</i>	21
The social actors and structural adjustment, <i>Eugenio Tironi</i> and <i>Ricardo A. Lagos</i>	35
Selectivity as the crux of social policies, <i>Percy Rodríguez Noboa</i>	51
Latin America's return to the private international capital market, <i>Peter J. West</i>	59
Debt/equity conversion, <i>Michael Mortimore</i>	79
Options for Latin American reactivation in the 1990s, <i>Colin I. Bradford, Jr.</i>	97
Productivity: agriculture compared with the economy at large, <i>Gerardo Fujii</i>	105
Scenarios for the new era, <i>Ernesto Ottone</i>	115
Industrial and urban pollution: policy options, <i>Hernán Durán de la Fuente</i>	125
International insertion and institutional renewal, <i>Fernando Fajnzylber</i>	137
Recent ECLAC publications	167
Guidelines for contributors to CEPAL Review	171
ECLAC publications	173

The prospect for equity

Marshall Wolfe *

Equity has been a publicly endorsed norm since the achievement of Independence. Various researches have demonstrated, however, that in spite of this ethical and legal commitment, highly concentrated patterns of distribution of income, wealth and power, as well as inequitable access to State services, still persist in the region.

This article examines the cause of this gap between norms and realities in Latin America. Structural and cultural factors, including the attitudes of the various elites, are analysed, while with regard to the State and its agents, an analysis is made of the policies, sectoral programmes, legislation and regulations which affect equity.

Subsequently, some lessons which can be drawn from the various governmental, political and social efforts to increase equity are set forth, and it is concluded that a dynamic process of change in production patterns will ease, but not ensure, progress towards greater equity. The same is true of increased market incentives and economic liberalization.

The State must assume various responsibilities with regard to social services, the stimulation of technical change, and the protection of human rights, *inter alia*.

Organized popular participation within a pluralistic democratic context is a fundamental requisite for advancing towards greater equity, and it is necessary to institutionalize and rationalize such participation, whose development depends on ideological, political and social factors, as well as the dynamism of the economy and the size of the formal sector in it.

* Former Director of the ECLAC Social Development Division.

I

The gap between norms and realities

"Equity", in the sense of the right of people to participate in political and economic activity without formal barriers, has been a publicly endorsed norm throughout Latin America since the achievement of Independence. "Equity", in the sense of the right to means of livelihood and access to a range of public services supporting an adequate level of living (the Welfare State dimension of equity) has been similarly endorsed since the creation of the United Nations in the 1940s, or earlier in some Latin American countries. Throughout the region, constitutional provisions, government policy formulations, prefaces to development plans and intergovernmental declarations have spelled out commitments to equity in considerable detail.

Statistical and other researches have demonstrated the contradictions between these norms and the persistence of highly concentrated patterns of distribution of income, wealth and power, as well as less concentrated but still inequitable access to the services provided by the State. Research also bears out the conclusion that, at the per capita income levels achieved in most Latin American countries, a moderate, economically feasible redistribution would suffice to eliminate extremes of poverty.¹

Discussions of norms of equity and the philosophical or practical justifications for such norms have a very long history, and will undoubtedly continue their progress as the societies to which

¹According to the World Bank's most recent evaluation, "Nowhere in the developing world are the contrasts between poverty and national wealth more striking than in Latin America and the Caribbean. Despite average per capita incomes that are five to six times those in South Asia and Sub-Saharan Africa, nearly one-fifth of the population still lives in poverty. This is because of the region's exceptionally high degree of income inequality. Raising all the poor in the continent to just above the poverty line would cost only 0.7% of regional GDP—the approximate equivalent of a 2% income tax on the wealthiest fifth of the population." (World Bank, 1990). At the extreme, in Brazil, the share of income of the top decile of households went from 48.5% in 1960 to 58.7% in 1972, during a period of rapid economic growth, so that the mean income for a household in the top decile was 42 times that of a household in the bottom 40% of the income distribution.

they refer evolve. Measurements of the dimensions of inequity are weaker than they might seem from the abundance of statistical tables, particularly when one tries to go beyond broad aggregates to specific population groups, and there is ample justification for continuing research. Equity is best conceived as a direction rather than a concrete objective, changing according to changes in national resource levels, social and economic structures and political processes and in the visibility of problems that emerge in the course of these changes. The quest for greater equity cannot be restricted to the elimination of statistically measurable extremes of poverty. It must also include the achievement of a perception, based on realities, of the available opportunities and common interests that could help to secure a minimum of social cohesion within unavoidably conflictive national societies.

The present text will assume that there is now sufficient consensus on norms and the existing realities to justify concentration on two groups of questions:

First, why has the gap between norms and realities remained even wider in most of Latin America than in other world regions, according to available indicators? Why, in spite of government commitments and some ambitious policies, was not more advantage taken of economic growth dur-

ing the period from the 1950s to the 1980s, when Latin America achieved income levels justifying the label of "middle class" between the rich and the very poor countries? Why has so little been done to keep inequities from becoming even more extreme during the crises of the 1980s? Why have competitive political parties and popular organizations—more vigorous in Latin America than in other "developing" regions— not been able to exert more countervailing power in the cause of equity? Why do government programmes and popular mobilizations seem so often to have had perverse consequences?

Second, what positive lessons can be derived from government policies, organized popular strivings, changes in sources of livelihood and other social phenomena bearing on equity in recent years? Can relative successes as well as failures be identified? What can realistically be expected from governments; theorists, planners and administrators; political and interest-group organizations; and all those trying to cope with different forms and degrees of inequity? Can vicious circles be converted into virtuous spirals? Or, conceivably, is equity faring as well as can be expected in a world governed by inflexible economic laws and the limited capacity of human beings to comprehend and act in their own best interests?

