

SOCIAL COHESION

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



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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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Executive Secretary
Economic Commission for Latin America and the Caribbean (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

Chapter I

The scope of social cohesion



Given the need to dispel the ambiguity that frequently surrounds the term “social cohesion”, this chapter will set out the definition of the term as used by ECLAC. The relationship between the obstacles hindering its achievement and certain significant features of the current stage of Latin American and Caribbean development will then be briefly examined. The chapter will close with some reflections on the issue from the perspective of citizen rights.

A. What is social cohesion?

1. Preliminary considerations

By virtue of its many connotations, the idea of social cohesion is difficult to encapsulate in a single definition. It tends to evoke a yearning for community in the face of globalization and profound transformations, which many people associate with increased social fragmentation and a loss of stable relationships. Critical reflection defines it in opposition to the corrosion of State legitimacy and governance, the widening of social gaps, the emergence of self-referential identities, excessive economic rationalization, the similarly excessive trend towards individualization and the weakening of the public sphere. The list of definitions is long, and the ideas it conjures up range from the nostalgic (the “lost community”) to the propositional (“what to do?”). In the latter case, the idea of social cohesion is invoked in an effort to maximize the symbolic richness of multiculturalism, the promise of the information society and the diffusion of democratic ideals in order to develop systems capable of creating new mechanisms of social inclusion and citizen participation.

The concept of social cohesion also tends to be absorbed by others of proximate genus, such as equity, social inclusion and well-being. This is the case with the agenda of the European Union, whose agreements on social cohesion are basically a broad set of policies and indicators aimed at reducing the income gap and providing greater access to employment, education and health care.¹ Consequently, there is no clear definition of the concept – probably because the very tradition of social citizenship that characterizes European societies assumes that social rights entail an intrinsic relationship between social inclusion and the provision of mechanisms to integrate individuals and give them a sense of full membership in society.² According to this view, social cohesion implies a causal link between the mechanisms that provide integration and well-being, on the one hand, and a full individual sense of belonging to society, on the other. Inclusion and belonging, or equality and belonging, are the cornerstones of the idea of social cohesion in societies organized around the principles of the welfare State.

Definitions from the natural sciences provide other perspectives. Physics furnishes us with a simple definition based on the combination of three variables that link the elements of a set: the distance between the elements, the level of integration between them and the whole, and the force that binds them together. If this definition is applied to human society, bearing in mind both the differences and the similarities between the two fields, cohesion may be defined as the combined effect of the magnitude of gaps in well-being between individuals and between groups, the mechanisms that bind individuals and groups to the social dynamic and the sense of membership and belonging to society felt by such individuals and groups.

From a sociological standpoint, social cohesion may be defined as the level of agreement reached by the members of a social group regarding their sense of belonging to a common endeavour or situation. This definition emphasizes perceptions rather than mechanisms.³ In this field, the best-known, most fertile classical contribution is that of Emile Durkheim,⁴ who argued that the simpler the division of labour in a society is, the stronger the bond between individuals and the social group will be. This bond is a result of mechanical solidarity, which arises from segmented similarities based on territory, traditions and group customs. The social division of labour that modernity brings with it erodes and weakens such bonds, as does the increased

1 For more information on Laeken indicators, see chapter II.

2 Recent changes resulting from restrictions emanating from the welfare State, as well as the situation of many immigrants, now cast some doubt on this relationship.

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

4 Durkheim's position is reproduced here on the basis of Robert Alun Jones (1986) and Durkheim's 1893 work *Division of Labour in Society*, cited by Jones.

autonomy of individuals in modern society. In such a context, cohesion is part of the social solidarity that is required in order for the members of a society to remain bound to it with a force comparable to that of pre-modern, mechanical solidarity. This requires stronger, more numerous ties, and must even include bonds based on common ideas and feelings, leading to what Durkheim calls “organic solidarity”.⁵ These ties create individual obligations, exert functional pressures that temper selfishness and enable individuals to acknowledge their dependence on society.

Far from fading, Durkheim's misgivings regarding social cohesion in the face of modernization and the progressive division of labour seem to have been confirmed by the dynamics of globalization that will be summarized in the following section. The sociologist's words echo with renewed force today: erosion, debilitation, and rapid transformation of the ties that bind individuals to society.⁶

Social cohesion may thus be understood in terms of both the effectiveness of instituted social inclusion mechanisms and the behaviours and value judgments of the members of society. Inclusion mechanisms include employment, educational systems, rights and policies designed to encourage equity, well-being and social protection. Behaviours and value judgments include issues as diverse as trust in institutions, social capital, belonging and solidarity, acceptance of social rules and the willingness to participate in deliberative processes and collective endeavours.

2. Towards a definition of social cohesion

As mentioned earlier, the concept of social cohesion is often confused with others. One tentative way of distinguishing it is to adopt the Aristotelian approach, which defines objects based on proximate genus and specific difference. Social capital – understood as a symbolic societal asset consisting of the ability to manage rules, networks and bonds of social trust which strengthen collective action, pave the way for reciprocity and progressively spread throughout society – resembles cohesion, and can largely be described as a stock upon which social agents can draw to make society more cohesive.

⁵ In order for organic solidarity to emerge, the collective consciousness must also leave a part of the individual consciousness – the part that deals with special functions the collective consciousness alone could not tolerate – untouched; the larger this region of individual consciousness is, the stronger the cohesion arising from that particular type of solidarity will be.

⁶ Ottone and Pizarro (2003, pp. 93-103) analyse the linkages between equity, equality and social cohesion in the light of current trends in modernity, while also addressing certain aspects of the individual's relationship to changes in the idea of progress in developed countries (pp. 104-134). For more on Durkheim, see box IV.3.

Another proximate notion is that of social integration, defined as the dynamic, multifactoral process whereby individuals share in a minimum standard of well-being consistent with the level of development achieved by a country.⁷ This restrictive definition views integration as the opposite of exclusion. In a broader sense, integration into society has also been defined as a common system of efforts and rewards, which levels the playing field in terms of opportunities and delivers rewards based on merit.

The idea of social inclusion may be viewed as an expanded form of integration. Rather than emphasize a structure to which individuals must adapt in order to fit into the systemic equation, it also focuses on the need to adapt the system in such a way as to accommodate a diversity of actors and individuals. Inclusion requires not only an improvement in conditions of access to integration mechanisms, but also an effort to increase the self-determination of the actors involved.

The idea of a social ethic also includes an essential aspect of social cohesion, emphasizing common values, agreement on a minimum set of rules and social norms, solidarity as an ethical and practical principle, and the assumption of reciprocity.

These concepts are part of the “semantic universe” of social cohesion. Viewed in this light, the specific difference that sets social cohesion apart is the dialectical relationship between integration and inclusion, on the one hand, and social capital and social ethics, on the other. Consequently, there is a distinction between social inclusion and social cohesion, inasmuch as the latter includes the attitudes and behaviours of actors, without being limited to those factors.

Social cohesion may thus be defined as the dialectic between instituted social inclusion and exclusion mechanisms and the responses, perceptions and attitudes of citizens towards the way these mechanisms operate. This definition, which will be used throughout the rest of this analysis, offers a number of advantages. First, it links different dimensions of reality which usually follow separate paths: social policy and the value of solidarity diffused throughout society; synergies between social equity and political legitimacy; transmission of skills and empowerment of citizens; socio-economic transformations and changes in social interaction; socio-economic changes and collective social changes; promotion of greater equality and increased recognition of diversity – be it gender-related, ethnic or racial; socio-economic gaps and the sense of belonging. While social cohesion is not a panacea, and it is not being suggested here that it can be fully realized, it is an essential part of a systemic approach to development.

⁷ Definition cited in Spanish-language version of Wikipedia [online] http://es.wikipedia.org/wiki/Cohesi%C3%B3n_social.

Second, rather than succumbing to an overly functionalist bias that would frame the issue merely as a question of adapting to a systemic structure, this definition includes what Alain Touraine calls “the actor’s dimension”. The approach adopted here combines survey information on the perceptions and value judgments of citizens – which reflects the degree to which they trust, adhere to and support a political system and socio-economic order – with an analysis of the relevant socio-economic conditions in terms of social cohesion. These conditions are measured chiefly by studying the dynamics of socio-economic and sociocultural gaps, protection and vulnerability, and access to knowledge.

Third, social cohesion, in the terms described above, is both a means and an end. As an end, it is an object of public policy, to the extent that policies attempt to ensure that all members of society feel themselves to be an active part of it, as both contributors to and beneficiaries of progress. In an age of profound, rapid changes resulting from globalization and the new paradigm of the information society (Castells, 1999), recreating and ensuring a sense of belonging and inclusion is an end in itself.

Social cohesion is also a means, however, in more ways than one. Societies that boast higher levels of social cohesion provide a better institutional framework for economic growth and attract investment by offering an environment of trust and clearly defined rules (Ocampo, 2004). Moreover, long-term policies that seek to level the playing field require a social contract to lend them force and staying power, and such a contract must have the support of a wide range of actors willing to negotiate and reach broad agreements. In order to do so, they must feel themselves to be a part of the whole, and they must be willing to sacrifice personal interests for the good of the community. The formation of the social covenants needed to support pro-equity and pro-inclusion policies is facilitated by a greater willingness to support democracy, become involved in issues of public interest, participate in deliberative processes and trust institutions, as well as a stronger sense of belonging to a community and solidarity with excluded and vulnerable groups. This subject will be analysed further in the final chapter of this book.

B. Problems relating to social cohesion at the current turning point in the development process

It is no coincidence that social cohesion has become an object of ever-increasing interest and concern for governments and in international forums, given the apprehensions shared in the new venues of globalization regarding the changes taking place in the international economic order and production

structure, as well as the cultural mutations produced by the expansion of the information and communication society. In this regard, certain decisive features peculiar to Latin America and the Caribbean, which raise questions as to feasibility of social cohesion in the region, should briefly be noted.⁸

1. It is difficult to achieve sufficiently high growth rates to generate the resources necessary to promote greater well-being and combine growth with social equity. The region's overall economic performance over the last two decades, measured in terms of its growth rate, has failed to produce the desired increase in opportunities of well-being for the population as a whole. Low growth rates are associated with low rates of formal job creation, and the best mechanism for promoting social integration and overcoming poverty is thereby weakened. Insufficiently buoyant economies also limit social mobility and constrain State budgets, preventing social policies from having their desired effect, which is to ensure that everyone feels effectively entitled to social rights. Given the above, adequate economic growth is indispensable to the achievement of greater social cohesion.

In addition, as ECLAC noted almost two decades ago, as Latin America has failed to combine growth with social equity, its development process suffers from an "empty box" syndrome.⁹ The region has the most unequal income distribution in the world, and this feature has, with few exceptions, worsened under the effects of globalization.

This disconnect between growth and social equity, as well as the impact of increasingly unstable growth in the form of the greater poverty and vulnerability associated with unstable household income, has had a negative impact in terms of social cohesion. Growth and increased access to information and communications have also created expectations of greater well-being, but these expectations clash with the concentration of wealth. This perception of social injustice, combined with unfulfilled expectations of social mobility and access to resources and consumption, erodes confidence in the system, weakens the legitimacy of democracy and exacerbates conflicts.

2. Measures must be taken to address serious constraints in the labour market. In addition to its age-old structural diversity, which is a reflection of historically segmented access to resources and to the production system, the region is now facing employment-related changes such as growing unemployment, a widening wage gap, an increase in informal employment and various forms of precarity. These trends stand in contrast to the fundamental role assigned to work in modern life, where it plays a pivotal role as a social

⁸ This section is based on Hopenhayn (2005), particularly chapters 5 and 6.

⁹ See Torres (2006), p. 311.

integrator, a source of individual purpose, an important outlet for citizen participation and an engine of material progress. However, as Zigmunt Bauman notes, “work” is no longer a reliable spindle around which to wind and develop definitions of self, identities and life goals” (Bauman, 2002). If this important cohesive mechanism has entered a phase of restricted access, limited durability and diminished capacity for the creation of collective actors, what other mechanism exists to recreate the foundations of social cohesion?

3. There is a disconnect between material assets and symbolic ones. The prevailing development wisdom holds that material and symbolic assets supplement one another, and social cohesion can be linked to that relationship. Today, the region appears to have reversed the equation. Increased access to education and long-distance communications networks has led to an exponential increase in symbolic assets for most of the population in the form of information, images, symbols and the encouragement of aspirations. At the same time, unstable growth, inequality and limited access to employment have made material assets difficult to obtain. This can either exacerbate the impact of the gap in expectations, or mitigate the conflicts arising from unequal access to material goods by providing broader access to symbolic assets.

The gap between access to material goods and access to symbolic ones leads to other asymmetries: more education but less employment; increased expectations of autonomy but fewer productive options for their realization; greater access to information but less access to power or decision-making bodies; greater prevalence of civil and political rights, and of democracy as a system of government, with no matching increase in effective entitlement to economic and social rights. These gaps have a stronger impact on those who are less fortunate in socio-economic terms and erode confidence in the future, the culture of merit and “deliberative democracy”. Social cohesion in the region is thus called into question.

4. The denial of others is an age-old mark of incomplete citizenship in the region. In Latin America, conquest, colonization and development are intertwined with a persistent refusal to grant full rights to groups marked by racial, ethnic or cultural differences. Given the region’s multi-ethnic, multicultural nature, indigenous persons, persons of African descent and other social groups are subjected to various forms of discrimination or exclusion.

To this day, gender, understood as the cultural expression of sexual differences, dictates what is permissible for women and men in a manner which gives rise to beliefs and practices that promote multiple hierarchies that discriminate against women, despite significant achievements in certain areas, such as education.

In some respects, different forms of discrimination are also interconnected. The extreme exclusion suffered by indigenous women in the labour market is one example of this phenomenon. They are at a disadvantage compared to both men – indigenous or non-indigenous – and non-indigenous women. The risk of poverty and the difficulty of escaping it are generally greater for women than they are for men; indigenous women face a greater risk of poverty and are negatively affected to varying degrees by their geographic location. For example, indigenous women in Guatemala have the country's lowest average income, followed by indigenous men, whose average income is even lower than that of non-indigenous women. Non-indigenous men enjoy the country's highest average income (Sauma, 2004).

These phenomena place the tension between multiculturalism and citizenship, and between gender and citizenship, at the centre of the story of inclusion and exclusion. A culture based on the denial of others also denies social and civic ties of reciprocity. Groups which are discriminated against not only have less access to education, employment and monetary resources, but are also excluded through a lack of political and cultural recognition of their values, aspirations and ways of life. This age-old denial of others also injects a value structure into the political culture and daily life that strengthens inequality and social segmentation. Socio-economic exclusion and cultural discrimination are therefore mutually reinforcing phenomena.

5. While cultural changes encourage greater individualism, it is unclear how they recreate social ties. The primacy of the private sphere over the public sphere, and of personal autonomy over collective solidarity, is a product of both the economy and the media culture, as well as the heightened role of consumption in social life. Several authors have noted that these phenomena coincide with the decline of utopias, collective endeavours and the sense of belonging to a community. These trends have led to a search for ways to recreate social ties, from small family circles to society at large. The problem is not individualism per se, but rather an excessively individualistic culture in which relationships with others circle back to the self. From that perspective, working to achieve social cohesion means working to recreate social ties, the “adhesive” which, to quote Bauman (2003), sustains the hope that “tomorrow we shall meet again”.

6. The increased complexity and fragmentation of social actors makes the convergence of common aspirations more diffuse. The traditional collective actors – syndicates and trade unions – which once played a leading role in political negotiations are becoming more and more fragmented, and new organizational trends and flexibilization are segmenting their interests and demands. New actors whose interests extend beyond the scope of the labour market have also emerged, such as women, ethnic

groups, youth, landless *campesinos*, environmentalists and neighbourhood groups, among others.

Electronic networks have also raised the profile of actors that had formerly been virtually invisible to the world at large, thus leading to a proliferation of movements and conflicts that transcend national borders. This diversification of channels through which demands can be aired and addressed has had a taxing effect on the system traditionally responsible for mediating conflicts between the political system – government, political parties, legislative bodies – and civil society. Areas of cultural self-affirmation that used to be confined to private negotiation and were limited to small groups and territories have now become the business of civil society, of an “outward-looking” dialogue and of the political and public activities associated with similar demands. Demands for recognition of diversity and identity have been added to traditional demands for greater social inclusion and well-being. Women have focused attention on the link between equality and difference, noting that diversity should not be a cause of inequality and that differences should be respected and valued (Ferrajoli, 2002). The relationship between politics and culture has become stronger, but also more problematic (Calderón, Hopenhayn and Ottone, 1996, pp. 47-57).

7. The symbolic order is less clear, and there is less certainty regarding minimum social rules, due to a heightened awareness of the influence of de facto powers – which are neither representative nor public – as well as the opportunities available to the public, the information available on public and private corruption, a perceived lack of transparency regarding decisions and measures that affect everyone, discrimination in access to the justice system and a lack of clarity regarding the relationship between merit and rewards. These issues erode the symbolic order, understood as clear adherence to a normative framework of reciprocity and respect for the law. And this, in turn, works against social cohesion, which is defined in opposition to a normative crisis and is closely related to the idea of a social ethic.