II

The sources of persisting inequity

Some of the sources of present-day inequities are of very long standing, going back to the distribution of wealth and status imposed by the colonial regimes. Others are very recent, deriving from the kinds of social mobility, the discriminatory access to new opportunities and the disintegration of traditional sources of livelihood and security that are visible today. The major barriers to equity have to do with economic and political power, but are reinforced by cultural and psychological patterns. Some factors derive directly from the world system, others are localized. Some are linked to class positions, others to age, gender or race. For some, plausible remedies can be offered. For others, it is far from clear what can be done or what agents

might do it. In a brief survey of these complexly interrelated questions it is difficult to avoid over-generalization, arbitrariness in evaluations, and the paying of respects to some well-worn truisms.

1. *Structural factors*

For present purposes, it can be taken for granted that among the factors underlying the persistence of extreme inequities in Latin America are the hitherto prevailing Latin American style of development, which has been in crisis for a decade or more, and its dependence on a world economic and political system that seems paradoxically precarious and impervious to demands for greater equity

in relations between national societies. ECLAC publications over the years have exhaustively analysed these structural factors.

The prospect of revolutionary transformation of the national styles of development or of de-linking from the world system has practically disappeared. It now seems evident that for the foreseeable future most Latin American societies will continue to evolve within capitalist rules of the game, probably combined with pluralistic democracy and with a degree of openness to the world system that will set limits to the feasibility of radical policy innovations, on the one hand, but will exert pressures toward broader attention to equity, on the other.

This probable future calls for a range of policies aiming at improvement of the terms of insertion in the world market, transformation of patterns of production, coping with the debt burden, and other objectives set forth in recent ECLAC publications. By themselves, such policies can permit but not guarantee advances toward greater equity. They can and should take into account the likely consequences for equity, but this cannot be their main criterion. In past development policies, objectives of equity have been proclaimed, but usually have been set aside in favour of more pressing concerns of the elites that apply the policies. At best, the present proposals for reforms in economic structures are likely to do more for "restricted equity" –that is, gains for parts of the population already enjoying some degree of real access to new entrepreneurial and employment opportunities –than for "universal equity", in which the strata now most impoverished and disadvantaged can participate. Moreover, policies focussing on changes in production patterns cannot take full account of the widely differing patterns of inequity experienced by different population groups. Even within groups that are similar according to some broad classification criteria (the poor, wage workers, peasants, the informal sector, etc.) specific problems, reactions to problems, and possibilities for relevant action vary widely.

The State, through its redistributive and regulative functions and its sectoral services, can do a great deal to promote greater equity, within the constraints suggested above, but it is now evident that these contributions have their own propensities to distortion, sometimes converting them into new sources of inequity. The most hopeful

way forward, within a setting of changing production patterns and expansion, calls for continual interaction –involving co-operation, criticism and conflict– between the initiatives of the State, the organs of pluralistic democracy, and the multifarious survival strategies of the people. Some implications of this approach will be discussed below. First, however, let us take a look at a particularly troublesome and complex source of persisting inequity.

2. *The cultural attitudes and perceived interests of elites*

The attitudes toward equity held by the economic, political-bureaucratic, and intellectual-ideological elites (including counter-elites) contain a mixture of deeply-rooted and partly subconscious cultural prejudices, education-derived values, influences of dominant international ideologies and norms, and ruthless pursuit of self-interest. In this sweeping assertion there is no intention of making an invidious comparison between the elites of Latin America and those of other regions, in which different but not altogether dissimilar patterns of contradictions and rationalizations are visible. Attitudes described by R.H. Tawney for England in the 1930s remain current, and not only in Latin America.² Some anti-equity rationalizations are becoming more current, while others are retreating deeper into the collective subconscious. They naturally influence State policy formation and execution, and even more the tactics of the private sector *vis-à-vis* State policies, although they do not necessarily determine the policies of that sector or the results of the tactics. Presumably a critical awareness of the factors making for distortion, ritualism and blockage can reduce their influence. The following is a rough catalogue. Naturally, some attitudes are more evident than others in specific national situations and categories of elites:

²... the habit of mind which thinks it, not regrettable, but natural and desirable, that different sections of a community should be distinguished from each other by sharp differences of economic status, of environment, of education and culture and habits of life. It is the temper which regards with approval the social institutions and economic arrangements by which such differences are emphasized and enhanced, and feels distrust and apprehension at all attempts to diminish them." (R. H. Tawney, 1964) (first published in 1931). Tawney's usage of "equality" is practically the same as the interpretation here given to "equity".

a) Some thirty years ago, Albert Hirschman (1961) identified in the comprehensive development plans then being formulated throughout Latin America, as in the 19th century constitutions, a propensity of intellectual elites to compensate through ideal schemes for their inability to act on recalcitrant realities.³ Since then, this propensity has flourished under the stimulus of innumerable international conferences, resulting in "plans of action" that have covered all conceivable dimensions of equity along with other worthy objectives. Up to a point, the effort to formulate inspiring and attainable utopias could be justified as a means of transforming the consciousness of elites and peoples. At the same time, it encouraged illusions of rapid and coherent progress through the application by the State of comprehensive prescriptions that probably obscured the vision of some regimes as to what they could accomplish within real constraints. Experience has dissipated such illusions, except perhaps in a few planning offices, but by the 1980s the ritualization of promises and plans of action had generated complacency or cynicism among the elites and alienation in the general public. Any discussion of equity today is handicapped as well as challenged by this past and by the more acute disillusionments of the 1980s. It is open to accusations of mystification, embodied in many bitter jokes.

b) The verbal commitment to equity has co-existed with the elite's conviction of the inferiority of the lower classes, particularly if they are ethnically distinct. This attitude is no longer publicly avowable but remains an important unspoken rationalization for complacency in the face of extreme inequalities in distribution and exclusion of the disadvantaged from effective political participation. (In a modernized variant it has been argued that infant malnutrition has stunted the brains of the poor to such an extent that they cannot be trusted to exercise full rights as citizens). In the

past, the attitude of elite superiority has entailed traditions of paternalism and clientage in relations with other classes. "Equity" then consisted in recognition of an obligation to help dependents or requisite services, but indifference or hostility toward groups or individuals outside the bounds of dependency, struggling for upward mobility or claiming enforceable rights *vis-à-vis* the elites. To some extent, with uneven modernization of the societies, such attitudes shifted from traditional landowning elites to other power holders, including public functionaries.