8. A gap exists between what is de jure and what is de facto. Equality is a legal standard and a value, not a fact; it is not an assertion, but rather a prescription. This explains the structural difference between normativity and effectiveness (Ferrajoli, 2002). As will be shown in chapter IV, opinion polls reveal a loss of confidence in the justice system and other public institutions such as the police and the legislative branch. This mistrust may originate from the gap between legal equality and social inequality, between what is de jure and what is de facto, or between formal entitlement to rights and the failure of the judicial system or of public policies to ensure effective ownership of such rights. In many countries, there is also a widespread perception that the justice system favours the rich and discriminates against the poor, that citizens

are in fact divided into different categories, that there is no such thing as equal treatment from a judicial standpoint, and that many offences – particularly financial crimes, although common crime is also included – go unpunished due to a lack of effective, even-handed punitive and enforcement mechanisms. This lack of faith in the justice system undermines social cohesion by creating a perception that there are no clearly defined rules of the game and no effective reciprocity with regard to rights and obligations.

In summary, the problems existing with respect to social cohesion are multifaceted and call for a systemic approach capable of fostering socio-economic inclusion, recognizing diversity, improving punitive and enforcement institutions, and strengthening civic culture and solidarity, among other objectives.

C. Social cohesion, citizenship and belonging

A sense of belonging to society is an essential 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. Accordingly, although this issue seldom figures in ECLAC studies, it will be addressed in this analysis.

A strong “micro” sense of belonging may coexist, however, with a “macro” environment in which social cohesion is in serious jeopardy; that is, cohesion may exist within a community while, at the same time, society at large is losing its structure. Part of the current literature uses the term “polarization” to describe this phenomenon. The population of a country is said to be polarized when the members of sizeable social groups identify strongly with one another but feel distanced from other groups (Gasparini and Molina, 2006).¹⁰

One almost emblematic case in the region is that of national societies with large indigenous populations, or societies in which minorities define themselves as peoples. These groups may well enjoy high levels of internal cohesion, when the ties binding individuals to the community are strong and collective values enjoy wide acceptance. From a broader perspective, however, the societies surrounding these groups are fragmented by socio-economic and cultural gaps between groups marked by ethnic and racial differences, or by ethnic minorities that wish to be governed by their own rules and traditional justice systems, which may represent a challenge to the full sovereignty of the nation-State. Consequently, certain groups with a strong sense of identity

¹⁰ Gasparini and Molina (2006) have authored an empirical study on the link between the distribution of income, institutions and conflicts, as well as their effects on polarization in Latin America and the Caribbean.

may be in conflict with society. The fact that indigenous and Afrodescendent groups are precisely the ones that have suffered the most, in terms of cultural discrimination and social exclusion, also contributes to the problem.

The intensive development of the culture industry has also transformed many groups – particularly those made up of young people – into veritable “urban tribes” possessed of a very strong sense of belonging, as well as their own linguistic and aesthetic codes. These codes, however, provide a distorted view of those outside the group. The diversification of these cultural components segments society while tightening bonds within specific groups. In another sense, the perpetrators of urban violence also possess certain rules of belonging, rituals and internal cohesion mechanisms, although this clearly represents a problem from a social-order perspective (Calderón, Hopenhayn and Ottone, 1996). Hence, cohesion is not a positive value in and of itself; it must be approached in the general context of social harmony and the values upon which such harmony is based.

This brings a related concern to mind: individual and civic freedom is an inherent part of the various choices that underlie the diversity of social identities everyone can and should enjoy. Belief in social identities with totalizing pretensions is a denial of the diversity of social identities; it is reductionist, and can ultimately be used to justify violence (Sen, 2006).

A sense of belonging to society depends on many factors and can be encouraged from many quarters. Common ground can be strengthened by using and caring for common spaces, such as the city and the environment; by agreeing on certain values for coexistence, such as tolerance for diversity and reciprocal treatment; through greater participation in decision-making mechanisms and the public expression of aspirations and worldviews; by fighting domestic violence; by humanizing the main venues of socialization – family, neighbourhood, work and school; and by providing broad access to cultural products.

Some societies possess a strong religious component, which provides both a common set of values and a sense of belonging while excluding those who do not share the group's beliefs. This is not the case in the region, where the dynamics of modernization and the secularization of the State have, to varying degrees, pushed the sense of belonging into other spheres. One such sphere, which has become a decisive factor in current agendas and debates thanks to the progress of democracy and the rule of law, is the idea of modern citizenship. This concept undoubtedly calls for a shift towards the full universalization of civil, political, economic, social and cultural rights, which will require an effort to ensure the rule of law, respect for civil liberties, political representation and greater access to opportunities for well-being, productive use of capacities and social protection.

Entitlement to social rights is a manifestation of an effective status as a genuine member of society, implying as it does that all citizens are included in the development dynamic and enjoy the well-being such development provides. It represents an effort to check economic inequalities through deliberate State action, since such inequalities, once they pass a certain point, make a true sense of belonging impossible for many members of society. It also implies recognition of all of society's members, with no distinction as to gender, race, ethnicity, age, socio-economic class or geographic location. In this regard, being poor is not simply a socio-economic issue, but also a denial of citizenship, as it entails a lack of social rights and the ability to participate in development.

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, a decent income and power to participate in collective relations. Similarly, Norberto Bobbio (1995) argues that, since the market lacks any sense of distributive morality, the inequitable logic of capitalism should be counterbalanced by the political will to encourage equality of opportunities and compensation for effort, establishing a "civilizing minimum" for everyone. This does not mean that all inequality should be suppressed, but rather that an ideal society is one in which institutions act according to principles of justice, and individuals apply those principles to their values and behaviours. A full sense of belonging to society should therefore include solidarity on the part of those who are included towards those who are excluded.

Consequently, the point where citizenship and belongingness intersect is the same one where instituted social rights meet social solidarity. Social cohesion requires an increased willingness to give up benefits in order to reduce the exclusion and vulnerability of groups living under worse conditions. It is not only an ethical value, but also a practical one, to the extent that individuals believe that they stand to gain more by adhering to a "we" and that what is good for the community is good for individuals, since it ensures greater security and protection in the future (Hirschman, 1970). There is a positive, mutually reinforcing dialectic between improved social rights and greater collective solidarity.

Citizenship, however, includes not only entitlement to rights, but also respect for the procedural rules of democratic institutions and the rule of law, as well as a greater willingness to participate in public affairs. There are two aspects to a sense of belonging: access and commitment. Citizens are passive when they are mere recipients of rights, but they become active when they contribute to social cohesion. Citizenship as belongingness therefore includes

civil-society mechanisms capable of strengthening relationships of solidarity and social responsibility, both within and between groups; a widespread, pluralistic culture capable of improving harmony and communication between actors defined by their differences; acknowledgment of the diverse range of social affiliations and identities assumed by individuals and citizens; and the progressive adherence of social groups to interactive networks through which they can participate in deliberative mechanisms.

Finally, at the intersection between equality and difference, greater equality of opportunities must be combined with policies of recognition. Belongingness is based not only on greater equity, but also on greater acceptance of diversity. A society cannot internalize the concept of 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 religion.

D. Economic, social and cultural rights as viewed in the light of social cohesion

There is a positive relationship between the full exercise of citizenship and social cohesion, inasmuch as the former includes, or is intended to include, rights that combine the political (participation, deliberation, a voice) with the social (access to goods, income, services) and the communicational (culture, identity, visibility).

Reference has been made to the key role of social, economic and cultural rights in the development of a sense of belonging, which is itself an essential component of social cohesion. If these rights are universal and binding, they provide both a minimum standard for State policy and a set of progressive guidelines that require the State to manage, redistribute and organize resources in order to democratize access to services and opportunities.

This is not to say that a dichotomy exists between rights-based development and options that focus on economic growth. On the contrary, optimums and synergies must be identified to place economic growth within a framework of policies which, by promoting social citizenship, contribute to political stability, narrow social gaps and legitimize democracy through a general increase in well-being.

Rights are indivisible, in both an ethical and a practical sense, in that they reinforce one another to promote greater social cohesion, defined as a dialectical relationship between socio-economic inclusion and citizen

cooperation. To the extent that economic, social and cultural rights (hereinafter referred to as social rights) require States to promote greater integration into employment, education, information, knowledge, and social protection and interaction networks, they enhance the ability of citizens to participate in public institutions, public dialogue, civil organizations and cultural exchanges. Conversely, greater equality in the exercise of political and civil rights in a republican sense – citizen participation in public affairs – increases the presence of groups that have been excluded from decisions that affect distributive policies, thereby improving their ability to translate political citizenship into social citizenship.

Unlike civil and political rights, which are established through political will by means of a political act, social rights are part of a process; they require increased and improved human, physical, institutional and financial resources in order to make the transition from *de jure* to *de facto*. It is difficult to maintain that social rights are as enforceable as civil and political rights, as this would force the State to guarantee entitlements that depend on available funding and appropriate institutions. From a financial standpoint, there is a difference between determining the level of social entitlements to be granted and creating political rights such as liberty, privacy or free and informed elections.

The limited enforceability of social rights is compounded by other difficulties, such as the development of an appropriate statutory framework permitting the full exercise of those rights, the restrictions imposed by the market, the limited availability of State funding and corporate modalities of access to social goods (Gordon, 2003, p. 5). The enforceability of social rights is gradual; it increases over time, and requires a system capable of perfecting institutions, broadening the provision of resources and assets, and addressing social demands, in order to redistribute resources for social protection and inclusion in a more equitable manner.

Rights must be ranked according to priority, given the scarce resources available. The minimum universal standard should gradually increase; therein lies the progressive nature of social rights. Ideally, such minimum standards should be established democratically through an informed political consensus-building process in order to reduce tensions regarding enforcement between judicial and political bodies. Society “must agree on a minimum economically feasible standard of rights for all of its members. This standard should be based on clear rules and objectives in order to ensure that it is enforceable and actionable” (De Roux and Ramírez, 2004, p. 25).

There are two dimensions to the transition from *de jure* to *de facto* social rights. One consists of the available policies and programmes, which provide

institutionalized services and establish public policies. The other dimension – a legal one – consists of the ability to demand services. A similar distinction must be made between the individual claims filed by subjects of the law, acting as such, and collective minimums based on a progressive approach that takes into account the State's ability to offer entitlements. These two questions are not only of a different nature, but may come into conflict. Tensions also arise between individual attention to social rights and the expansion of their coverage. In dichotomic terms, “the greater the individual attention paid to a right, the more its effective universality must be sacrificed” (De Roux and Ramírez, 2004, p. 40), especially given the scarce resources available.

Two complementary efforts must therefore be undertaken to promote synergies between the entitlement to rights and social cohesion. One involves social policies, and the other involves policies that directly or indirectly provide access to education, employment and other goods for the groups most deprived of these assets. The *de facto* component in this case consists of deliberate action to reduce poverty and exclusion, democratize opportunities for well-being and improve equity.

The second, and equally important, dimension is of a legal nature. It involves the enforcement of rights and reinforces another aspect of social cohesion by exerting a levelling effect with regard to the justice system, restoring confidence in this fundamental institution of democratic society and the rule of law. Enforcement has a direct impact on social cohesion, as it allows every citizen to feel that he or she is an actual part of society rather than a member in name only; in other words, it enables individuals to view themselves as full citizens.

In advocating full enforcement, it is argued that social rights are goods or services that are essential to dignity, autonomy and liberty and, as such, are prerequisites of democratic participation. The creation of mechanisms – such as education, health care and a minimum wage – to make social rights fully enforceable from a legal standpoint sends a clear political signal that strengthens the commitment of everyone to the well-being of everyone. When they are embodied in a consistent, functioning corpus of laws, such rights set binding standards for society as a whole, and identify which situations will not be tolerated by society. Within this framework, the use of legal instruments helps society take ownership of values such as solidarity and reciprocity (Abramovich and Courtis, 2002; Courtis, 2007).

Care should be taken, however, not to exaggerate the importance of the judicial aspect of social rights. Proceedings before judicial bodies, and the actions of the judiciary itself, are defined by their own institutional peculiarities, as well as the place the judiciary occupies in the division of

powers. Judicial proceedings are limited in scope; dealing as they do with specific cases, they can hardly be expected to cover every element at stake in a social conflict. Moreover, the many factors that come into play in the development of a social policy can only be partially addressed when they are analysed and adjudicated within the framework of a judicial process that, by its very nature, tends to overlook a vast array of interests which can or should be taken into account when designing a policy. Even when judicial proceedings involve collective interests, they revolve around a dialectical confrontation between two opposing parties. This diminishes their ability to consider all of the interests at stake in the original conflict. Rulings are limited to a decision as to which party should prevail in the process at hand; one wins, the other loses. Consequently, the enforcement of rights and the development of large-scale, long-term social policies should be entrusted to the political branches of government, which should not be supplanted by the judiciary (Abramovich and Courtis, 2002, p. 249).

Policies should be based on solid agreements that consider all of the interests involved, without becoming entangled in zero-sum games. Wherever possible, social policies should avoid judicialization, providing for the enjoyment of rights regardless of whether or not they are formally guaranteed. Hence the importance of providing entitlements as a matter of social policy, creating mechanisms that make it possible for beneficiaries to claim such rights within the framework of social institutions. Certain recent social policy reforms, such as users' bills of rights, take on full meaning when they are considered in the light of their underlying legal guarantees. The health-care entitlements provided in some parts of the region can be analysed from this perspective; these entitlements are defined by the development path of the health-care system in which they were developed, as well as the economic, financial and political constraints facing each country (Sojo, 2006).

The complex, progressive realization of economic, social and cultural rights calls for the development of certain indicators to measure their achievement. Such indicators should be based on targets and standards. Rights that cover a range of entitlements should be enforceable, and accountability mechanisms should therefore be developed to protect and promote those rights and put them into practice (Artigas, 2005, and Drago, 2006).

Finally, it should be noted that enforceable rights, reflected in social policies and procedural mechanisms, require an informed and involved public. The public must, in the words of Hirschman (1970), have a voice. This is particularly important for those who have less information and less of a voice, as they are the ones who are most excluded from relational networks. Complementary policies must be implemented to increase their access to information about how to exercise their rights, as well as to the deliberative

bodies that establish government and State policies on the distribution of resources. An order based on social rights must seek to achieve a balance between powers and influences in order to avoid the vicious circle whereby those who suffer the greatest level of social exclusion are also the politically weakest members of society. Social cohesion is therefore both a premise and an achievement.

Chapter II

Measuring and evaluating social cohesion: a preliminary perspective



A system of indicators can be used to measure the progress of public policies in specific fields. In the case of social cohesion, such a system can be employed to set minimum standards, gauge the degree of discrimination and exclusion, and analyse the effectiveness of State policies. This chapter summarizes a number of background elements and characteristics of the system of social cohesion indicators utilized by the European Union and raises a number of very basic ideas concerning the challenges facing Latin America and the Caribbean in this regard.

A. The political nature of the concept of social cohesion in Europe

The way in which the idea of social cohesion has evolved in Europe has been heavily influenced by a supranational ethic which seeks to prevent unbridgeable social inequalities and gaps from arising, as well as overcome poverty, both within countries and among member States. 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...”. The 1997 European Council identified social cohesion as one

of the primary needs of Europe, as well as an essential supplement to the promotion of human rights and dignity, which it defined as the ability of a society to ensure the welfare of all its members, minimizing disparities and avoiding polarization. The legal framework mentioned by the Council included the European Convention on Human Rights and Fundamental Freedoms and the Protocol to the European Social Charter. The European Committee for Social Cohesion was then created to address the issue at a policy level.

In 2000, the representatives who gathered at the European Summit in Lisbon resolved to take a leap forward in terms of the Union's economic competitiveness, established a 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". That same year, at the meeting of the European Council in Nice, agreement was reached concerning the need for quantitative, comparable indicators with which to assess the progress of European Union member States with regard to social inclusion.¹ In September 2001, a high-level conference entitled "Indicators for Social Inclusion: Making Common EU Objectives Work" was organized in Amberg.² A few months later, in Laeken,³ the European Council adopted 18 indicators covering four basic thematic areas: income, employment, education and health. These indicators measure the progress achieved in the pursuit of the European social agenda.

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. The social inclusion indicators mentioned above were developed as part of this common agenda. In the words of the Belgian Minister for Social Affairs and Pensions, Frank Vandenbroucke, "we now do have sufficient scientific knowledge to define social indicators conceptually, to apply them empirically, and to use them in politics".⁴ These indicators must therefore meet two requirements: they must be based on common objectives established in the social agenda, and they must be useful for comparing member States with one another and evaluating objectives.⁵

1 Frank Vandenbroucke in Atkinson and others (2002).

2 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.

3 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".

4 Speech by Frank Vandenbroucke given on 22 November 2001.

5 For more information on the monitoring of indicators in Europe using microdata from household surveys, see Atkinson (2005).

At its meeting in Nice, in 2000, the European Council agreed to promote social inclusion using the “open method of coordination,” which involves fixing common objectives and guidelines, translating common objectives into national policies and periodic monitoring. The policies used to achieve these objectives are defined by each member State, and results are evaluated using the Laeken indicators, as well as other indicators included by member States in their national action plans.

B. The Laeken indicators⁶

Laeken indicators are specifically defined and structured as results indicators: “Our aim is more pragmatic: to take forward the development of indicators for social inclusion at this crucial stage for the European Social Agenda. We do not, therefore, discuss social indicators in general. We concentrate on their use for a very specific – very important – purpose [which leads us to measure social results rather than the means used to achieve them]” (Atkinson and others, 2002, p. 3).