The attitude of rightful superiority has also entailed a pervasive distrust or fear of the masses as sources of anomic violence and criminality, and as easy targets of populist or revolutionary misleaders, if not kept under strict control. A corollary of this distrust has been a predisposition to support or tolerate extra-legal violence (including torture and summary executions) against out-groups perceived as threats. Such violence has been endemic throughout Latin American history, but reached extraordinary heights during the 1970s, when threats to elite status became more immediate. It has since receded in a good many countries, but not in others, and probably remains latent almost everywhere. Obviously, the ability of power holders, including agents of the State, to use intimidating violence arbitrarily and with impunity can block any significant advance toward greater equity. At the same time, the successful use of violence has made less convincing the argument that rapid advances toward greater equity are needed to forestall upheavals from below.

c) It is widely agreed that the consumption standards of upper-income minorities have done much to shape the style of development and block more equitable distribution.⁴ By now, relatively broad middle strata have internalized these standards, which thus enter into the expectations (or frustrations) of most of the population. Since they respond to international stimuli and models for continual diversification and are viewed as rights by the groups having access or hopes of access to

³R.H. Tawney, thirty years before Hirschman, gave a more sardonic explanation, echoed by many criticisms today: "In political and social affairs ... complete candour ... is rarely desired, and more rarely practiced. ... Thus shielded against too violent an impact of disturbing truths, the rulers of mankind are enabled to maintain side by side two standards of social ethics, without the risk of their colliding. Keeping one set of values for use, and another for display, they combine, without conscious insincerity, the moral satisfaction of idealistic principles with the material advantages of realistic practice." (R.H. Tawney, *op. cit.*, pp. 213-214).

⁴In "the postwar pattern of consumption-led growth ... continuing expansion of consumption has been essentially based on the affluency of the upper 30% -or, at most 40%- of the population, that require high incomes -of levels comparable to those prevailing in the industrial countries- to pay for the higher price of goods." (Altimir and Hofman (1990), p. 9.

them, they support conceptions and realities of "restricted equity". The groups in question cannot contemplate any redistribution, through the State or otherwise, that would endanger their (already precarious) ability to meet these standards. The crisis of the 1980s has probably strengthened "zero sum" suppositions: what one gains another must lose. Thus, they must either put out of their minds the plight of those excluded from any possibility of achieving such standards, or fall back on the rationalizations summarized above: namely, that the poor are to blame for their poverty. A hidden psychological satisfaction from superiority over the poor and ignorant might also be suspected; high levels of consumption and education would lose part of their value if access to them were universalized. Parts of the elites and middle strata may even be sincerely convinced that the State, as a matter of equity, has the duty to help them maintain acquired advantages, through appropriate employment, differential education, and public services for their neighbourhoods.

d) The attitudes of economic, political and intellectual elites toward the State have long been highly contradictory, ranging from exaggerated confidence in the State's ability to accelerate and plan development, through opportunistic efforts to use the State for private ends, to negation of the State's ability to do anything efficiently and legitimately beyond the maintenance of public order. In recent years, for many reasons, confidence in the capacity of the State to promote equity has declined in the public at large. The confidence of private power holders in their right as well as ability to pursue their own perceived interests and penalize any interference from the State or from popular organizations has increased correspondingly. These trends, in a context of economic crisis and preoccupation with crisis management, have pushed political and intellectual elites toward evasiveness or indifference *vis-à-vis* the quest for greater equity. In these circumstances, policy concentration on economic growth through the freeing of market forces could plausibly be rationalized as beneficial for everyone over the long term, or accepted as inevitable in the absence of viable alternatives (Gurrieri (1990a), pp. 13-14). Concern for equity, then, might best continue to take the form of declarations of good intentions supplemented by modest allocations to relieve extreme poverty and modest support of self-help.

Other formidable reasons might come to mind which explain why the quest for greater equity has advanced more rapidly on paper than in real social relationships, patterns of distribution or applied policies. Obviously they are not the whole story, and the main justification for listing them is to help the different social actors concerned with equity to become more aware of contradictions and propensities to evasion in their own attitudes and those of their interlocutors. For over thirty years, economic growth in Latin America did benefit large parts of the population and generated processes of mobility and capital accumulation that can be built on, with renewed growth, to overcome the exclusion of the remainder. The State in Latin America did acquire social institutions and services that affected the lives of most of the population to some extent. These have been damaged but not lost, and through experience, intelligent planning, and pressures from below can be made to function more equitably as well as efficiently. Theorists and ideologists, political parties and popular organizations have learned from sobering experiences to pursue equity with greater realism, patience and predisposition to combine tactics of struggle with compromise and openness to opportunities for broad coalitions. Intransigent defences of privilege and "restricted equity", lowered expectations and complacent or sullen submission to the economic Kingdom of Necessity coexist with a proliferation of generally localized creative initiatives of many kinds, outside the purview of the national political and interest-group organizations.

The present text supposes that the quest for greater equity is most likely to advance through changing combinations of tension and co-operation involving the various economic, political, social and cultural actors: institutions of the State, private power holders, parties and other mass organizations, and participants in local struggles for survival and advancement. The different social actors cannot be expected to adhere to completely compatible scripts, or to tailor their scripts to broad principles of economic efficiency and social justice, but there is room to hope that an awareness of common interests in the overall process of changing production patterns with equity can become internalized sufficiently to override conflict to a greater degree than heretofore.