There are 21 Laeken indicators, 18 of which date from 2001. Between 2001 and 2006, self-perception of one’s health status was eliminated as an indicator, and four new indicators were added. When it was established in 2001, the Indicators’ Sub-Group of the Social Protection Committee proposed that the indicators be classified in order of priority, dividing them into two categories – primary and secondary – made up of 12 and 9 indicators, respectively. These indicators cover income, employment, education and health (see table II.1).⁷

1. Income indicators

Eleven indicators – five primary, six secondary – deal with low income, since a lack of monetary resources in a market economy diminishes access to a range of goods and services.

The first indicator is *low income rate after transfers*, broken down according to various criteria. This is an indicator of relative poverty, as it focuses on the percentage of individuals living in households where the total equivalized household income is below 60% of the national equivalized median income. It thus measures the “risk of poverty,” as having an income below this threshold does not equal poverty.

⁶ This section is based on Cecchini (2006).

⁷ Income indicators are broken down by sex, on the assumption that resources are distributed equitably within the household.

■ Table II.1 ■

LAEKEN INDICATORS OF SOCIAL COHESION IN THE EUROPEAN UNION

Thematic area / indicator	Breakdowns by:	
	Age	Sex
Primary indicators		
Income		
1. Low income rate after transfers (threshold set at 60% of median national equivalized income)	Yes	Yes
1a. Low income rate after transfers with breakdowns by household type	By household type	By household type
1b. Low income rate after transfers by work intensity of household members	No	No
1c. Low income rate after transfers with breakdowns by most frequent activity status	Yes	Yes
1d. Low income rate after transfers with breakdowns by housing tenure status	Yes	Yes
2. Low income threshold (illustrative values)	No	No
3. Distribution of income (quintile 5/quintile 1)	No	No
4. Persistence of low income (based on threshold of 60% of median national equivalized income)	Yes	Yes
5. Relative median low income gap (difference between the median income of persons below the low income threshold and the threshold of 60% of median national equivalized income)	Yes	Yes
Employment		
6. Regional cohesion (dispersion of regional employment rates)	No	Yes
7. Long-term unemployment rate (percentage of EAP that has been unemployed for at least 12 months)	Yes	Yes
8a. Children (ages 0-17) living in jobless households	No	No
8b. Adults (ages 18-59) living in jobless households	No	Yes
Education		
9. Early school leavers not in education or training	No	Yes
10. Fifteen-year-old students with low reading literacy scores	No	Yes
Health		
11. Life expectancy at birth	No	Yes
Employment		
12. Immigrant employment gap	Desirable	Yes
Secondary indicators		
Income		
13. Dispersion around the low income threshold	Yes	Yes
14. Low income rate anchored at a moment in time	Yes	Yes
15. Low income rate before transfers, by sex	Yes	Yes
16. Gini coefficient	No	No
17. Persistence of low income (below 50% of median income)	Yes	Yes
18. Workers at risk of poverty	Yes	Yes
Employment		
19. Long-term unemployment share	Yes	Yes
20. Very-long-term unemployment rate (at least 24 months; as a percentage of the working population)	Yes	Yes
Education		
21. Persons with low educational attainment	Yes	Yes

Source: Simone Cecchini, "La medición de la cohesión en la Unión Europea (Indicadores Laeken) y su aplicación en América Latina," Santiago, Chile, 2006, unpublished.

Given that 60% of national equivalized median income is an arbitrarily established figure, the Laeken indicators also include a secondary indicator which employs thresholds of 40%, 50% and 70% of equivalized median income (indicator 11 is *dispersion around the 60% median low income threshold*). The first indicator may also be analysed in conjunction with indicator 15 (*low income rate before transfers, by sex*) in order to measure the redistributive effect of transfers; 14 (*low income rate anchored at a moment in time*), in which the poverty line remains fixed in real terms for a three-year period; and 18 (*workers at risk of poverty*).

The second indicator, *low income threshold (illustrative values)*, charts the value of the poverty threshold compared to the standard of purchasing power (SPP) in euros or local currency (when euros are not involved).

The third indicator, *distribution of income*, shows the relative position of the poorest quintile of the population in the income distribution vis-à-vis the richest quintile. This indicator is supplemented by another, the Gini coefficient (indicator 16), which shows the overall distribution of income.

The fourth indicator – *persistence of low income* – and indicator 17 (*persistence of low income – below 50% of median income*) focus on the percentage of persons living with low incomes for long periods of time.

The fifth indicator, *relative median low income gap*, measures the gap between the income of persons at risk of poverty and the threshold of 60% of median national equivalized income.

2. Employment indicators

Six indicators (four primary, two secondary) are devoted to employment, since participation in the labour market is considered an important factor in social inclusion.

First, given the clear link between work and income, indicator 18 – *workers at risk of poverty* – is included.

Second, the long-term unemployment *rate* and *share* (indicators 7 and 19) and the *very-long-term unemployment rate* (indicator 20) measure the risk of social exclusion and poverty.

Third, since well-being depends not only on the employment status of individuals, but also on the relationship of households to the labour market, a primary indicator in this category is the share of persons living in households where, given the age of their members, at least one individual should be working, but no one is (indicator 8, *children or adults living in jobless households*).

Fourth, an assessment of social cohesion in different regions – the *coefficient of variation of regional employment rates* (indicator 6, *regional cohesion*) – is

included, since a clear understanding of poverty and social exclusion at the subnational level is required in order to design and implement public policies. Finally, indicator 12 (*immigrant employment gap*) focuses on the employment problems of the immigrant population.

3. Education indicators

The share of *early school leavers not in education or training* (indicator 9) focuses on young persons aged 18 through 24 and gauges the efficiency of a country's educational system, as well as the ability of a society to combat poverty and improve social cohesion.

Indicator 21 (*persons with low educational attainment*) focuses on adults aged 25 through 64 who have completed only the first cycle of secondary education.⁸ Both indicators measure the level of schooling acquired and are only approximate indicators of knowledge.

Finally, indicator 10 (*15-year-old students with low reading literacy scores*) deals with the problem of deficient reading skills among students. These deficiencies are measured using tools developed by the Programme for International Student Assessment (PISA) of the Organisation for Economic Co-operation and Development (OECD), which measures the knowledge and skills acquired by students.

4. Health indicators

The only indicator in this category is *life expectancy at birth* (indicator 11), which combines a number of factors ranging from socio-economic status to access to health care.

C. Measuring social cohesion in Latin America and the Caribbean: an unfinished task

A variety of criteria are used to define and classify indicators based on their characteristics. For example, indicators may be developed for individuals or for households; they may be absolute or relative, static or dynamic, stock or flow, objective or subjective, and access-, resource-, process- or result-oriented. Whatever type they may be, they should constitute a system, that is, they should be homogeneous as to their characteristics and objectives.

Latin America and the Caribbean need a system of indicators and databases with which to assess the progress of social cohesion, as Europe

⁸ The first cycle of secondary education is equivalent to level 2 of the 1997 International Standard Classification of Education (ISCED).

has done. At present, the region does not possess even a minimally coherent system of social cohesion indicators, to say nothing of a system of results indicators capable of assessing the effectiveness of public policies and the progress achieved in improving social cohesion. This is a long-term effort that has only just begun, and its ultimate aim is to move beyond traditional poverty and income-distribution statistics to establish a precise and clear set of indicators.

As mentioned above, the Laeken indicators measure social cohesion vis-à-vis objective gaps in income, employment, education and health. While this approach is also necessary in Latin America, it should be supplemented with other indicators that focus on the subjective dimension of social cohesion, since cohesion also includes perceptions and attitudes regarding the way in which inclusion and exclusion mechanisms operate. As explained in the preceding chapter, the logic of social actors needs to be included in traditional well-being indicators, and indicators that focus on belongingness – which cannot be detected simply by measuring objective gaps – should therefore be incorporated.

Social cohesion, as conceptualized by ECLAC, can be gauged using three types of measurements: indicators that quantify the gaps that exist, indicators that measure belongingness and indicators dealing with the institutions that mediate between those two factors. The social cohesion indicators described in chapters III and IV, as well as certain fragmentary variables, afford an initial idea of how such a system of indicators might be developed.

This will be no easy task. Like the Europeans before them, Latin Americans must develop indicators capable of measuring the effect of public policies on social cohesion, creating a coherent system that is effective in terms of its properties and objectives, and reflecting the unique and complex reality of the region. In a very tentative sense (since the development of a more precise definition for each component and indicator is still under way) the general framework for the measurement of social cohesion might look something like the scheme set out in table II.2.

■ **Table II.2** ■
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).

Latin America should consider the use of primary and secondary social cohesion indicators based on the Laeken indicators. Primary indicators focus on the heart of the problem; secondary indicators supplement and enrich the data they provide. Primary indicators should be a combination of results indicators and access indicators. Access may be broadly understood as a social process occurring at a given point in time. Certain resource indicators can be used as secondary indicators to supplement this perspective. All indicators should be broken down according to the region's primary inequality variables: gender, ethnic origin, age group and place of residence.

Since the system is still under construction, its indicators and their definitions are still open to modification and fine-tuning. Some gap indicators already have very precise operational definitions, supported by reliable sources, and exist in almost every country in the region. Other factors and indicators – particularly those that involve the subjective dimension of cohesion – are still in their infancy, and, in some cases, lack systematic and reliable sources.

1. Gap indicators

The following factors⁹ should be included: income, employment, education, health, housing, justice, pensions and the digital divide.

(a) Income and poverty indicators

The *percentage of the population living in poverty* is an absolute measurement of poverty which is supported by a wealth of information and is culturally embedded in the minds of analysts and policymakers.

The *poverty gap* measures the relative deficit between the income of the poor and the poverty line. It thus measures the percentage of the population that lives below the poverty line, as well as the distance separating individuals from that line.

The *percentage of the population living in indigence* and the *indigence gap* are suggested as secondary indicators. The key issue addressed – poverty – is thereby supplemented by the concept of indigence as a criterion of intensity.

The fourth suggested indicator is the *income ratio between the richest quintile and the poorest quintile of the population, before and after transfers resulting from social policies*. This is a classic inequality indicator which, when analysed before and after transfers, is very useful in assessing the effectiveness of redistributive

⁹ The development of justice and digital-gap indicators is still in its early stages.

public policies. While available data can be used to measure pre-transfer distribution, the results are difficult to quantify. An additional effort is required to obtain consistent, reliable information for properly measuring this indicator.

The widely used *Gini coefficient* is employed to analyse the general structure of income distribution.

(b) Employment indicators

The *open unemployment rate* reflects the difficulties individuals face in earning enough income to acquire the goods and services they need on the market.

The *long-term unemployment rate* is a secondary indicator used to represent the total number of persons who have been unemployed for 12 months or more.¹⁰ Long-term unemployment¹¹ makes it difficult to obtain the resources necessary to acquire goods and services on the market, as well as being a cause of frustration and insecurity.

The *percentage of the employed population working in low-productivity sectors* is a powerful indicator which pinpoints the proportion of workers whose income horizon, because of the type of work they perform, is likely to be a source of job insecurity and a sense of downward mobility.

(c) Education indicators

The *net preschool enrolment rate* is the percentage of boys and girls in the relevant age group who are enrolled in preschool. Universal, quality preschool education is an effective tool in combating future (or inherited) inequalities.

The *percentage of persons over 15 years of age who have not completed primary education*. The lack of a primary (basic) education is a very serious obstacle to individuals' productive integration into the labour market.

The *percentage of persons over 20 years of age who have not completed their secondary education*.

State expenditure per student in the public education system compared to upper-middle-class family expenditure per student is suggested as a secondary indicator.¹² This indicator would register disparities between different social strata with regard to the quality of education.

¹⁰ This definition is employed by the International Labour Organization (ILO) and coincides with one of the primary Laeken indicators.

¹¹ The subjective impact of unemployment is well known. See Di Tella, MacCulloch and Oswald (2001).

¹² In the case of Chile, for example, family expenditure on the education of children is from five to six times greater than State expenditure per student in the public school system.

(d) Health indicators

Life expectancy at birth is the most widely used indicator in this category. It is the only health indicator employed by the Laeken system, as it sums up the overall health status of a society.

However, since the social protection systems of most Latin American countries offer far less protection than their European counterparts, a more thorough approach to health indicators is in order. Mortality indicators are also a good yardstick for measuring the general health of a population. One such indicator is *infant mortality*.

A third secondary health indicator is the *share of children under 1 year of age who have been immunized against the three most relevant diseases in each country*.¹³

The *percentage of births attended by specialized health-care personnel* also reflects key aspects of coverage and access to the system: the health of the mother, medical care during pregnancy, care at birth and, very probably, well-care for the child thereafter.

(e) Housing indicators

The first indicator suggested in this category is the *percentage of the population with access to improved sanitation services* (potable water, sewerage and electricity). The effects of sanitation on child health are well known.

The second suggested indicator is the ratio of makeshift or substandard dwellings to total dwellings, based on the definition of “makeshift dwelling” used by census bureaus in each country.

(f) Pension indicators

The *percentage of persons paying into a pension scheme on a monthly basis* compared to the overall number of active workers is an indicator of access and coverage that projects the future likelihood of relative poverty for those who are currently outside the system.

The *ratio between the average pension and the poverty line* measures the adequacy of the pension system, be it an individual capitalization scheme or a pay-as-you-go system, in terms of the quality of life of people who are no longer working.

The third indicator in this category could be the *percentage of households whose main source of income is a retired person*. This includes one-person households.

¹³ Suggested in Cecchini (2005).

(g) Digital-divide indicators

Computer and Internet access at home and at school for children and adolescents is an important indicator, as lack of access to information and communications technologies tends to reproduce, if not increase, inequalities that have their origin in the family and the school system.

2. Belongingness indicators

Belongingness indicators are a subjective component of social cohesion, as the information required to develop them is obtained from opinion polls. Unlike the variables used in gap indicators, belongingness indicators are not backed up by solid databases that include time series and data on different countries. Some questions from other surveys, however, may be useful for a given indicator. Such is the case with the World Values Survey, various national studies included in the Human Development Report of the United Nations Development Programme (UNDP), specific studies and surveys on discrimination (such as the one conducted in Mexico) or the *Latinobarometro* surveys. The latter will be discussed in chapter IV, which discusses the subjective dimension of cohesion.

A sense of belonging includes the following factors: multiculturalism, trust in others, trust in institutions, participation, expectations for the future, values and shared norms. These indicators can only be developed on the basis of specific surveys or studies using special-purpose interviews.

(a) Multiculturalism

Thirteen Latin American countries recognize the cultural identity and, in some cases, the territorial identity of indigenous peoples in their Constitutions. The main indicator used in this category is *membership in a specific ethnic group*, which denotes a probability that an individual may feel a strong sense of belonging to that culture, to the detriment of his or her sense of belonging to the nation-State.

(b) Trust

A cohesive society is one in which people place a modicum of trust in one another – in their honesty, in their observance of the law and in their duty to treat one another with respect and consideration. This is the basis of civic friendship, which allows people to view each other as beings worthy of trust, rather than as predators waiting to pounce and inflict harm or extract wrongful gain from a situation.

In a cohesive society, the basic institutions of democracy also enjoy legitimacy, and citizens put their faith and trust in them. They serve as mechanisms for the inclusion of individuals and groups in the social dynamic. Trust in these institutions is therefore essential to the development of a sense of belonging to society. This indicator is built out of the degree to which individuals place their trust in the following institutions:

- The government
- The legislative branch
- The judiciary
- Political parties
- The media
- Municipal governments
- Trade unions
- Entrepreneurs
- The police
- The armed forces

(c) Participation

A society whose population is involved more or less actively in various aspects of collective life is presumed to be more integrated and therefore more cohesive.

Participation can be measured in the following areas:

Political participation: the indicators used in this category would be *electoral participation* ("Did you vote in the last election?"); *active participation in electoral campaigns* ("Do you donate money or time?"); and *involvement with a political party*.

Social participation: *involvement in community organizations* (sports clubs and mothers' groups, among others).

Functional participation: *participation in functional organizations* (trade unions, parents' or students' groups).

(d) Expectations for the future

The perception people have of their future has a huge impact on subjective well-being.

The first indicator in this category could be *economic expectations for the country*, i.e., whether people believe that, three years hence, their country's

economic situation is going to be better, the same or worse than it was at the time of the survey.

A second indicator might be *personal economic expectations*, i.e., whether an individual believes his or her personal and family finances will be better, the same or worse three years after the time of the survey.

A third indicator would be the *expectations of social mobility* the country offers, and that individuals see as the future for their families and children. Expectations of downward social mobility have a strong impact on belongingness and social cohesion.

(e) Solidarity

Social cohesion implies the existence of some sort of joint endeavour. It involves shared values and rules which give the members of society a sense that they all belong the same social body.

All of the factors mentioned above influence people's sense of belonging to society. This sense of belonging is linked not only to the magnitude of objective gaps, but also to the quality of the political, public and market institutions that mediate between such gaps and the feelings they arouse.

The following two chapters provide information about objective gaps and subjective factors. This overview, although fragmentary, does help to shed light on the state of social cohesion in the region and the magnitude of the tasks that lie ahead.

Chapter III

Inequality, poverty, risk and social cohesion



A. Introduction

Well-being in Latin America is marked by contradictory trends that raise questions regarding cohesion in the region. This chapter analyses the socio-economic features that have the most direct effect on the way people perceive their chances of achieving well-being. These features help to shape attitudes and behaviours that facilitate or hinder the achievement of social pacts. This approach makes it possible to focus on a limited number of issues and processes¹ and thus consider certain structural or “objective” factors (including poverty and inequality in income distribution) whose relative permanence over time may contribute to the sense of financial insecurity expressed by survey respondents.