III

The State and its agents: policies, sectoral programmes, legislation and regulations bearing on equity

1. Overall policy and planning

It is generally agreed that major advances toward equity cannot be expected from social sectoral programmes alone, or from direct subsidies to the incomes of the poor, or from measures adopted piecemeal to deal with the most urgent pressures. Almost any action taken in isolation can have perverse consequences. The quest for greater policy coherence and integration of equity considerations into the whole range of activities of the State is of the highest importance. This objective can hardly receive sufficient attention without institutionalization in planning and the existence of co-ordinating mechanisms with adequate access to the Executive. Comprehensiveness is meaningless, however, unless combined with a realistic appreciation of the capacities and limitations of the State and the political constraints upon its policies. Coherence and integration are ideals to be striven for but can never be fully attained, and the striving has its own pitfalls.

Deliberately or otherwise, comprehensive planning can become a substitute for action, as Latin American experience has repeatedly demonstrated. Opportunities for decisive action by the State –assuming that the forces controlling the State really want decisive action– are continually opening and closing. By the time comprehensive plans or reform proposals are ready, or all the linkages of a proposed policy have been explored, the economic conjuncture, the political balance of forces, or the replacement of the Chief of State may have rendered them inapplicable.

Even revolutionary regimes do not start with a clean slate, and regimes that come into office through pluralistic democratic procedures face an array of public entities and programmes built up over many years for many reasons, with their own forces of inertia and momentum, legislative provisions that can be changed only slowly if at all, organized resistances in different sectors of the population (including clienteles as well as functionaries) to reforms bearing on their conceptions

of acquired rights, and bargains that the new regimes themselves may have struck in order to broaden their base of support. The quest for policy coherence and integration then leads through painstaking attention to each sector and form of activity so as to understand their interactions and the real reasons for inequities and inefficiencies. The executive power can be expected to have patience for only selected aspects of such a diagnosis, and reform proposals may have to be filtered through legislative and judicial bodies, with unpredictable results.

Such considerations may justify a regime's decision to subordinate comprehensiveness to concentration on certain lines of activity in which resistances are weaker and prospects for an effective contribution to equity are more promising than in others, preferably with the choice based on a serious weighing of costs and benefits, political as well as economic and financial, rather than overnight inspiration. In any case, all regimes face a discordant chorus of urgings from within and without their own ranks to undertake more activities than they have any prospect of carrying out or co-ordinating. They may find it politically expedient to make token responses to some of these pressures, deliberately confusing perceptions of their real priorities.

Alternatively, regimes that are strongly committed to major reforms or societal transformations may decide that the only way forward is to advance rapidly on as many fronts as possible, hoping to make irreversible changes in power structures and impart an economic and social dynamism that will outweigh incoherences and overwhelm resistance. Thus far, as the World Bank has pointed out with a certain complacency (World Bank (1990), Box 1.2, p. 12), such strategies, after initial successes, have consistently ended in disaster, particularly for the dispossessed whom they were intended to benefit. The regimes in question have been unable to achieve sufficient internal policy coherence, control the momentum of the changes they have set in motion, or cope with the

destabilizing tactics of forces inside and outside the country that have felt threatened by the reforms. For the present, even the political forces previously sympathetic to strategies of this kind seem to have lost faith in their feasibility.

Still another approach to coherence in policies insists on abstemiousness in State activities, maximum transfer of responsibilities to the private sector and to local initiative, "empowerment" of the disadvantaged by freeing them from State tutelage, and concentration of State action on a few clearly defined needs and groups. In its doctrinaire neo-liberal form this approach can be identified as a rationalization of permanent inequity, summed up many years ago in Anatole France's aphorism that the law protects equally the right of the rich and the poor to sleep under bridges. However, some versions of the approach convey a very important dimension of the problem of policy coherence: that of pruning the wilderness of programmes and regulations which has grown up in most Latin American countries and which encourages arbitrary decisions on enforcement, diverts the innovativeness of the informal sector into tactics for evasion, and fosters bureaucratic arrogance and extortion *vis-à-vis* the disadvantaged. Such a pruning would entail financial gains rather than costs for the State, and would help toward a clearer vision of what it can and should do, but the political costs might be high, in view of the complexity of interests involved.⁵ The real needs of complex societies for regulation for the common good, the real capacity of the State to enforce regulations efficiently and equitably, and the expectations internalized by different sectors of society can be brought into better balance than heretofore, but never to the point of ideal reconciliation of all the desiderata.

A number of ECLAC documents published over the years really constitute critical annotated catalogues of the range of State activities bearing on equity.⁶ Such overviews should be indispensable starting points for agents of the State trying to bring order and realism into the questions of what

the State *should do* to advance equity, what it *can do* within the foreseeable future, and what it *is doing* but might better do differently or not at all. At the regional level, such overviews cannot justifiably go beyond a cautious weighing of benefits, costs, propensities for distortion in content or distribution, and possibilities for harmonization with broader objectives of changing production patterns with equity. It would be pointless to go over the ground again in a text such as the present. The next step is to relate the considerations to specific national and even local conjunctures, preferably through dialogues with national planning and research institutions. A study of what, if anything, agents of the State make of generalized principles and advice, and of how self-awareness of roles might be enhanced, should be useful at this point.

One general point remains with regard to the constraints on coherence in government activities. The World Bank has specified the provision of "basic social services to the poor" as one element of a two-part strategy for achieving "rapid and politically sustainable progress on poverty", along with promotion of the "productive use of the poor's most abundant asset – labour" (World Bank (1990), p. 3). Significantly, the Bank supports this proposal with the argument that the likelihood of coalitions between service providers and recipients enhances political sustainability: "Pressures on governments to finance social services often come as much from the middle-income providers of services as from the beneficiaries. Teachers, medical personnel, social workers, and other middle- and upper-income service providers themselves benefit when the government devotes more resources to social services, and they often have the voting power and organizational capacity to lobby successfully for greater investments in the development of human resources. ... In Argentina, Chile and Peru the success of tax and other policy reforms to benefit the poor has generally turned on the stance of white-collar workers, professionals, bureaucrats, and small- and medium-size business interests. Redistributive policies were more likely to succeed when these actors shared in transfers directed primarily to the poor" (World Bank (1990), p. 52).

This quotation gives a realistic glimpse of the context within which pluralist democratic governments or even regimes of authoritarian origin confront the question of equity. To the extent that a

⁵Hernando de Soto (1987) presents convincing arguments for the importance of this approach, whether or not one accepts his broader conclusions on the potential of the informal sector and the evils of the "mercantilist" State.

⁶See, in particular, Gurrieri, 1990b, Kaztman and Gerstenfeld, 1990, and Sojo, 1990.

government wants to give priority to equity it finds the kind of "coalition" described above helpful in countering other claims on its resources, but it cannot take the claims of the more vocal part of the coalition at face value. The providers cannot help preferring to go on doing the things they have been doing, on a larger scale. Their families and their allies in the middle strata cannot help preferring to keep the lion's share of the benefits, according to a principle of "restricted equity". The extent to which they provide the services most needed or wanted by the poor depends partly on whether the organizations of the latter have clear purposes and can make themselves heard independently of bureaucratic tutelage. The policy-making and planning organs of the State are concerned to make the services more cost-effective and to bring them into closer correspondence with overall development aims. Once the providers and the poor are both organized, advances toward these last objectives require bargaining and dialogue, at best conflictive and leading to compromises that satisfy neither the contending parties nor the ideal concerns of equity and efficiency. Naturally, if the resources of the State fall drastically, as in the 1980s, the bargaining capacity of all three parties suffers, and policy application becomes more erratic and inequitable.

2. Laws and regulations

The legal systems of Latin America, as one might expect, have contradictory implications for efforts by the State, by popular movements, and by individuals to advance toward greater equity. On the one hand, constitutions and laws contain elaborate guarantees of right and need for equity. On the other, the more concrete legal codes and regulations have been shaped by the distribution of power, political bargaining, and certain well-known propensities of lawyers and bureaucrats. They include provisions designed to make changes in the distribution of income and wealth difficult and slow, and to place popular organizations under State tutelage. They have evolved through accretion to a complexity and contradictoriness that may either paralyze the capacity of a regime to undertake reforms, or encourage tactics of evasion, selective enforcement and ad hoc decrees. The role of the legal systems in blocking changes that affect property rights has been particularly important in the case of agrarian reforms. In most countries

with pluralist democratic regimes continual efforts to rationalize the legal systems co-exist with pressures and real needs for new legislation that make the systems even more complex. The overall prospects for bringing the legal systems into closer correspondence with equity-oriented reforms differ too widely from country to country to be discussed here.

From the standpoint of the disadvantaged parts of the population, the main problem may be effective access, through the courts and public agencies, to the rights guaranteed them in the laws. Such access is hampered not only by the ambiguities and contradictions in the laws, but also by ignorance of legal rights, the costs of legal action, and many forms of extra-legal intimidation by agents of the State or local power-holders. Particularly in rural areas and in low-income urban settlements, police are likely to interpret any organized effort to assert rights as a threat to order, and to react with violence.

As was suggested above, a co-ordinated attack on these problems should be a promising way forward for regimes concerned with equity but under severe financial constraints. Simplification of regulations would save the State some costs of enforcement, and might bring it some new resources through the freeing of entrepreneurial initiatives in the informal sector. The political costs of bringing the armed agents of the State under better control, enforcing penalties for violations of human rights, and universalizing access to the courts would be formidable, but would meet some of the most deeply felt grievances of the disadvantaged throughout Latin America, even under formally democratic regimes. The elite supposition of natural inferiority of the masses continues to colour interactions between those holding a share of power—even petty functionaries—and the weak.

A State effort of this kind needs the critical support of the mass media, in the form of publicizing abuses and assessing the State's efforts to deal with them: a function for which the media already have a solid basis of experience. Such an effort also calls for the introduction of "ombudsman" systems, as a few Latin American countries are now doing. The "ombudsman" is an autonomous officer of the State, empowered to investigate and act on complaints of the public, including complaints of arbitrariness and extortion by agents of the State as well as complaints of discrimination or

abuse by private employers and fraud or misrepresentation by commercial and financial enterprises. Obviously, the effectiveness of such an institution depends on adequate staffing, financing, legal powers and publicity. A token ombudsman overwhelmed by complaints and powerless to act on them would simply confirm the public skepticism concerning the State's commitment to equity.

This is also a promising and relatively neglected area for policy-oriented research, focussing on efforts within specific countries to accomplish the purposes summarized above, the role of mass media and different types of organizations, the reactions of affected State agents and other power-holders, and the perceptions of the disadvantaged themselves.

IV

Popular participation and equity

A dynamic process of change in production patterns will facilitate advances toward greater equity but will not guarantee them. The same can be said of widening of the scope of market incentives, freer choices of life styles, or pruning of bureaucratic controls to those really indispensable for the functioning of complex societies. If equity is to become more than a slogan the State must assume many new as well as old responsibilities for redistribution, universalized services (as well as services targeted to particularly urgent needs), stimulation of scientific and technological innovation, safeguarding of basic human rights, etc. The final requisite for advances toward greater equity consists of organized popular participation within a pluralist democratic framework. The foregoing requisites (particularly the last) cannot be expected to interact harmoniously and predictably. However, even if greater equity could be expected to emerge from some combination of innovations in production, market incentives, and technobureaucratic planning of State activities, this option is not available. Organized popular participation is already present, and recent history has demonstrated that even the most systematic repression cannot eradicate it for very long. The quest for equity has proceeded and will proceed through interactions involving the State, economic and military power holders, political parties and other organizations aggregating and negotiating the demands of different sectors of the public, and localized groupings of people devising their own survival strategies. This tripartite interaction involves continually changing but basically permanent tensions. Regimes concerned with equity or simply with

political stability will legitimately try to institutionalize and rationalize popular participation, promoting some forms, discouraging others, and trying to bring the organized forces into social pacts. Forces outside the State will legitimately place their hopes in ensuring maximum autonomy and spontaneity for social movements working toward transformations of the societies that would involve a drastic curtailment of the tutelary role of the State. It is unlikely, and probably undesirable, that either approach should triumph definitively.