This is not to say that there is a direct link between certain adverse economic conditions and the feelings of insecurity, disaffection or rejection reflected in survey results. The relationship between such “objective” economic conditions and the perceptions and attitudes of people is undoubtedly complex; it depends on cultural, social and political factors and thus varies in different specific situations. As mentioned in chapter I, however, a dialectical relationship is presumed to exist between the objective factors derived from social inclusion and exclusion mechanisms and the responses,

¹ Repetition of the observations regarding many economic and social issues that have already been presented in numerous ECLAC documents over the last few decades is thereby avoided. See, for example, the various editions of *Social Panorama of Latin America* and ECLAC (2006b).

perceptions and attitudes of the citizenry towards the manner in which these mechanisms operate.

It is also assumed that the ability of the State to obtain popular support for the achievement of a common goal must largely hinge on the level of trust placed in institutions, the legitimacy of democratic mechanisms and people's sense of belonging to society. This sense of belonging is not only an end in itself, but also a means by which citizens can agree to progressively eliminate the social exclusion mechanisms that weaken their society. It can be used by society, for example, to reach agreement on a fiscal covenant that will significantly change the amount of revenues obtained, their origin and their destination.

B. Economic and social development in Latin America: a glass that is half empty and a glass that is half full

Mechanisms of access to well-being in the region should be analysed using a comparative approach, with two objectives in mind. On the one hand, it should be noted that well-being indicators have improved significantly within a relatively brief historical timespan, as shown by the clear trend towards convergence of Latin American well-being indicators with those of countries with the highest levels of per capita income. On the other hand, it should also be noted that, in the age of globalization, certain distinctive features of Latin American development – structural diversity, highly concentrated wealth and income, insufficient and volatile economic growth and its repercussions in terms of poverty – remain unchanged, or have even worsened in some countries. The income gap separating Latin America from developed countries has also widened.

The people of Latin America and the Caribbean have thus undergone processes that have had contradictory effects on their well-being. Signs of discontent, however, coupled with feelings that discourage cohesion, suggest that lags and inequalities are the prevailing factor in such feelings, which will be analysed at the end of this chapter and throughout the next.

1. A glass that is half full...

Living conditions have improved significantly for the population of Latin America and the Caribbean over the past few decades. In less than 30 years, life expectancy at birth has increased significantly, while infant mortality, mortality among children under five and undernourishment have dropped considerably. Most of these public-policy achievements are the result of greater access to health care and significant investments in basic infrastructure, which have

provided a large and constantly growing percentage of the population with safe drinking water and basic sanitation services, while also improving other living conditions.

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 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 of 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.² 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.

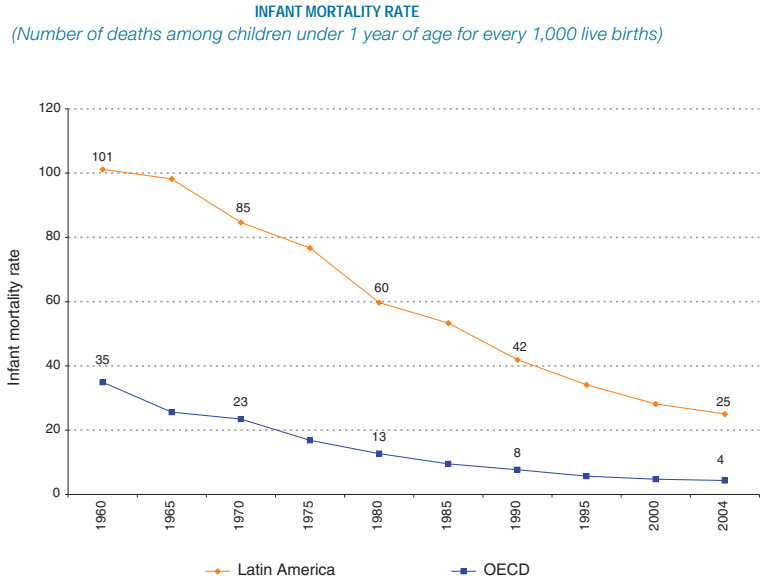
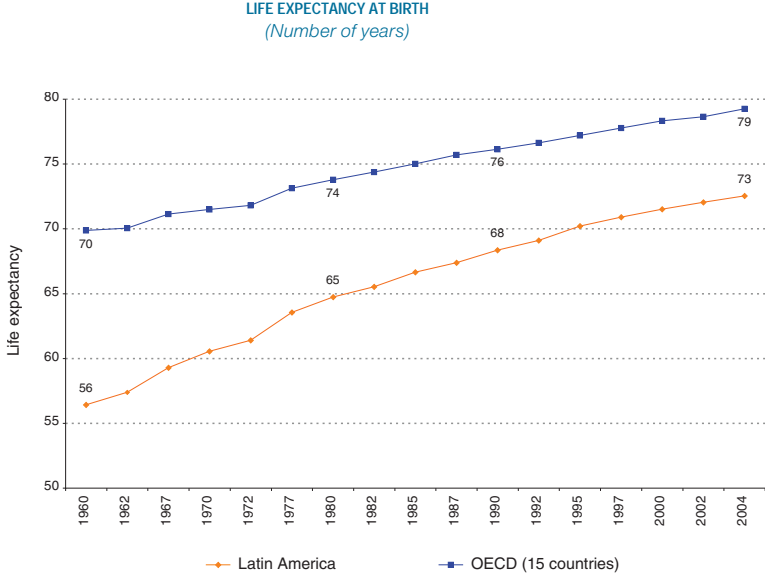
There is a long list of indicators that show improvements in the standard of living of the population³ and its access to the resources that make such improvements possible, as well as the role that urbanization, changes in fertility patterns and family structure, and the rapid entry of women into the labour market have played in those improvements. 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 (ECLAC, 2006c, chapter 2).

Several indicators have been selected to illustrate these improvements in the region, which may be described as the “full half” of the glass. All of these indicators point to rapid progress and to a trend towards convergence with the indicators of the countries having the highest levels of per capita income (see figure III.1).

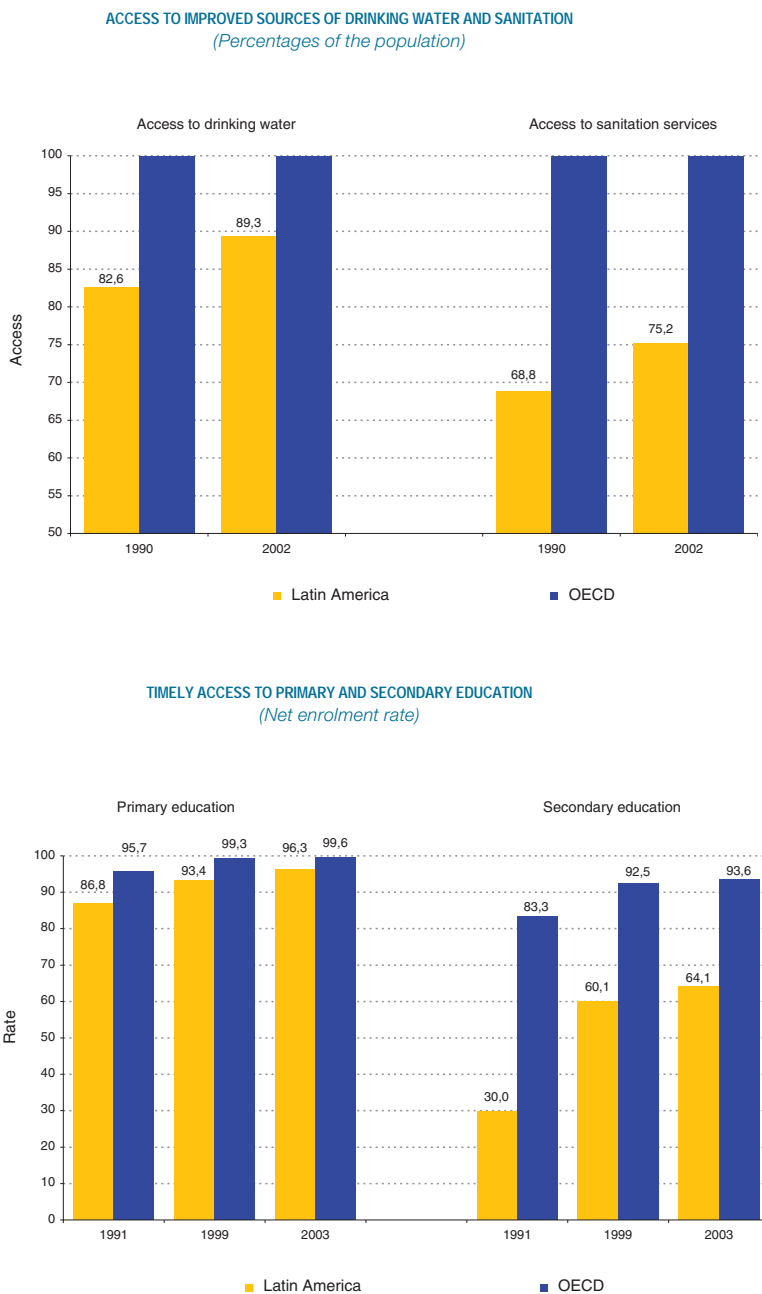
2 The “massification” of education is, in fact, a stage every developed society has experienced. What sets this process apart in Latin America, especially in those countries which have attained the highest levels of primary- and secondary-education coverage, may be that, in addition to occurring very 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 curricula.

3 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.

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



■ Figure III.1 (concluded) ■



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

Thanks to these achievements, Latin America ranks first among the different groups of developing nations covered in the Human Development Index (HDI). According to the 2005 Human Development Report, the region possesses the highest average life expectancy at birth (72 years, compared to 65 years for developing countries as a whole); the second-highest literacy rate (89.6% of individuals aged 15 and above, compared to 76.6% for developing countries);⁴ and the highest combined gross enrolment ratio in all three levels of the educational system (81% for Latin America and 63% for developing countries as a whole).

HDI indicators also include per capita income, which represents one third of the index. According to figures for 2003, stated in dollars and calculated in terms of purchasing power parity, per capita income in Latin America and the Caribbean (US\$ 7,404) is 70% higher than that of developing countries as a whole (see table III.1). Consequently, Latin America is classified as a middle-income region in globally comparative terms. According to the HDI, seven countries, which together represent 34% of the population of Latin America, can be classified as “high human development” countries.⁵ The remaining 12 (which represent 66% of the region's population) are classified as falling within the “medium human development” category.⁶

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 its benefits are being enjoyed by the same generation, or are at least regarded as an improvement over what the previous generation had enjoyed. Opinion surveys, however, do not reflect these important achievements. In fact, as will be explained below, while the improvements in question have benefited a majority of the population, almost 60% of survey respondents claim to be “worse off than their parents”.

This is a first sign that the “empty half of the glass” may count for more than the “full half” when people assess their living conditions. Most of the hardships and deprivations that have the strongest effect on the feelings of financial insecurity expressed by survey respondents may well stem from a lack of sufficient income to satisfy basic or urgent needs, or from the fact that income, though sufficient, varies greatly over time and is made unpredictable by a lack of job security. Another possibility is that income is relatively stable, but falls far short of what is required to satisfy expectations of consumption.

⁴ In East Asia and the Pacific, the adult literacy rate is 90.4%.

⁵ The seven countries in question are Argentina, Chile, Costa Rica, Cuba, Mexico, Panama and Uruguay.

⁶ Figures taken from UNDP (2005).

■ **Table III.1** ■
HUMAN DEVELOPMENT INDEX (HDI): LATIN AMERICA IN THE WORLD

	HDI value	Life expectancy at birth (years)	Adult literacy (ages 15 and over)	Combined gross enrolment ratio ^a	Per capita GDP (PPP US\$) ^b
	2003	2003	2003	2002-2003	2003
Developing countries	0.694	65.0	76.6	63	4 359
Least developed countries	0.518	52.2	54.2	45	1 328
Arab states	0.679	67.0	64.1	62	5 685
East Asia and the Pacific	0.768	70.5	90.4	69	5 100
Latin America and the Caribbean	0.797	71.9	89.6	81	7 404
South Asia	0.628	63.4	58.9	56	2 897
Sub-Saharan Africa	0.515	46.1	61.3	50	1 856
Central and Eastern Europe and the CIS ^c	0.802	68.1	99.2	83	7 939
OECD	0.892	77.7	...	89	25 919
World	0.741	67.1	...	67	8 229

Source: United Nations Development Programme (UNDP), *Human Development Report 2005. International Cooperation at a Crossroads: Aid, Trade and Security in an Unequal World*, New York, 2005.

^a Combined gross enrolment ratio for primary, secondary and tertiary schools.

^b Purchasing power parity.

^c Commonwealth of Independent States (CIS).

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.⁷ Increased well-being in very basic areas, however, is accompanied by greater aspirations, and “needs” (along with the goods to meet them) multiply.⁸ The consumer aspirations of middle- and low-income strata thus become permanent expectations that are out of proportion to their income, which largely depends on the growth of national income and its distribution.

Third, improvements in well-being indicators are usually the result of efforts made by the State which are reflected in public policies. People are likely to give their government credit for those achievements, but they are also likely,

⁷ 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.

⁸ 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.

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 government representatives (the political class). This phenomenon will be analysed in the following chapter.

The paradoxes of progress in the field of social development have made the plight of those who have been left out of the mainstream all the more visible. The inroads that have been made, in other words, have demonstrated that economic, social and cultural rights are indeed attainable and may have benefited the cause of those who fight for such rights.

2. ...and the glass half empty

Social development, however, has failed to keep pace with economic development. Several decades ago, the work of Anibal Pinto drew attention to this gap, which could be found in many of the region's middle-income countries. In those countries, State intervention came early and was moderately successful in ensuring access to education and health care. By forging social covenants that included part of the urban population, it was able to raise the average standard of living, which then became the benchmark. Meanwhile, those who found themselves excluded from services were unable to fulfil their aspirations due to sluggish economic activity, insufficient job creation and the inability to raise tax revenues at a pace compatible with growing needs and an expanding population. The limited social covenant that did exist was difficult to sustain in the long term without creating sharp fiscal deficits, which in turn had inflationary repercussions that caused serious harm to the most vulnerable sectors of the population. The covenant was ultimately broken as a result; it had always included an empty half of the glass, and this became more visible as that incarnation of the State entered into crisis.

Latin America and the Caribbean have recently experienced relatively high economic growth (4% per year between 2003 and 2005) compared to the historical average.⁹ Economic growth over the last three decades, however, 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. GDP has grown at an average rate

⁹ 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.

of 2.8% per year since the 1970s – 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. The region as a whole was unable to make up for the losses of the 1980s, in terms of poverty, until 2005, despite the reductions achieved by some countries beginning in the 1990s. With a per capita income 12% higher than that of 1980, the 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 rose from approximately 136 million to 205 million (see figure III.2). Poverty reduction in Latin America over the last 16 years is estimated to have been somewhere below 10 percentage points, although the poor population increased by 5 million.

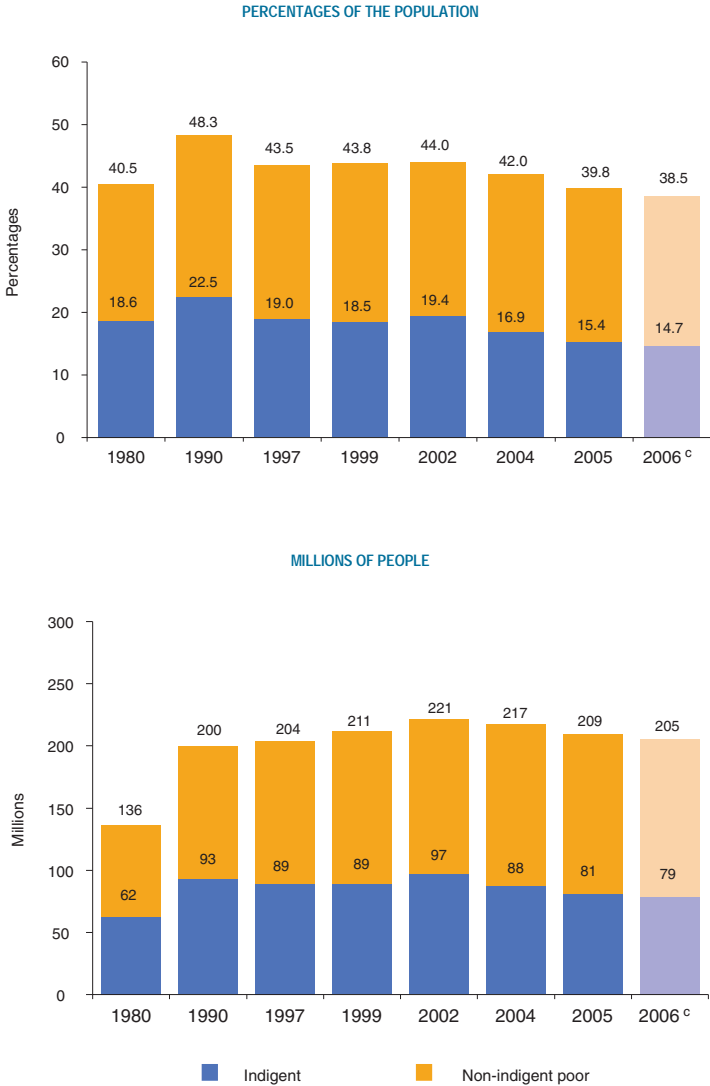
One of the worst consequences of insufficient, highly volatile growth is the fact that, over the last 25 years, the percentage of the population living in extreme poverty or indigence – one of the most glaring manifestations of social exclusion – has not been substantially reduced.¹⁰ As of 2006, an estimated 15% of Latin Americans were living in households with incomes lower than what is required to meet their food needs.