The main factors bearing on popular participation at present can be summed up as follows, with no pretension to originality:

a) Throughout Latin America, political democratization has opened wider spaces for organization and participation in struggles for equity, but these gains confront the inhibiting effects of the economic crisis and debt burden, and of ideologies that delegitimize popular mobilizations and demands for State support of greater equity. In effect, the disadvantaged are told that they can enjoy democratic rights only as long as they do not make use of them. In most countries, credible threats of force in case of political instability stand behind these warnings.

b) Political parties have regained their traditional roles of negotiators of the demands of different sectors of the population *vis-à-vis* the State, but for many reasons are insecure in these roles. Their ability to act on electoral promises, once in office, generally proves illusory. This contributes to voter alienation and extreme swings in electoral behaviour, expressing repudiation of an existing regime more than support of an alternative. In

general, the parties have gained in realism and disposition to seek common ground on policies, but demoralization from the constraints encountered has also in some cases fostered opportunism and corruption.

c) The eclipse of socialist utopias and doctrines of the vanguard role of the proletariat has deprived working-class movements of inspiring visions of the future capable of justifying solidarity, sacrifices and persistence after defeats –but also of illusions that were responsible for the worst defeats. For the most part, the political movements formerly advancing such utopias have lowered their sights to reforms that seem practicable without system transformation. This, in practice, leads them toward “restricted equity” and ambivalence with respect to the mobilization of the strata whose advancement seems least compatible with the prevailing economic system and power relationships. Alternatively, the reaction has been in the direction of extreme radicalization, envisaging mobilization of the most disadvantaged strata for destruction of the system, on the supposition that this would open the way for an egalitarian order. This strategy, in the one case in which it has achieved significant strength (that of the Sendero Luminoso in Peru), has notoriously condemned the disadvantaged to extremes of competitive terrorization and crippled their pre-existing capacity for autonomous organization.

d) Social movements based on sources of self-identification and equity-oriented demands only secondarily related to employment and needs for State services have increased in importance and diversity. These include organizations (and more widely diffused public perceptions) based on gender, age, ethnic identity, cultural preferences, religion, concern with environmental degradation, concern with human rights, etc. The participants in some of them are mainly from the middle strata but they are concerned with questions that affect the well-being of the whole population and particularly the disadvantaged (environment, human rights) or they are determined to act as allies and mobilizers of their more disadvantaged counterparts (women, youth). This trend introduces a dimension of multiclass social cohesion with high potential for overcoming the class and cultural barriers that feed elite and middle class repugnance to universalized equity. It also introduces an important international dimension: most of the new social

movements identify with counterparts throughout the world and rely on their solidarity and material aid against internal adversaries. Political parties and the State naturally find it hard to cope with the diversity of challenges thus advanced, frequently in intransigent terms, but the innovativeness of social movements probably offers the best possibility that the quest for equity will finally overcome the present economic, political and cultural obstacles.

e) Semi-autonomous and generally localized forms of solidarity among the disadvantaged in the cities have gained in importance, or at least in visibility, partly through the survival strategies forced on them by the economic crisis and the ineffectiveness or repressiveness of the State, and partly through the mobilizing and conscientizing efforts of allies from the social movements mentioned above. There have been many microstudies bearing on such organized efforts, but the coverage and prospects of the latter are far from clear. In most settings, it seems probable that they incorporate only minorities among the urban poor and that they are short-lived, dissolving from the consequences of success in their immediate aims as well as failure. They involve women much more than men, and external stimulation and material aid are important to their perceptions of their own roles, as well as to their survival.

The present organized efforts follow upon a long history of glaringly inequitable distribution of access to adequate housing and related services. Researchers have abundantly documented the uncontrollable growth of “irregular settlements”, the rise of popular organizations asserting rights to land and services, and the varied governmental attempts to cope with these features of urban growth. The failure of the State or private enterprise to provide decent living conditions, forcing the workers and the poor to find and pay for their own solutions, has been denounced as “urban spoliation”. Inequities became even more flagrant during the 1980s, as upper-income housing and community facilities became even more luxurious, while working class and informal sector incomes became more precarious and possibilities for occupying waste land or buying cheap building lots in “clandestine” subdivisions shrank. At the same time, tendencies toward administrative segregation of high-income neighbourhoods, freeing them from responsibility for services in the poorer zones, became more pronounced. Psychological

segregation accompanied physical segregation, stimulating among the well-off an exaggerated fear of the low-income settlements as menacing dens of criminality and barbarism. Here the State's responsibility in advances toward equity involves a fairer distribution of public funds allocated to urban needs, controls on land speculation, and property taxes that accurately reflect land values—measures most governments have never had the will to undertake in the face of vested interests. Under the repressive conditions of the 1970s and early 1980s and the more recent shrinkage of public resources, organized efforts in the neighbourhoods of the urban poor had to lower their sights to self-help. In the democratic climate of the present, however, it seems inevitable that the high visibility of urban inequities and the internalization by all classes of "modern" standards for shelter and services will make these inequities once again sources of serious challenges to the State as well as the urban elites.

f) The "informalization" of economies, implying a shift from wage labour in relatively large enterprises to self-employment, piecework, and employment in small precarious enterprises; the extreme spatial mobility—including migrations across national frontiers—of major population groups seeking work or fleeing violence; and the mobility of transnational enterprises seeking cheap labour and employing mainly women, have led—along with other factors—to the weakening of trade unionism, traditionally the most solid component of popular organization and the spearhead of broader mobilizations. As events in many countries demonstrate, the unions (particularly those in public sector enterprises and services) often find no alternative to strikes in defence of acquired rights and salary levels, even when the likelihood of success is slight. The unions' ability to recover a leading role in the quest for equity depends on their capacity to recruit workers and to defend their members' interests in two quite different areas: the new high-technology areas of employment associated with changing production patterns and the mainly female labour force in "maquiladora" and piecework production. In the latter area, the unions must fall back on the State for enforcement of regulations concerning working conditions and minimum wages.

One might conclude that large groups—particularly the semi-proletarianized rural population

combining subsistence cultivation and migratory wage labour and the unemployed youth of the cities—have practically no potential for organization, even at the neighbourhood level. The reality, however, is probably more complicated and less negative. For one thing, large-scale migrations across national frontiers in search of work, combined with universal exposure to mass communications and the modern urban consumer society, will have consequences that can only be guessed at.

g) In assessing the potential contribution of popular participation to the quest for greater equity, it is not enough to specify what the people ought to want within an equitable and sustainable style of development—satisfaction of basic needs, fair access to education and health care, adequate housing, protection in old age and other contingencies. It has been evident for some time that the real style of development has universalized aspirations to levels and forms of consumption that in reality can be achieved only by minorities on the basis of exclusion of the majority from the consumerist paradise. It has been rightly said that the Latin American population has already achieved complete equality in their aspirations. Even when limited to minorities, such consumption standards imply a crippling diversion of public as well as private resources away from the investment requirements of worthwhile changes in production patterns. If they could be universalized—e.g., if per capita automobile ownership could reach U.S. levels—they would be environmentally devastating.

This is certainly one of the most intractable stumbling blocks in the path toward greater equity. Up to a point, consumer aspirations and inequality in incomes are a spur to greater effort, as the welfare states of Europe and formerly "real Socialist" countries now admit, but that is far from justifying a gap between aspirations and real potentialities as wide as that observable in most of Latin America. It would be presumptuous as well as futile for development theorists and planners to urge a lowering of aspirations while themselves enjoying the consumer society. There is some hope for a spontaneous shift in tastes, particularly among the youth, away from the forms of consumption that are particularly demanding of resources and ecologically damaging. The new social movements should exert a positive influence in this direction. However, as in the "rich" countries, such shifts in tastes will probably reach the middle classes long before the

disadvantaged. In regard to the interaction between State policies and popular participation one cannot do more at present than hope that regimes will confront the problem openly, explaining the constraints but without any illusions that their exhortations can bring about a mass conversion to sustainable development.

h) From the 1950s to the 1970s, a broad international consensus, embodied in numerous United Nations resolutions, programmes and researches, asserted that reforms of land tenure leading to wider distribution of ownership would be one of the most important contributions to equity and national integration as well as economic development. Traditional tenure systems, it was agreed, confined peasants and rural workers to vicious circles of impoverishment and powerlessness in which they were unable to innovate in productive techniques, enter market relationships, or participate democratically in national or local decision-making. In the absence of State-sponsored reforms, their main hopes for betterment lay in cityward migration or violent uprisings.

At present, agrarian reforms are receiving relatively little attention, whether in the form of declarations or programmes in progress. One reason seems to be that political resistance to earlier reforms proved so formidable and destabilizing that even democratic and equity-oriented political movements are reluctant to return to the struggle. According to the World Bank, "large-scale redistributions of land have sometimes been successful... Where it can be done, redistribution of land should be strongly supported. But the political obstacles to such reform are great. ... In most circumstances, political realities forbid reform to stray far from the status quo". Other strategies to deal with rural poverty are "more likely to succeed". (World Bank (1990), pp. 3 and 64.)

In a good many countries the relative importance of the rural population has declined so much through out-migration and urbanization that the case for agrarian reform as the only means of forestalling revolutionary upheavals fuelled by rural poverty and discontent has lost weight. Still other reasons for present neglect of the issue, in different combinations according to country and internal region, include rural transitions (many of them deriving from the vicissitudes of past reforms) to modern large-scale commercial agriculture using wage labour, and transitions to smallholder agri-

culture producing for the market, but so dependent on sources of credits, inputs, and crop purchases that the gain from land ownership has proved illusory. Earlier tenure reform policies generally failed to follow up with the investments, technical assistance and marketing arrangements that the policies themselves declared to be essential, or bureaucratized such services to a frustrating degree.

Nevertheless, in parts of some countries militant organizations of peasants and rural workers have held their ground, or have recovered after periods of repression, and are able to advance their own conceptions of equity with some effectiveness. Elsewhere, a long history of failures to resolve questions of equity in terms satisfying rural people has led to situations of endemic violence in which the possibility of equity-oriented participation disappears in the clash of strategies for mobilization and intimidation. As was suggested above, the rural groups least able to defend their livelihood through organization or political action are those no longer able to subsist through agriculture alone, but clinging to a combination of subsistence cultivation and migration in search of work. The economic justification for State action that would enable them to function better as cultivators may be weak and the measures required complex and expensive, but the equity justification is strong. The sources of unskilled wage labour to which they have access are not expanding and expose them to super-exploitation. Recent researches in Mexico suggest that the only alternative to subsidies to them as rural producers entitled to organize in defence of their own interests will be subsidies to them as destitute and rootless unemployed (Hewitt de Alcántara (forthcoming)).

i) During the 1970s and 1980s, some currents of opinion, disillusioned with the record of self-proclaimed "vanguard parties" and centrally-manipulated populist mass organizations, entertained a vision of "social movements" –including the new movements described above as well as the trade unions, associations of the urban and rural poor, and multiclass regional protests against domination by central authorities– evolving and coalescing into "national popular movements" capable of replacing traditional styles of party politics and State bureaucratic authoritarianism or paternalism by autonomous and spontaneous popular participation. The course of such a transformation could not be specified in advance,

but the hopes expressed showed some ambivalence between the gaining of control of the State and the freeing of civil society from dependence on the State. It seems unlikely that the participationist utopia can become reality, but the vigour and diversity of social movements add to the indeterminacy of the future. From one point of view such vigour is the only real guarantee of advances toward greater equity. From another, it introduces a threat of complete ungovernability of the national societies.

j) From the standpoint of the present exploration of questions of equity, it means that the State, the economic power holders and the popular movements cannot help negotiating with each other, with a more patient and realistic effort than hitherto to understand the ideological as well as economic constraints on the "social pacts" they are aiming at. The difficulties are by now obvious. It is easier for all parties to make commitments than

to carry them out. The State at present has very little to offer beyond warnings that there is no alternative and promises of a better future. The spokesmen for the power holders and the popular movements cannot be sure how far they can guarantee the acquiescence of their followings. A large part of the population is not organized, or its organizations are too localized and focussed on survival strategies or specific issues for their commitments to pacts to be meaningful. The economic elites are better able than other groups to interpret the pacts to their own advantage. A long history of the social pacts that have collapsed, generally to the detriment of the "popular" participants, stands in the way of the much-needed confidence that new pacts can succeed. Nevertheless, even the failures should have contributed to a learning process. The next question is how and whether the different actors can internalize the lessons so as to bring their different rationalities into closer correspondence.