The links in the chain through which poverty tends to reproduce social exclusion are well known and include very low household income and educational capital, teenage motherhood and undernourishment during pregnancy, low birth weight, insufficient breastfeeding, lack of early stimulation, irreversible biological damage during early stages of development, episodes of general undernourishment that become chronic due to lack of household income and the mother's lack of education, lack of preparation for school, poor performance and repetition during the first years of school, school attrition, poor positioning within the labour market, low income and social vulnerability. These factors reproduce the cycle of poverty and exclusion, passing it on to the next generation.

Two aspects of the link between the level of poverty and growth should be looked at in greater detail. Since inequalities in the distribution of income have remained fairly constant or have even increased in some countries, the

¹⁰ 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.

■ **Figure III.2** ■
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.

lack of progress in reducing income poverty is closely linked to the economic growth rate and its effects in terms of job creation and in raising working people's incomes. Only relatively small reductions in poverty levels have been achieved through State transfers and anti-poverty programmes. Together with sectoral policies, these programmes have, however, helped to improve overall living conditions for their target population. The poor today do not face the same level of deprivation they did two, three or more decades ago.

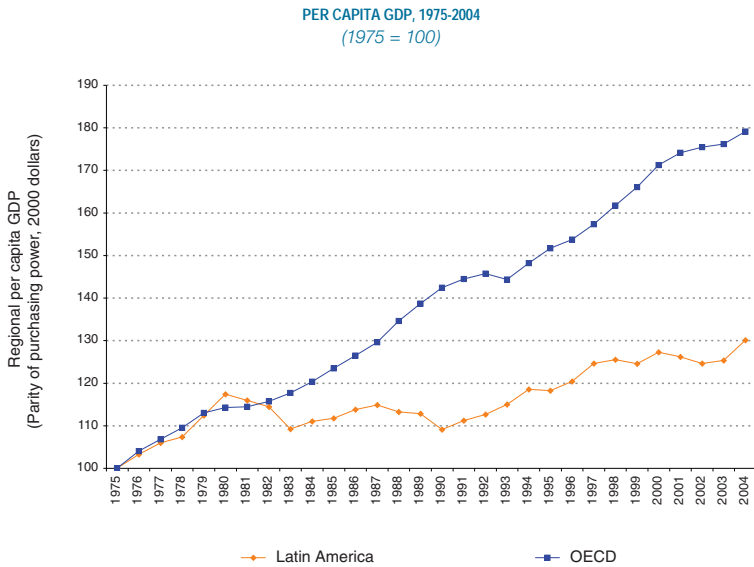
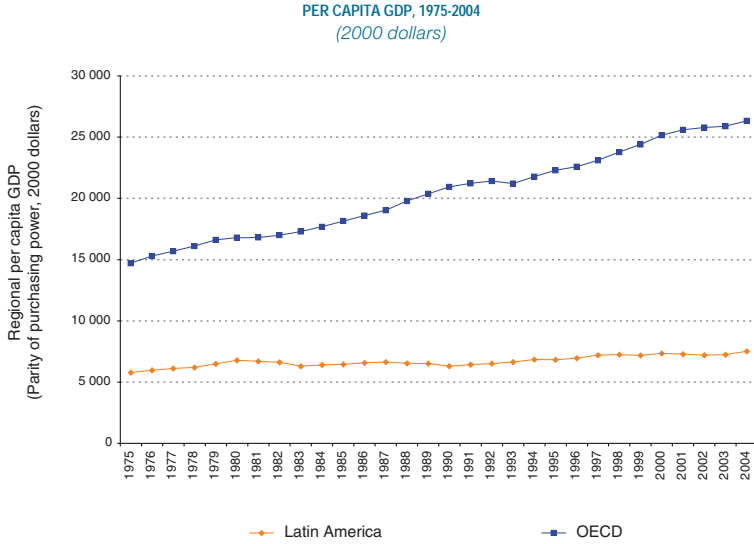
As shown in figure III.3, the trend in per capita income in Latin America and its low growth rate have widened the gap between the region and developed countries. If the region had matched the annual growth rate of the 15 OECD countries between 1980 and 2005, poverty today would afflict less than 15% of its population.

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 where growth is unlikely to make a dent in hard-core poverty, however, since poverty rates in general have dropped.¹¹ 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.

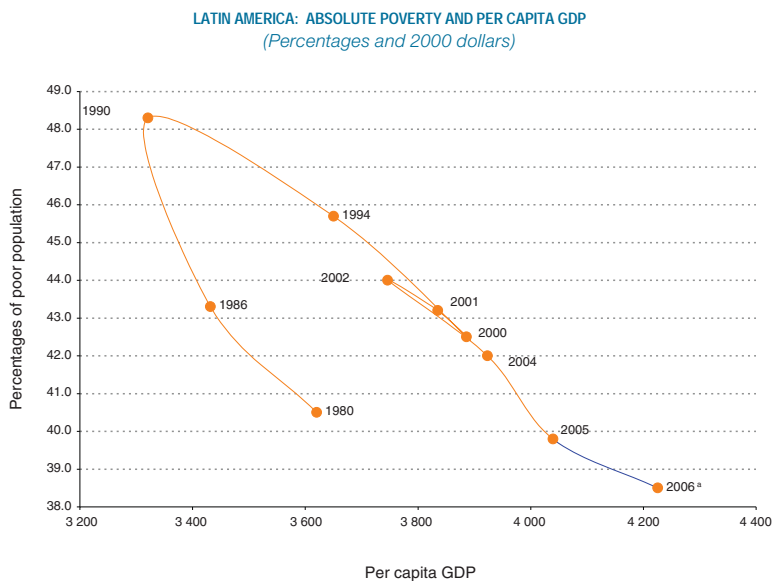
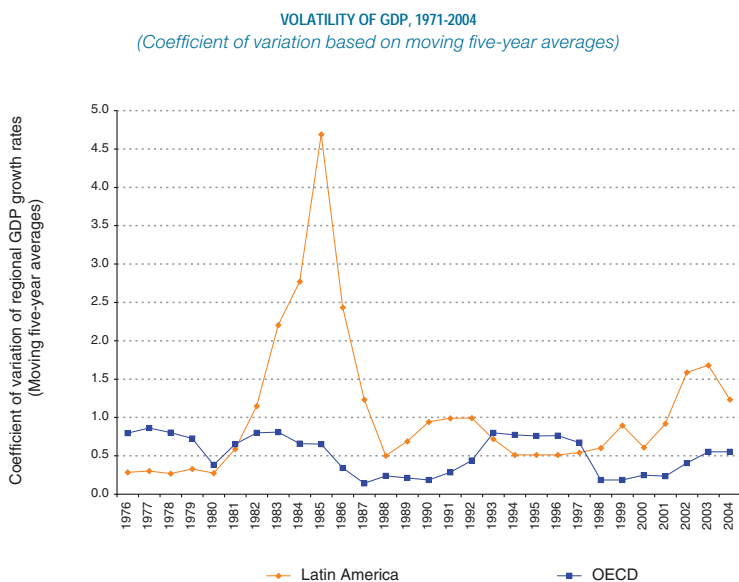
The weakening relationship between growth and poverty reduction is partly attributable to changes in the labour market and a decline in the quality of jobs, which are the primary source of household income. Since the 1980s, the region has failed to create formal-sector jobs fast enough to absorb the labour supply, although the latter has grown at a slower pace over the last two decades as young people spend more time in the educational system. Low-productivity, low-income underemployment has risen, as has open unemployment, not only among young people but also among adults with more work experience. The duration of unemployment has also increased, worsening the plight of households that lack reserves to help them cope with a loss of income. These situations are exacerbated by the fact that they are taking place in a region where social protection systems have very low coverage and where most countries lack adequate unemployment compensation systems (ECLAC/SEGIB, 2006). These trends have begun to turn around only in the last three years, largely as a result of the rapid economic recovery of some countries from the severe crisis they experienced in the early 2000s (ECLAC, 2006a).

¹¹ 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 III.3
INDICATORS OF DIVERGENCE BETWEEN LATIN AMERICA AND 15 OECD COUNTRIES
AND OF VOLATILITY



■ Figure III.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.

Given the inequality of these societies, which, as a general rule, have grown slowly (in the few cases in which GDP has increased, it has only done so for a few years in a row), reductions in poverty have been negligible. Except for cases in which GDP has rebounded sharply after a steep drop, during recessionary cycles caused by external¹² or internal shocks, the trend has been for poverty and vulnerability to steadily increase.

Figure III.3 illustrates the macroeconomic volatility of the region, particularly over the last two decades.¹³ 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.¹⁴ While the cycle of expansion and contraction of the economy and investment, which is becoming shorter and shorter, has a devastating effect on the assets of the poor, it also hurts middle-income wage earners (by increasing unemployment and driving down income) and self-employed persons (by limiting access to financing and dampening domestic demand). 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 aggravates the regressive effects of downturns in the cycle.¹⁵ The weakness of low-income groups is linked to the vulnerability of the economy to external shocks and domestic adjustments (ECLAC, 2005).

Figure III.3 also illustrates the implications of macroeconomic instability in terms of poverty. Over the last 25 years, the poverty rate for the same level of per capita income has increased throughout the economic cycle. Per capita income in 1980, calculated at 2000 prices as a regional average, was slightly over US\$ 3,600, and 40.5% of the population was poor; in 2006, per capita income in Latin America was slightly over US\$ 4,200, and, at 38.5% of the population, the poverty rate was slightly lower. The asymmetry of the cycle – illustrated in figure III.3 for a 26-year period – is obvious; it took 15 years to recover what was lost in less than 10, in terms of poverty, between 1980 and 1990.

It might be supposed that the more clearly people understand that their well-being depends on economic growth, and the more the media and the

¹² Few quantitative studies exist regarding the effects of external shocks on poverty and inequality in the countries of the region. For information on Costa Rica, El Salvador and Honduras, see Sánchez (2005).

¹³ 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.

¹⁴ 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).

¹⁵ 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.

elite emphasize the material aspirations of the population, the more people will begin to feel disaffected and dissatisfied with their personal finances and the national economy. Volatile growth, per se, has no concrete meaning for the population, however. Despite improvements in the basic quality-of-life indicators mentioned above, job insecurity or, in the worst cases, job loss are crucial factors. Job loss is often followed by more precarious or lower-paid forms of employment, which in turn limits consumption. If this occurs in highly unequal societies, and if inequality becomes more visible and irritating during recessionary periods, feelings of dissatisfaction and exclusion from society tend to increase.¹⁶

C. Inequality: a basic stumbling block for the reduction of social exclusion

Over the last 25 years, in addition to low, volatile growth, profound disparities in income distribution have blocked a greater reduction in absolute poverty and exclusion in Latin America and the Caribbean. Poverty and poverty gaps¹⁷ are largely attributable to distributive inequality, which is greater than in any other region (ECLAC/SEGIB, 2006). It should be noted, however, that the concentration of income in some countries, such as Uruguay and Costa Rica, is far below the regional average, although it is higher in both countries than it is in the developed world. This shows that it is not impossible to achieve greater equity than currently exists and thus reduce exclusion.¹⁸

High, sustained economic growth is essential to significantly improving the well-being of the poorest sectors of the population, even without major changes in primary income distribution. One noteworthy case is Chile, where, in a context of economic growth and social investment, overall and extreme poverty have been significantly reduced; between 1990 and 2003, overall poverty fell from 38.6% to 18.7%, and indigence dropped from 13% to 4.7%.

ECLAC has drawn attention to the causes of inequality in income distribution, its manifestations and its negative implications for growth and poverty.¹⁹ A highly concentrated income distribution is not simply a result of inequalities in access to wealth and assets (land, physical and social capital,

¹⁶ Crises often cause irreparable harm, such as severe undernourishment among children under five, even in cases where the economy is less vulnerable to external shocks, efficient programmes are in place to protect the most vulnerable sectors of the population during severe crises, and GDP and employment recover rapidly once growth resumes.

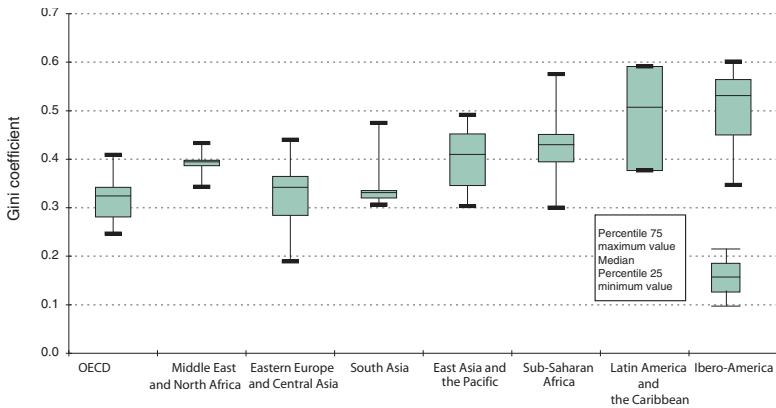
¹⁷ The poverty gap is the difference between the average income of the poor and the income required to exit poverty.

¹⁸ Extreme poverty levels in these two countries – as well as in Chile – are the lowest in Latin America.

¹⁹ See Machinea and Hopenhayn (2005), Hammill (2005).

education and skills); it also perpetuates those inequalities. Figure III.4 illustrates how Latin America compare to the rest of the world in terms of inequality in income distribution, while figure III.5 depicts the differences existing across countries in the region, as well as the changes that have occurred between 1990 and the present.

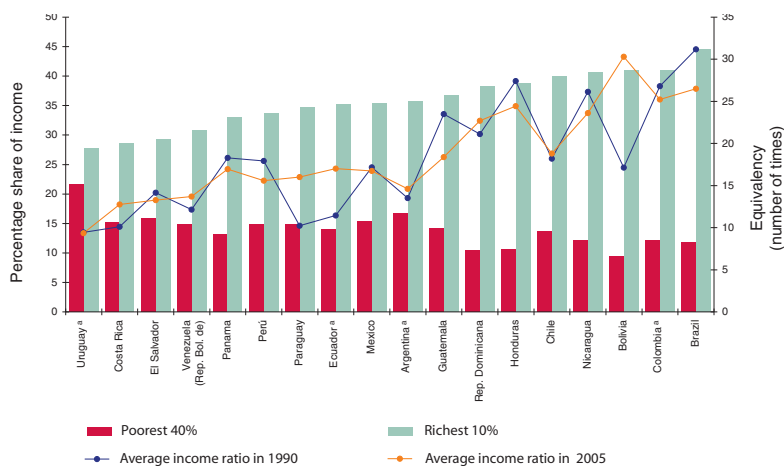
■ **Figure III.4** ■
WORLD REGIONS: GINI COEFFICIENT, 1997-2004
(Concentration of per capita income, by income decile)



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)*.

While there is a wealth of evidence to show that the distribution of income in Latin American countries is highly unequal, and a measure of consensus has been reached regarding the causes of this inequality and the mechanisms whereby it is reproduced, the question of what kind of influence these significant differences in income and consumption exert over public perceptions has not been examined. In societies with low per capita incomes, such as those of the region, the negative perceptions expressed by survey respondents regarding their personal finances and those of the country probably arise from the fact that many people are unable to meet their basic needs, due to poverty and exclusion. This is seen, in part, as a consequence of sharp, persistent inequality.

■ Figure III.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.

The region is not so poor in terms of income that approximately 205 million out of a total of 532 million people should have to live in poverty or that another 79 million should not even be able to meet their food needs. 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).

One of the distinctive features of this distributional inequality is the large share of income that is absorbed by the highest 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 those two deciles is greater than 100% and sometimes even exceeds 200%.

This has significant implications for the consolidation of fiscal covenants that involve raising taxes, as will be explained in chapter V. Given the high concentration of income at the top of the pyramid, direct taxes must be made more progressive by raising average (or marginal) taxation levels for the highest incomes in order to increase the tax base without overtaxing middle-income strata. The more power and income are concentrated at the top, however, the less likely a tax increase becomes. This is one reason why most efforts focus on increasing revenues by improving the capability of the State to collect indirect taxes (VAT), which can be used to increase resources by raising rates or reducing tax evasion (Engel, Galetovic and Raddatz, 2001).²⁰ In addition, in order to support redistributive policies as much as possible, efforts have been made to devote a higher percentage of total public expenditure to the social sector, while also improving the efficiency of such spending.

The labour market has shown itself to be the main locus of inequality in the region. A high degree of distributive inequality is mainly attributable to a high concentration of labour income.²¹ This should come as no surprise, since labour income accounts for more than two thirds of all household income.

Labour-income inequality is a result of a high concentration of salaries, wages and profits in the richest decile, as well as a marked concentration of income in the top-earning 5% and 1% of the population. In Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia and Mexico, the richest 10% of the population absorbs between 35% and 45% of labour income, while the richest 5% absorbs between 23% and almost 35%. With the exception of Colombia, the average annual income of employed persons in the highest decile of each of the six countries studied exceeds the per capita GDP of Spain, which was approximately US\$ 22,800 in 2003, in 2000 PPP dollars. In contrast, the lowest-paid 20% of the population absorbs only from 2.5% to 5% of labour income (see table III.2).

²⁰ These authors argue that income redistribution should be achieved through social spending, not through direct taxes, which burden incomes, have highly distortionary effects, are expensive to manage and generate comparatively little revenue, unlike the value added tax (VAT). In the case of Chile, the authors provide evidence that US\$ 1.00 of additional expenditure on VAT enforcement increases revenues by US\$ 31.00. Data on a cross section of countries suggests that, on average, that US\$ 1.00 increases VAT revenues by US\$ 12.00.

²¹ Naturally, there is less agreement as to whether these inequalities are a barrier to growth, or whether economic growth is enough to reduce poverty. As for the factors that underlie income inequality, Hamill's econometric study, which concludes that income inequality among individuals is largely determined by schooling and labour-market differences, should be noted (Hamill, 2007).

■ **Table III.2** ■
LATIN AMERICA (SIX COUNTRIES): INCOME LIMITS, AVERAGE INCOME, SHARE OF TOTAL INCOME AND AVERAGE YEARS OF SCHOOLING OF EMPLOYED PERSONS IN DIFFERENT LABOUR INCOME STRATA
(2000 dollars, expressed in PPP)

Country	Unit	Employed Persons				
		Poorest 20%	Poorest 40%	Richest 10%	Richest 5%	Richest 1%
Argentina (2004) ^a (12 222 PPP dollars)	Limit ^b	10 547	17 689	58 259	87 724	160 826
	Average income	6 148	10 354	107 037	146 581	260 760
	Share of income	4.7	14.5	35.4	23.6	8.7
	Average years of schooling	8.9	9.6	13.5	14.0	15.1
Brazil (2003) (7 306 PPP dollars)	Limit ^a	3 630	5 444	27 224	40 492	92 562
	Average income	2 160	3 505	60 923	80 989	159 264
	Share of income	3.5	11.8	42.4	32.1	12.6
	Average years of schooling	4.5	5.4	12.6	13.2	14.2
Chile (2003) (9 727 PPP dollars)	Limit ^a	4 531	6 343	26 858	44 401	134 292
	Average income	3 104	4 249	67 041	98 703	244 955
	Share of income	4.5	12.0	45.3	34.4	14.7
	Average years of schooling	8.6	9.1	15.4	15.7	16.3
Colombia (2002) (6 293 PPP dollars)	Limit ^a	3 210	6 209	20 284	28 636	62 089
	Average income	1 831	3 356	39 383	54 955	118 458
	Share of income	3.6	13.3	37.4	26.0	10.4
	Average years of schooling	5.7	5.9	15.3	16.3	18.0
Mexico (2004) (9 010 PPP dollars)	Limit ^b	3 541	6 538	27 240	40 298	93 160
	Average income	1 752	3 513	56 476	78 067	163 612
	Share of income	2.7	11.1	41.0	29.8	12.5
	Average years of schooling	5.9	6.5	13.3	14.2	15.2
Venezuela, Bol. Rep. of (2002) (5 259 PPP dollars)	Limit ^a	5 458	7 796	26 099	36 138	71 998
	Average income	3 341	5 233	47 694	64 014	120 336
	Share of income	5.0	16.1	34.6	23.1	8.7
	Average years of schooling	6.4	7.0	12.1	12.4	13.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the relevant countries.

^a Urban areas

^b Upper limit of poorest 20% and poorest 40%. Elsewhere, lower limit of stratum.

These data contradict the widespread notion among individuals from upper-middle and upper strata that their income is “low” in relative terms. In Brazil, Chile and Mexico, for example, individuals who declare a monthly wage close to or above US\$ 2,200 are among the highest-paid 10% of workers in those countries. How then can this common perception be explained? Aside from the more obvious explanations (a simple tendency to complain and focus on one’s own interests, or an understandable lack of knowledge regarding the global distribution of income), it may be that, when individuals compare their income to that of others, they attach greater value to, or are more aware of, those who earn more and have consumption patterns to which they aspire. People tend to look “upward” on the income scale, not downward towards those who make less. Given the high concentration of income in the region, those looking upward will always find others who earn far more than they do. The benchmark group (the group others aspire to join) is always above the group to which the aspirant belongs. In countries with low per capita incomes, only the richest 5% or 1% of the population has access to the consumption patterns typical of middle- or high-income strata in developed countries. This is what happens when income is highly concentrated and the middle-income strata receive a relatively small share of national income.

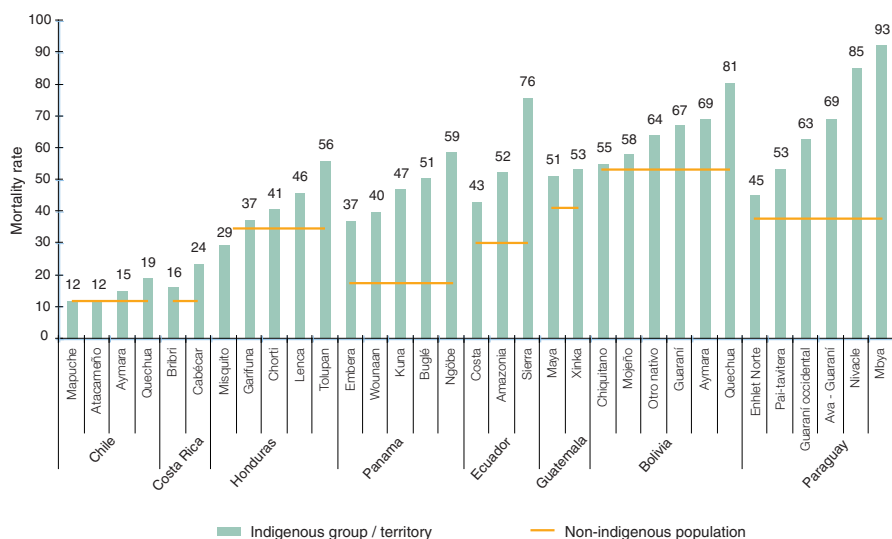
In addition, certain indicators reflect palpable social inequalities that involve gender and ethnic discrimination and are correlated to income. In the case of native peoples,²² disparities continue to exist across countries, geographic areas and social groups. What is worse, these disparities have increased in a number of ways over the last 15 years. As mentioned above, the region’s achievements in terms of social development include the reduction of infant mortality. In 2000, however, average infant mortality among indigenous children in Latin America was 60% higher than it was for non-indigenous children (48 per 1,000 live births compared to 30 per 1,000, respectively). In terms of the probability of dying before reaching the age of five, the gap is even wider, with an excess mortality of 70% (ECLAC, 2006a). The differences between countries in terms of indigenous infant mortality are striking; the odds of dying during infancy or childhood are highest in Paraguay (72.1 deaths per 1,000 live births) and Bolivia (63.3 per 1,000). The lowest rates are found in Chile and Costa Rica, with 11.5 deaths per 1,000 live births each. The differences between peoples and countries should also be noted; for example, the odds of dying within one year of birth are more than five times higher for a Quechua child in Bolivia than they are for a Quechua child in Chile (see figure III.6).

²² For a comparative analysis of the demographic situation of indigenous peoples in the region, see ECLAC (2006a). The latest UNDP Human Development Reports on Bolivia and Guatemala focus on indigenous issues.

■ **Figure III.6** ■

EIGHT LATIN AMERICAN COUNTRIES: INFANT MORTALITY RATES FOR INDIGENOUS GROUPS OR TERRITORIES AND INFANT MORTALITY RATES FOR THE NON-INDIGENOUS POPULATION, 2000 CENSUS ROUND

(Number of deaths among children aged 0–1 per 1,000 live births)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2006* (LC/G.2326-P), Santiago, Chile, December 2006.

D. Education and employment: lags in the main social inclusion mechanisms

1. Some explanatory factors

Traditionally, education and employment have been – and, for most people, still are – the two most important mechanisms of social inclusion. Progress in these two areas has been uneven, however. While very significant strides have been made in terms of access to education and other educational achievements, high unemployment and underemployment rates have persisted, as have widely differing levels of productivity among businesses of different sizes and in different sectors.

During the 1990s, the average open unemployment rate rose by about 4%, and 7 of every 10 new workers joined the informal sector, which today represents approximately 47% of the workforce in Latin America and the Caribbean.

In terms of education, on the other hand, almost every country in the region has succeeded in ensuring that over 90% of its young people

finish primary school and close to 70% enter secondary school. On average, young people aged 20-24 have received between three and four more years of schooling than their parents. One crucial piece of information illustrates this change: the endpoint of primary education for the population aged 50-64 is 33.1% lower than that of the population aged 15-29.²³ Regardless of how difficult it may be for young people to enter the job market today, these gains were achieved through a determined effort on the part of countries and households, which worked to increase spending on education.²⁴ The importance of these achievements lies in the fact that they have provided a large majority of people with the knowledge required to exercise citizenship.

Notwithstanding the above, the failure of Latin American societies to create enough quality jobs that provide adequate remuneration and protection has led to a contradiction between increased progress in education and limited prospects in the labour market. This is a source of dissatisfaction, especially among individuals from middle- and lower-income strata who have acquired significantly more educational capital than their parents. Those who are unable to obtain this increased capital and are excluded from school at an early age face a greater risk of underemployment.

The lag between the supply of and demand for skills, which has enabled many to achieve inclusion by gaining more education, tends to cause inequality and social exclusion in the labour market. As noted in a recent study, the structural causes of high levels of inequity, i.e., the causes of the perpetuation and exacerbation of income gaps between different social groups, lie mainly in differences in access to education, knowledge, quality jobs and, to varying degrees, access to other assets such as land, capital and financing, as well as certain demographic and adscriptive characteristics. These are the links in the chain that reproduces inequity; they are passed from one generation to the next, perpetuating the poor distribution of income in spite of State spending in support of the poorest groups. All of these problems have been compounded over the past two decades by the cycle of economic contraction and expansion, which has led to a higher concentration of income (Machinea and Hopenhayn, 2005).

The relative lag between the two main inclusion mechanisms is attributable, in the case of education, to the rapid expansion of coverage, the subpar quality of education and restrictions on the supply of certain

²³ Several Latin American countries have, however, failed to universalize access to primary education, which is considered to be a right and is therefore compulsory. In fact, at the start of the present decade, 12% of young people between the ages of 15 and 19 had failed to finish primary school. As for secondary education, about 55% of young people between the ages of 20 and 24 had failed to complete 12 years of schooling, the minimum required to earn enough income to avoid poverty during adulthood (see United Nations, 2005, chapter III).

²⁴ The largest social-spending increase of the 1990s was in the education sector. See ECLAC (2006c).

skills required by the economic dynamic. In the case of employment, the lag stems from the slow expansion of the job supply relative to the supply of skills, as well as from changes in hiring conditions that increase instability and job turnover. This may account for the financial insecurity and discontent expressed by part of the population. As will be explained below, these feelings are reflected in opinion polls as negative assessments of personal and family finances, as well as people's perception that their living conditions today are worse than their parents' were. As mentioned in chapter V, a social cohesion covenant should include proposals to address the demands of citizens regarding these issues, which are crucial to social mobility and inclusion.

Rapid progress towards universal coverage, which must undoubtedly remain a key objective, has had an unexpected side effect: to a certain degree, inequality between social strata has become a built-in feature of the educational system. In addition, certain inequalities that had hitherto been less visible have begun to emerge: deteriorating quality, poor learning performance, repetition and early attrition. The very fact that education is now more inclusive has made differences between students from different strata more visible. Hence, increased enrolment and the progressive achievement of a right – which are clearly worthy accomplishments – have also created new problems that must be addressed.²⁵

In relation to employment, as a consequence of the limited capacity of the region's economies to absorb the increased supply of highly skilled human capital, they are failing to take advantage of the qualifications of one third of the region's professionals and technicians, on average. High and steadily rising open unemployment rates (between 1990 and 2005, unemployment in the region rose from 5% to 9.1%) have made it impossible to take full advantage of the knowledge and skills of the highly skilled sector of the population. Other reasons for the underutilization of skilled human capital include the withdrawal of workers from the labour market after a long and unsuccessful job search (the discouraged unemployed), as well as involuntary inactivity, which is mainly found among women who lack support networks and policies to make their domestic activities compatible with work outside the home, or who are discriminated against in the labour market.

Another segment of the labour force is also being underutilized: workers who find no demand for their skills. These are individuals who have completed higher education but who work in jobs where they receive low wages that

²⁵ In countries where access to education has progressed rapidly from relatively high starting points, children tend to leave their parents behind in terms of educational attainment. A recent study on social mobility in Chile notes that "...children whose parents are less educated also have access to higher levels of schooling. About one third of individuals between the ages of 24 and 35 who continue their education beyond secondary school were born to parents who only attended primary school" (Torche and Wormald, 2004).

are not commensurate with the investment made in their education. This is a waste in terms of public and private investment in education, as well as a source of frustration for the individuals involved. These failures to properly utilize educational investment have affected one of every three individuals who obtained a professional or technical degree in the region at the start of the present decade (ECLAC, 2002a). Education and employment will be discussed again in chapter V, which sets forth a number of public policy guidelines for the attainment of these objectives.

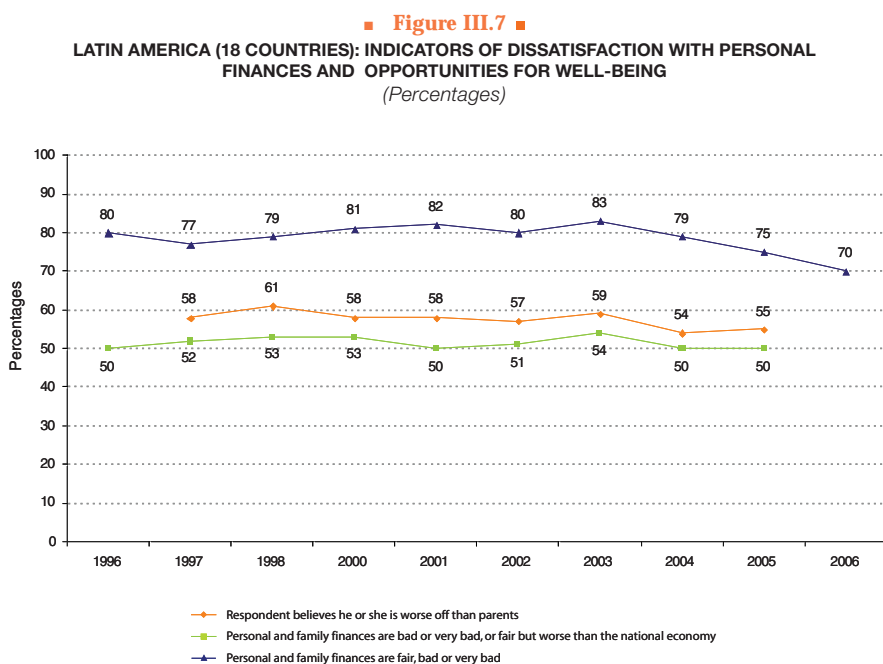
2. Negative perception indicators

Feelings of financial insecurity and negative perceptions may not be attributable solely to the lag between education and employment or to the weakening of the link between those two factors, which naturally has a greater impact on young people who are entering the labour market. The persistence of social exclusion mechanisms and the number of individuals affected by them – especially when adverse conditions such as lack of access to or difficulty in obtaining education, health care, employment, housing or basic services affect members of the same group, such as an indigenous people – may also be a contributing factor.

If structural poverty is indeed perpetuated by mechanisms that pass it on from one generation to the next, then a portion of the population will never experience change or mobility and will find no way out of its predicament. Given the urgent need to earn enough income to satisfy basic needs, “shortcuts” to achieve that goal proliferate. Negative visions – fatalistic attitudes – develop, and “deviant”, anomic behaviours arise and often come to be considered normal or acceptable by their practitioners. This is the case with small-scale drug trafficking. The consolidation of a culture of want is facilitated by the segmentation of urban areas, which allows little contact with those who have been “integrated”: such people are viewed as enemies and sources of income for survival (either as employers or as victims). They are not viewed as equals, or as fellow members of society.

The middle classes, which face neither an extreme scarcity of resources nor an urgent need to satisfy basic needs for survival, may also see their expectations of upward economic mobility go unfulfilled. Recessionary cycles, increased job insecurity and the privatization of education and health care, as well as their rising cost, lead to feelings of financial insecurity. The falling cost of durable and other consumer goods, which used to be accessible almost exclusively to upper-income strata, also creates expectations which can often be satisfied only through the use of credit, which is unsustainable precisely because of the instability of income.

Figure III.7 shows several negative-perception indicators which were developed using information from the *Latinobarómetro* surveys. As shown below, over half of survey respondents believed their living conditions were worse than those of their parents. On the one hand, this perception, which has been widely held throughout the decade, is probably associated with poverty and inequality indicators. On the other, the belief that personal and family finances are bad, which constitutes an analogous trend, probably reflects changes in employment as the main mechanism of access to consumption and financial stability.



Source: Latinobarómetro 1996-2005 database and Latinobarómetro, *Informe Latinobarómetro 2006*, Santiago, Chile, 2006.

In summary, beliefs about poverty and broad inequalities lead to perceptions of injustice that are reflected in opinion polls, as respondents can find no one factor to explain such sharp differences in income, assets and quality of life. These perceptions sometimes reflect feelings of frustration and dissatisfaction, as work often provides neither a decent living nor a sense of belonging to a consumer-oriented society. This sense of frustration is aggravated when people see others achieve this goal. There is also a sense of financial insecurity, as households see their income reduced more and more often as a result of job loss, or as people see the quality of their income

deteriorate (through the loss of social protection), while the privatization of basic utilities increases expenditures. These negative feelings may represent one of the channels through which the “objective” factors mentioned above become firmly entrenched in people’s minds.