V

What questions need answers and what can be done with the answers?

i) Institutions throughout Latin America are now carrying out researches and elaborating action-oriented propositions on practically all the important questions relating to equity and its interactions with development. These researches are proceeding mainly outside the framework of the State, although they are often financed by the State or by intergovernmental organizations. Additional topics and different emphases might be suggested. However, it would be pointless to do this without a thorough appreciation of what is already being done. The main problem is not lack of research, but rather its compartmentalization⁷ and the inade-

quacies of the channels through which findings should reach the agents who might act on them, as well as the general public. The production of documents is overwhelming, but their circulation is limited and erratic. These deficiencies have particularly adverse effects in relation to questions of equity, since decision-makers have an inevitable propensity to set this aside in favour of more pressing concerns, and the selection of ideas that reach their attention may be practically random or filtered through outmoded presuppositions. It follows that there is a place for research devoted to the following questions:

- How do research findings and theories influence decision-making centres in the State, elites in the private sector, the leadership of popular organizations and the general public?

- How do planning bodies, advisers charged with oversight of current research and the mass media contribute?

⁷"Our prevailing conditions and our universities produce economists who are blind to politics, politicians who are deaf to economics, and political "experts" who are not the least bit disturbed by the lack of communication between the foregoing two parties. This is why, in the political processes of our countries, there is direct contact—but no real communication—between two actors who speak different languages and follow incompatible theories: conventional politicians and conventional technicians" (translation from Carlos Matus, 1990)

- Can better approaches be proposed for sifting the important from the secondary, formation of common understandings permitting fruitful dialogue in the negotiation of social pacts, and the incorporation of research into decisions?

ii) The intergovernmental organizations and many national institutions have years of experience in advice to governments bearing on different dimensions of equity, but efforts to derive useful lessons from the history of such advice have been few. The following questions deserve systematic attention:

- To what extent did the governments act on expert advice or ponder it sufficiently to give reasons for not acting?

- To what extent did later missions study the experience of their predecessors and draw lessons from it?

- How do participants in advisory missions evaluate past experience and reasons for success or failure?

iii) Advances toward greater equity require, inter alia, that the people as a whole and particularly the disadvantaged sectors achieve a confidence, based on realities, that the laws and regulations are not unduly biased against their interests nor incomprehensibly complicated and contradictory. The manner of enforcement may be even more important than the content of the laws; equity requires fair and easy access to the courts and administrative agencies for assertion of rights and redress of grievances. Consequently:

- How do the State institutions actually function from this standpoint?

- How do the disadvantaged perceive their functioning?

- What is the experience of new institutions being introduced to make their functioning more equitable?

iv) By now, a good many countries have long and varied experience of the negotiation of social pacts and multiclass alliances designed to mobilize broad support behind national policies for development or readjustment. As was stated above, the experience of such pacts has been disappointing, but governments and peoples have no alternative to continuing the effort. This therefore gives rise to the following questions:

- What can be learned from this experience?

- To what extent have the pacts constituted unrealistic attempts to achieve consensus behind basically inequitable distributions of sacrifices in which criteria of economic rationality have masked subordination to the distribution of power?

- To what extent have the pacts over-relied on shock treatments and promises of rapid transformation that could not be fulfilled?

- To what extent have the experiences generated alienation and cynicism, and to what extent have they generated positive lessons that can be built on in the unavoidable next effort?

- Finally, if there are lessons, how can changing regimes and changing popular leadership retain them?

Bibliography

Altimir, Oscar and André Hofman (1990): "Latin American development. Problems in historical perspective", October, mimeo.

De Soto, Hernando (1987): *El otro sendero*, Buenos Aires, Editorial Sudamericana.

Gurrieri, Adolfo (1990a): El desarrollo social en los años noventa, in *Los años noventa: ¿desarrollo con equidad?*, A. Gurrieri and Edelberto Torres Rivas, Santiago, Chile, Latin American Faculty of Social Sciences (FLACSO)/ECLAC.

— (1990b): "La equidad: aspectos conceptuales y tareas futuras", 30 July, mimeo.

Hewitt de Alcántara, Cynthia (forthcoming): "Reestructuración económica y subsistencia rural: el maíz y la crisis de los 80", Geneva, United Nations Research Institute for Social Development (UNRISD).

Hirschman, Albert O. (1961): Ideologies of economic development in Latin America, in *Latin American*

Issues. Essays and Comments, New York, The Twentieth Century Fund, Inc., March.

Katzman, Rubén and Pascual Gerstenfeld (1990): The complexity of evaluating social development, *CEPAL Review*, No. 41 (LC/G.1631-P), Santiago, Chile, August.

Matus, Carlos (1990): La gobernabilidad de un sistema social, *Revista Iberoamericana de Planificación*, vol. XXIII, Nos. 91 and 92, Guatemala City, Sociedad Interamericana de Planificación (SIAP), July-December.

Sojo, Ana (1990): Nature and selectiveness of social policy, *CEPAL Review*, No. 41 (LC/G.1631-P), Santiago, Chile, August.

Tawney, R.H. (1964): *Equality*, London, George Allen and Unwin Ltd..

World Bank (1990), *World Development Report 1990*, Washington, D.C., Oxford University Press.