Chapter IV

Subjective factors in social cohesion: an approach based on opinion polls



The concept of social cohesion, as noted earlier, refers not just to inclusion and exclusion mechanisms, but also to the way these phenomena influence and mould the perceptions and behaviour of individuals in relation to a particular society or community. Since the concept encompasses the relationship between individuals, the community and society, it is important to ascertain people's perceptions and assessments of the degree of solidarity that society offers them and, in turn, how they view their own solidarity towards others. Both evaluations form part of the intersubjective dimension of this relationship between the individual and society, help to shape and enrich its content, and play a part in determining people's predispositions and behaviour.

This chapter, then, looks at how psychosocial factors, taken together and in terms of their interactions, provide a signal as to people's capacity to pursue a common aspiration for society. This will be accomplished by analysing how individuals perceive and assess the dynamic of the main mechanisms of social inclusion and exclusion in the region and how they may lead to behaviours that can ultimately make social agreements easier or harder to achieve.

A. By way of a preamble

The persistence of social exclusion mechanisms, when the excluded population is large and a great many adverse factors (such as those leading to

attitudes of ethnic discrimination) come together to affect a single group of people, can ultimately permeate the consciousness even of people not directly affected by social exclusion. The result is the spread of a kind of negative set of ideals or widely shared representations of the workings of society, power and those who exercise it.¹ Conversely, when citizens have positive perceptions of the workings of justice, respect for minimum standards in society and the control they exercise over the conditions determining their well-being, they are likely to develop attitudes and predispositions conducive to social cohesion, such as pluralism and non-discrimination, a feeling of trust in other people and institutions, and solidarity.

Some of these perceptions can be described in terms of the concept of social integration in its broad sense, i.e., as a set of mechanisms allowing members of society to participate in a shared system of effort and reward that evens out opportunities and rewards merit, that is fair, if not necessarily egalitarian. When individuals perceive the existence of legal and, most importantly, social justice, they will tend to develop pluralistic and non-discriminatory attitudes conducive to equality of opportunities. Again, when they feel that they control the conditions determining their well-being and that they are in a situation where rewards are proportionate to effort (meritocracy), their sense of belonging is likely to grow stronger.

The demoscopic analysis that has been conducted suggests that the public authorities and society at large are most often perceived as unfair and discriminatory by those who live in situations of poverty and vulnerability, suffer from clear inequalities in access to education and consumption, lack avenues of social mobility or are not rewarded in accordance with their merits, are marginalized because of their ethnic origin, gender or place of residence, are particularly exposed to crime and corruption or are victims of a poorly functioning justice system. These people also have a more vivid perception that basic standards of social interaction are not being followed and feel that they do not control the conditions which determine their well-being.²

As was pointed out in the previous chapter, the consolidation of these perceptions seems to depend on factors such as the persistence of the main social exclusion mechanisms, the number of inhabitants affected and the degree to which the same group or groups of individuals are afflicted by most of these adverse conditions. Exclusionary factors have a particular tendency to be concentrated in countries with larger indigenous or Afrodescendent

¹ A more complex question is what conditions are required to produce majorities for substantive change under democratic norms without infringing the rights of minorities.

² Perceiving reality as a hazardous or enabling environment causes people to develop sensations and feelings of acceptance or rejection towards the different social processes and situations that affect them, predisposing them to react with indifference, rejection or approval.

populations. In such countries, opinion polls indicate that there can be strong ties of solidarity and trust and a marked sense of internal belonging among the members of an ethnic group or community, but that these ties are accompanied by perceptions of a clear separation from society as a whole.³ The same phenomenon can occur as a result of other types of social segmentation, such as that based on place of residence. Because of the sources used, spatial segregation in its different dimensions could not be considered in the present analysis, but it will unquestionably have to be a vital part of the research agenda for social cohesion in the region.⁴

The sections that follow use different sources of information to examine various subjective components of social cohesion. One of these sources is *Latinobarómetro*, an opinion survey covering a wide range of issues. Considering the analytical limitations of this instrument, which was designed for other purposes, the results are strictly illustrative in character (see box IV.1). Nor must it be forgotten that people may often be employing “borrowed discourses”, such as those disseminated by the mass media, particularly when these enjoy a degree of legitimacy.⁵ Lastly, we should not make the mistake of thinking that statistical aggregates constructed from surveys conducted to track the opinions of certain sections of society accurately reflect the opinions of fully identified social or political actors; this would be a serious and dangerous oversimplification.⁶

In terms of the analysis presented in this book, opinion polls are one of the instruments used to obtain insights into perceptions relating to social cohesion. Survey results are not treated as a mirror reflecting the relevance or irrelevance of public policies; this would be tantamount to an abdication by the authorities of their leadership role and its subordination to the vagaries of public opinion as expressed in such surveys.

3 As already mentioned, the concept of polarization has been used to define social antagonism between internally homogeneous groups (Gasparini and Molina, 2006).

4 Because subjectivity is a substantial part of social cohesion, it would be interesting to consider physical space not just as an expression of social inequalities and discrimination, but also as something that helps to form the “habitus” conditioning people’s closeness to and distance from one another on the subjective plane, in the sphere of beliefs, thoughts, dispositions and perceptions (Bourdieu, 1993a).

5 For arguments against a simplistic approach to opinion surveys and interview analysis, see Bourdieu, 1993b; Champagne, 1993a and 1993b.

6 This would be to ignore the effect of the messages constantly being sent out to individuals by different political organizations and groupings and by actors such as the media, the combined effect of which is ultimately decisive in terms of their political behaviour. Furthermore, social identities are usually aggregated for the purposes of demoscopic analysis by recording aspects that are too crude to be fully identified; for example, membership of indigenous groups deduced from opinion survey respondents’ use of indigenous languages or self-identification as “indigenous” cannot be used to infer or postulate the characteristics of an indigenous identity and its perceptions in general terms. Among other things, this is because people speaking an indigenous language and responding to the opinion survey are nonetheless subject to multiple determinations arising from the plurality of their other individual affiliations, making it impossible to define the supposed characteristics and opinions of a whole social grouping.

■ Box IV.1 ■

SCOPE AND LIMITATIONS OF OPINION SURVEYS

Some of the information used in this chapter comes from *Latinobarómetro*, the only survey of Latin American opinion that not only covers a wide range of issues (economics, politics, democracy, institutions and others) but is conducted annually and provides information that is comparable across countries. The data have been collected since 1995 in 17 countries. A single questionnaire, adapted to each country, is used to interview some 18,000 people in representative samples of just over 1,000 individuals aged 16 and above.

However, neither this instrument nor the questions it contains (some of which have been left unchanged for 10 years, while others have been incorporated only into certain parts of the survey) were designed to investigate complex components or dimensions of individuals' subjectivity such as, for example, solidarity, trust or the sense of belonging to society. The construction of indices or scales using structured sets of questions to classify people in these kinds of areas is itself a process of investigation. It entails theoretical discussion of the content of these attitudes, values or predispositions and requires the deployment of numerous methodological procedures and of statistical tools that can ensure the validity and reliability of the measurements made from the questions chosen, while taking the peculiarities of each country into account.

Just as variations in the cost of living cannot be measured from changes in the prices of a very small number of foodstuffs alone (since the resulting measurement would not necessarily be either valid or reliable), confidence in the police, for example, cannot be said to have been fully measured unless consideration has been given to factors such as confidence in their preventive role, the anti-crime measures they take, their degree of transparency, people's individual experiences, etc.

Consequently, portions of the *Latinobarómetro* data in this chapter are included for purposes of illustration only. In most cases, analyses and findings are based on just one or a handful of questions chosen from the 1996-2005 series and on figures for 2006 published in early December of that year in the *Latinobarómetro Report 2006*. Some of them were not designed or validated on the basis of a theoretical and conceptual system intended for the analysis of social cohesion, although they were designed and validated for use in relation to other issues that have figured prominently in *Latinobarómetro* from its beginnings, with perceptions of democracy being one example. Strictly speaking, therefore, the evidence offered is not conclusive but only indicative of subjective factors pertaining to social cohesion. In other words, the indicators essentially reflect the perceptions, attitudes and predispositions of the survey respondents, which are presumed to bear some relationship to the subjective components of social cohesion.

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

B. Perceptions of legal and social justice, respect for social standards and control over conditions of well-being

Personal experience of inequality of opportunity, particularly inequality based on factors such as ethnic and social origin, may produce feelings of alienation and detachment from society and a perception that legal and social justice do not exist. Other factors may be the failure of fellow citizens to meet minimum standards of conduct and the feeling of having no control over the conditions that determine well-being. Examples of this would be the flouting of employment legislation, unstable working conditions and insufficient rewards for individual effort. How widespread are the perceptions that tend to make individuals feel that their society is integrated or, conversely, that it excludes some of its members?

Latinobarómetro results reveal a very widespread perception⁷ that the judicial system is unfair and discriminatory and, furthermore, that it does not operate efficiently. Only a little over one third of respondents 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”. The dominant perception seems to be that the justice system discriminates in favour of the rich and against the poor and, accordingly, that there is no equality of treatment. How pervasive this impression is can be seen from the similarity of the responses given by people of different ages, education levels and socio-economic origins. There are large differences between countries, however. In Argentina and Paraguay, fewer than one person in five agrees with the statement (18% on average), while in Nicaragua and Uruguay almost half (47% on average) do. With the exception of Nicaragua, perceptions of the justice system became more negative between the two years indicated, which coincided with economic crises. There are also indications of differences between respondents of different ethnic origins. In Bolivia, Guatemala and Peru, the percentages agreeing with this statement are significantly lower among indigenous people⁸ 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 people's attitudes and predispositions, which are subjective factors that are “closer” to people's behaviour.

As for the efficiency of the judicial system, the 1998 *Human Development Report* for Chile includes findings from a national survey on human security

⁷ About 1,200 people aged 16 and over are interviewed for the Latinobarómetro study in each of 18 countries of the region. An effort is made to ensure that the samples, which are designed with a view to international comparability, are representative.

⁸ Latinobarómetro introduced a question about language for the first time in 2003 (“What is your mother tongue?”) which has been used to gauge membership in indigenous groups.

(CEP/UNDP, 1997) showing that 89% of the 1,504 people interviewed felt little or no confidence that the perpetrator or perpetrators of a serious crime would be convicted within a reasonable time. Just 9% said they were absolutely or fairly confident of this happening (UNDP, 1998).

There is also a very widely shared perception that not everyone is equal before the law. To the Latinobarómetro question “Do you think that everyone is equal before the law or that there is no equality before the law?”, just 24% of respondents said that everyone was equal before the law. This percentage remained very stable in the four years the question was included in the survey (1996, 1997, 1998 and 2000), and answers varied little by respondent age or education level, although the data show that the perception of inequality before the law is slightly stronger among the neediest sections of the population.⁹ There are also significant differences between countries; in Costa Rica and Uruguay, a relatively large percentage of respondents believe there is equality before the law (37% and 45%, respectively), while in Argentina and Brazil these percentages are well below the Latin American average (13% and 11%, respectively).

As will be discussed later, this negative view of the judicial system coincides with what is also a widespread lack of confidence in the judiciary and the perception that there is a divide which makes legal (*de jure*) equality and social (*de facto*) equality impossible. This weakens social cohesion because people perceive that the ground rules are unclear or benefit “others”.

Where compliance with minimum standards is concerned, there are two questions in Latinobarómetro that shed some light on the subject, as they deal directly with the way Latin Americans perceive the issue. To the question “Do you think people are law-abiding?”, just one in five respondents replied “very” or “quite”. This figure is for the last year (2003) in which the question was asked and is an average for 17 countries. The inclusion of this question in the six previous rounds (1996, 1997, 1998, 2000, 2001 and 2002)¹⁰ makes it possible to examine trends. In 13 of the 17 countries, the percentage answering that people were law-abiding fell, with very pronounced declines from 1997 onward in Argentina (from 20% to 9%), Costa Rica (40% to 23%), El Salvador (44% to 23%), Chile (46% to 28%), Mexico (44% to 8%), Paraguay (24% to 8%) and Peru (17% to 9%). The significance of these findings is that perceptions about compliance with the law became more negative. This viewpoint, which is shared by people of all ages and with different levels of

⁹ The information about ownership of certain consumer goods allowed two “extreme” groups to be identified: those lacking certain very common basic goods and services (drinking water, refrigerators or television sets) and those owning less common luxury goods to which only a small group of the population has access (computers, automobiles or vacation homes). The first group included 28.5% of the respondents and the second, 32.5%.

¹⁰ Latinobarómetro was not conducted in 1999.

education, does nothing to foster trust or strengthen ties and is another of the factors that undermines social cohesion.

This assessment is reinforced by people's perception of their fellow citizens' awareness of their obligations and duties. In 2003, just 36% of Latin Americans replied "very" or "quite" to the question "Would you say that people are conscious of their obligations and duties?" It is interesting to observe the differences between countries. Argentina, Bolivia, Guatemala, Mexico and Peru are the countries with the lowest percentages over the period covered (1996 to 2003), while the highest figure comes from Uruguay (an average of 60% over the period). In the region as a whole, only just over a third of respondents feel that people are aware of their obligations and duties.

By contrast with the question about compliance with the law, where the tendency is towards less and less trust¹¹ but answers do not differ by age, with this question there is a slightly more negative perception among respondents aged between 16 and 29.¹² Young people are more likely to feel that they are part of societies where there is little awareness of obligations and duties, and it would be difficult to argue that this generational trend was conducive to social cohesion and integration.

The way people perceive the honesty of other individuals is related to their perception of compliance with minimum standards and influences trust in others, one of the attitudes associated with social cohesion. Between 1996 and 2001, Latinobarómetro included the following question: "Do you think people are honest?" Taking the average of the five measurements in the 17 countries, only 35% replied that people were "very" or "quite" honest, which is consistent with views about the level of compliance with minimum standards. As in the other cases, this perception of how honest people are is widely shared, and in most countries the differences between respondents of different age groups and educational levels are within the margins of variation.

Individuals' perceptions of the degree of control they have over the conditions determining their well-being can be used to make a more direct link with subjective factors that are important for social cohesion: individuals' sense of belonging to society and their willingness to support democracy and place a positive value on established mechanisms of social inclusion (education

¹¹ The reason for the increasingly negative perception of levels of compliance with the law could be that the question deals more directly with punishable forms of behaviour, such as corruption, which have made an impact on the population because of the high positions held by the individuals or institutions concerned; the effects of such cases have also been magnified by the attention given to them in the media. The greater stability over time of people's answers to the question about awareness of obligations and duties, on the other hand, could be because the question concerns more permanent features of society that are normally associated with rights and with attitudes and behaviour among the population, such as discrimination.

¹² For the sake of convenience, a position or perception is described as "negative" when it does not tend to improve the level of social cohesion.

and employment). These feelings are connected with the rewards obtained and with whether or not these rewards match the effort put in. They mainly concern employment, precisely the area most closely associated with the loss of social cohesion accompanying the advance of globalization and the restructuring of economies and production around the world. The last chapter looked at the constraints in the sphere of employment that could be a factor in people's feeling that they have lost control over the conditions determining their well-being: rising joblessness (especially long-term), widening wage gaps and the increasingly insecure employment conditions resulting from the predominant forms of liberalization in this area. Latinobarómetro offers two samples of this perception, both of them relating to work.

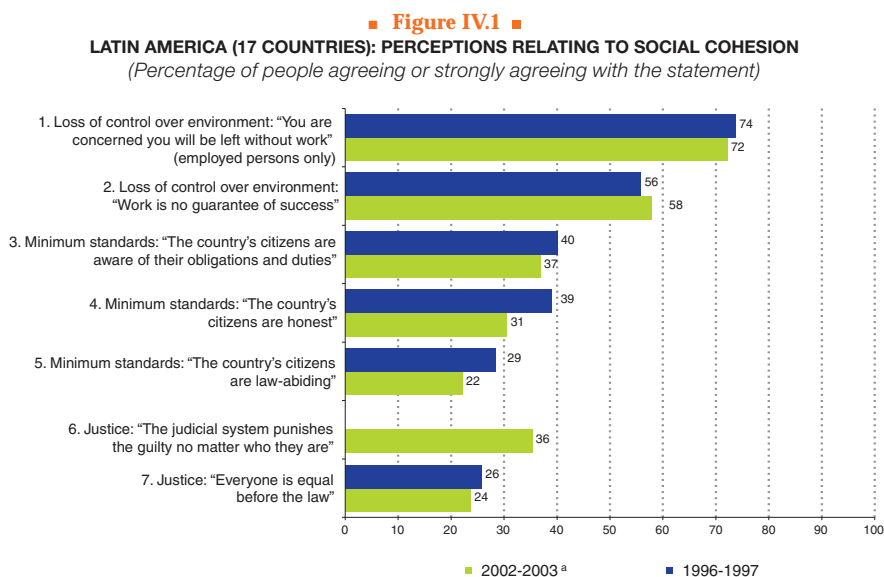
The question "Do you think that hard work is no guarantee of success?" was answered in the affirmative by 56% of respondents. This is one of the most widely held perceptions among the Latin American population, and this high percentage remained virtually unchanged in the five rounds that included the question (1996 to 2000 and 2002), with only small differences between countries (the percentages were usually between 50% and 60%). Neither age (young people may be more likely than adults to expect hard work to pay off) nor levels of education (the highest-skilled people may perceive a closer link between effort and achievement) have much of an influence on the response pattern. This result reveals a tendency to perceive Latin American societies as unmeritocratic, the rewards for effort as inadequate (low and fairly stagnant wages, longer working days, the difficulty or impossibility of obtaining promotions at work) and ascriptive factors (social contacts, class origin and physical appearance) as crucial to success. While purely illustrative in nature, this perception has negative implications for the sense of belonging to society, as well as for trust and solidarity.

The concern people express about the possibility of losing their current job in the near future is also very strong and does not seem to have changed since the mid-1990s. In 2005, three out of every four employed persons¹³ 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. Because this question deals with something

¹³ This question has been amended over the nine years that it has been in use, and since 2004 only people who are 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 employed were counted.

of crucial importance to individuals, their answers tend to reflect their own particular working conditions. This could explain why concern about loss of employment in most of the region's countries tends to be lower among people with higher levels of education and more pronounced among the youngest who, notwithstanding their greater educational attainments, are now confronted with more insecure employment conditions. The level of concern fell in 2006, perhaps because of the recovery that took place in a number of the region's economies, especially those that had experienced a sharp increase in unemployment as a result of the recessionary cycle in the early part of the present decade.

Figure IV.1 summarizes the information used in this first part of the chapter.



Source: Latinobarómetro 1996-2005 database and figures from *Latinobarómetro Report 2006*.

^a The results for indicator 1 correspond to the average for 2004-2005; for indicator 2, to 2002; for indicator 4, to the 2000-2001 average; for indicator 6, to the average for 2001 and 2003; and for indicator 7, to the average of 1998 and 2000.

C. Social trust, multiculturalism and discrimination, and solidarity

1. Social trust

Social trust is crucial in creating the potential for cohesion and broadly based agreements. It is perceived both as one of the underpinnings and as an

outcome of democracy. Developed mainly within the disciplines of political science and game theory, the concept of social trust has been taken up by social capital theorists as a key element in analysing social and community networks.

The term “social trust” can be used to refer to the belief that a person or group will be able and willing to act appropriately in a given situation. This presupposes a degree of regularity and predictability in the actions that facilitate the workings of society. Thus, it is an attitude towards others that is learned and that, from the social capital perspective, includes a moral judgement about the degree to which strangers can be relied upon. A distinction is drawn between “generalized” trust or social trust towards unknown people or institutions when too little information or experience is available for a judgement to be formed, and “particularized” or interpersonal trust, which is trust in people with whom the individual concerned is only slightly acquainted through “weak ties”.¹⁴ A basic element in the development of interpersonal trust is participation in organizations and associations whose members share only certain interests, i.e., in groups of people with heterogeneous characteristics. Such participation is suggested as the basis for acquiring social trust, since when people who are only slightly known are trusted, the moral judgement involved can be extended to strangers (Herrerros, 2004).

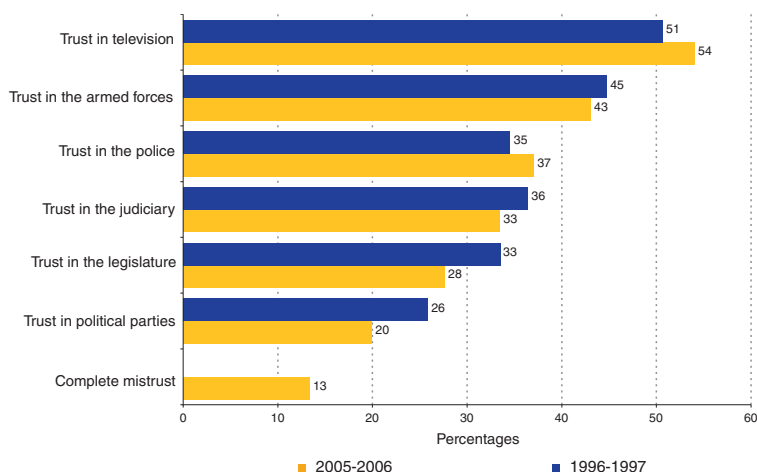
Social mistrust, by contrast, derives fundamentally from direct or observed experiences that indicate that others do not do what is expected of them, i.e., that they do not comply with basic standards. This is why the analysis in the previous section is so very important, as it reveals obvious fissures (worse in some countries than others) in the very underpinnings of social trust, especially as regards perceptions of justice.

Figure IV.2 summarizes the level of trust felt in different institutions by respondents in 17 countries. As can be seen from the figure, a relatively high proportion trust the main mass communications medium, television. This is not surprising, since obtaining information regularly from this source leads to the formation of a kind of long-distance bond with broadcasters which is reinforced by daily exposure.

In the case of trust in social control systems (in this case the police and armed forces), the pattern is not the same. More people trust the armed forces (43%) than the police (37%), a pattern that is fairly systematic across the relevant countries.

¹⁴ The conceptualization of this type of trust excludes the traditional “strong ties” based on consanguinity and kinship, friendship or long acquaintance, which presuppose overall knowledge of the people concerned.

■ **Figure IV.2** ■
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 in 2004 and 2005), the legislature (28%, with similar fluctuations) and political parties (20%, with more similar values across countries). These patterns of mistrust could be based more on actual experience (see box IV.5 on p. 102) than on any more general culture of mistrust. As figure IV.2 shows, however, 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 respondents.

ECLAC has also used special calculations to investigate differences in perceptions by gender. The finding was that gender differences were not significant in themselves when it came to trust and to perceptions of justice, compliance with minimum standards, solidarity and democracy. On the whole, distinguishing between men and women does not show up any clearly defined pattern in these perceptions and evaluations, with the differences that do appear being subsumed under respondents' different levels of education, well-being and ethnic origin.

As noted earlier, one element that undermines trust in institutions is the discretionary or excessive use of power and influence. The 2004 *Human*

Development Report for Chile, based on a public opinion survey of 1,804 people conducted by UNDP that same year (2004a), showed that 59.6% believed business leaders to have too much power; 55.9% thought the same about political parties, and 55.1% made this claim in relation to members of Congress. These were followed by the media (55%) and judges (53%).¹⁵

Lastly, it is important to note that the tendencies revealed by these indicators are constant over time, especially in the group of countries whose respondents display the lowest levels of trust. The trend apparently tends to coincide with the business cycle (the highest levels of trust are found between 1996 and 1997, when most countries attained their highest GDP levels of the decade) and, in a number of countries, with periods of institutional crisis, mainly between 2000 and 2002. By and large, the countries where respondents show the lowest levels of trust are those with a large proportion of Afrodescendent or indigenous people.

2. Multiculturalism and discrimination

The terms multiculturalism and pluriculturalism are being used more and more often, sometimes as synonyms, to refer to countries in which different ethnic groups coexist, whether they are concentrated in relatively well-defined areas or are more widely scattered. These groups embody and represent identities, orientations and values – a culture – different from those predominating in the national State. Their members usually occupy subordinate positions in society and, seen as “others”, are discriminated against; their influence within the general population is variable. This is the case with the indigenous peoples of Latin America (see table IV.1).

Multiculturalism, understood as a manifestation of diversity and of the presence in a given 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 driven by their greater prominence and the demands they make on national States (Cobo, 1999).¹⁶ The new development here is not the active presence of indigenous peoples and their demands, which are of long standing, but the way the social divide is being exacerbated by a continuing lack of political and economic integration or genuine cultural recognition of these peoples.

¹⁵ The list includes only those institutions assessed in this way by over 50% of respondents. Conversely, over 40% of people said that unions and social organizations had less power than they ought to (UNDP, 2004a).

¹⁶ The Constituent Assembly recently established in Bolivia is worth analysing in this context.

Table IV.1 ■ LATIN AMERICA (18 COUNTRIES): INDIGENOUS POPULATION, AROUND 1993-2000, INTERNATIONAL TREATIES, AND MULTICULTURAL AND LANGUAGE RIGHTS, 2002

Country	Estimated population (Millions)		Percentage of total (Percentages)		Indigenous and Tribal Peoples Convention (ILO 169, 1989) ^a	Constitution	Multicultural rights	Constitutional rights	
	Lower est.	Upper est.	Lower est.	Upper est.				Language rights	Language rights
Argentina	0.36	0.37	1.0	1.1	Yes	1853/1994	Weak	No	No
Bolivia	4.12	5.65	55.6	76.2	Yes	1967/1994	Yes	No	No
Brazil	0.25	0.33	0.2	0.2	Yes	1988	No	No	No
Chile ^b	0.99	1.19	7.0	8.3	No	1980	No	No	No
Colombia	0.62	0.82	1.6	2.1	Yes	1991	Yes	Yes	Indigenous languages and dialects are official in their territories
Costa Rica	0.02	0.06	0.7	1.8	Yes	1949	No	No	No
Ecuador	2.63	5.24	23.0	45.7	Yes	1998	Yes	Yes	Indigenous languages in limited official use
El Salvador	0.09	0.60	1.6	10.6	No	1983/1992	No	No	But "autochthonous languages" respected
Guatemala	4.95	7.13	49.6	71.5	Yes	1985	Yes	Yes	Indigenous languages have official status in the areas where they are spoken
Honduras	0.63	0.96	11.2	17.0	Yes	1982	No	No	No
Mexico	8.70	13.42	9.5	14.7	Yes	1917/1992	Yes	No	But indigenous languages promoted
Nicaragua	0.16	0.33	3.6	7.4	No	1987/1995	Yes	Yes	The languages of the Atlantic seaboard communities are official in those regions
Panama	0.13	0.23	5.0	8.8	No	1972/78,83/94	Yes	No	But "aboriginal languages" are preserved and disseminated
Paraguay	0.09	0.16	2.0	3.3	Yes	1992	Yes	Yes	Yes Guarani is an official language
Peru	8.79	11.66	37.4	49.5	Yes	1993	Yes	Yes	Indigenous languages are in official use in areas where they predominate
Dominican Republic	No
Uruguay	0	0.001	0.0	0.0	No	1967/97	No	No	No
Venezuela (Bol. Rep. of)	0.32	0.47	1.4	2.1	Yes	1999	Yes	Yes	Indigenous languages are in official use for indigenous people and must be respected throughout the country
Latin America	32.87	48.60	7.4	11.0					

Source: United Nations Development Programme (UNDP), *Democracy in Latin America. Towards a Citizen's Democracy*, New York, 2004.

^a This refers to ratification of International Labour Organization (ILO) Convention No. 169 concerning Indigenous and Tribal Peoples in Independent Countries.

^b The Indigenous Act, No. 19253 of 5 October 1993, provides for the promotion of indigenous cultures and languages and bilingual intercultural education systems (art. 39), and guarantees the use of indigenous languages in court proceedings (art. 74).

It may be concluded that indigenous people suffer from social exclusion and discrimination more than other groups or segments of the population, since their situation combines many of the disadvantages that exclude people from consumption and material well-being in general. This does not mean, however, that socio-economic policies are the only answer, or that they should take centre stage in a social integration strategy. Without denying the importance of these policies, the UNDP *Human Development Report, 2004* argues: "Redressing the cultural exclusion of minorities and other marginalized groups requires more than providing for their civil and political freedoms through instruments of majoritarian democracy and equitable socio-economic policies" (UNDP, 2004b, chapter 3). According to the report, States need to formulate explicit multicultural policies to ensure recognition for indigenous peoples, and this means reaching agreement on interventions in five areas that are of priority for social integration: political participation by diverse cultural groups; religion and religious practice; customary law and legal pluralism; the use of multiple languages; and policies to redress socio-economic exclusion.

Multiculturalism in the region's countries, and particularly Bolivia, Ecuador, Guatemala, Mexico and Peru, has been characterized as a factor in impaired citizenship and one of the main obstacles to the progress of effective citizenship. It has been argued that lack of official and de facto recognition for the indigenous world denies its members any opportunity for citizenship (Barros, 2005, p. 71).

Analysing the importance of stronger citizenship, Bolivia's 2004 *Human Development Report* argues that a community of citizens presupposes: acceptance of different identities (ethnicity, religion, sexual minorities and others) on an equal footing if those embodying them are to realize their individual and collective aspirations; recognition of civic culture by those embodying these different identities, which implies respect for those who are different and for the way their particular identities operate; and recognition by each group that others are citizens with the same rights and obligations with whom the group needs to construct a common "we" in order to forge a true nation (UNDP, 2004d, p. 101). A social integration covenant recognizing indigenous peoples and providing them with genuine citizenship is an essential precondition for the broad agreements that are needed to underpin viable and sustainable forms of democracy and development.

To achieve this, it is necessary to deal with the forms and mechanisms that perpetuate social inequality, meaning discrimination against different social groups or categories, and especially people belonging to indigenous populations. Discrimination is undoubtedly one of the greatest obstacles to social integration and a stronger sense of belonging to the same society. Because it is rooted in a way of life, this attitude of non-recognition, disdain and dismissal of the other is a very difficult barrier to remove (see box IV.2).

■ Box IV.2 ■

DISCRIMINATION AGAINST INDIGENOUS PEOPLES AND WOMEN IN MEXICO

To investigate the way citizens perceive discrimination, the first *national survey on discrimination* (END) was conducted in Mexico in 2004. The study was based on a probability sample with urban and rural components that included 1,400 actual interviews with the general population. The survey also utilized specific questionnaires for six groups commonly affected by practices of exclusion and discrimination (700 cases for older adults, indigenous people and religious minorities, 600 for disabled persons, 900 for women and 200 for non-heterosexuals).

The survey showed that, for the average Mexican, discriminating chiefly meant “treating people differently or negatively” (two out of every three people gave this meaning for the term “discrimination”) and that the three main causes were membership in an indigenous population, religious differences and economic status, as measured by how much money a person had. Another finding was that 9 out of 10 people in these six groups claimed that people in their situation were discriminated against; one in three respondents stated that they had been the object of an act of discrimination in the last year, and one in three likewise claimed to have been discriminated against for one of these reasons in the workplace.

It was also shown that there were marked patterns of differentiation and intolerance shown towards specific population groups. These patterns are not always expressed openly; rather, there is some ambivalence between a discourse of consideration on the one hand (towards older adults and women, for example) and of rejection and exclusion, on the other, manifested in cultural practices and day-to-day behaviour. In the case of indigenous people, non-heterosexuals and religious minorities, however, practices of discrimination and rejection are particularly blatant.

On the face of it, Mexicans do *not* practice discrimination against indigenous people;^a instead, an attitude of consideration prevails. To the question “Who do you think is most defenceless in Mexico?”, indigenous people ranked below older adults at just 16%. However, the END survey indicates that 43% of Mexicans believe that indigenous people will always suffer from social limitations because of their characteristics as a people; 40% would be ready to participate in an organized campaign to prevent a group of indigenous people from being given permission to settle near their place of residence, and one in three believe that the only thing indigenous people have to do to escape from poverty is *not* behave like indigenous people. This is consistent with what indigenous people themselves think: 90% feel they have fewer opportunities to obtain work than the rest of the population; three out of four feel they have fewer opportunities to go to school; two out of three believe they have little or no chance of improving their living conditions; 45% claim that their rights have been flouted because they are a member of an indigenous group; one out of three has been subject to discrimination in the last year; and one out of five has been refused work simply for being an indigenous person.

To summarize, the END survey reflects the severity of discrimination against various social groups and categories, particularly indigenous people and women. This discrimination manifests itself in traditions and day-to-day practices in labour markets, public services and, most disturbingly, households

Box IV.2 (concluded)

themselves, thereby generating and perpetuating discriminatory practices. This reflects the image of a fragmented society with little sense of belonging or inclusion, indicating an inadequate level of social cohesion.

According to the survey, 9 out of every 10 women believe there is discrimination against women. The rights they feel are least respected are the right to fair pay and the right to equal treatment before the law; they also perceive themselves as a specific object of violence. The two greatest obstacles they identify are discrimination against women who are pregnant or have children and the lack of jobs. Work and the family are the two environments where they perceive the greatest discrimination; indeed, one out of four suffers most within the home. In all, 20% of women believe that women themselves are responsible for discrimination; within the family, discrimination is also manifested in the allocation of different roles within the home and in differences of opportunity.

An econometric analysis indicates that when people's level of education improves, the intensity of the discrimination and intolerance they display towards others is significantly reduced. At the same time, an analysis of the END data suggests that those with a higher level of education feel the effects of discrimination less when they do suffer from it. Consequently, education policy may be effective in creating propitious conditions for social agreements.

Source: Miguel Székely, "Un nuevo rostro en el espejo: Percepciones sobre la discriminación y la cohesión social en México", *Políticas sociales series*, No. 128 (LC/L.2643-P), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), 2006. United Nations publication, Sales No. S.06.II.G.169.

^a People are considered indigenous if they speak an indigenous language or identify themselves as such. Data from the last Mexican population census in 2000 indicate that, according to the self-identification criterion, some 6.1 million people belong to indigenous populations (6.3% of the total population).

Excluding and discriminating against different social groups (women, indigenous populations, the poor, older adults, the disabled, religious or ethnic minorities, non-heterosexuals) defined by what are almost always ascriptive characteristics, in terms of symbolic and cultural representations of what constitutes "difference", has the effect of fracturing a society's identity, undermining the sense of belonging to it among those who are marginalized and, consequently, impairing social cohesion. This is a complex phenomenon (and, in the case of discrimination against indigenous peoples, one that has clear historical and cultural roots) that manifests itself subjectively in sociocultural representations, stereotypes, traditions and stigmas, and in symbolic expressions of inequity, which are not always directly linked to people's material living conditions and which, in any event, transcend them (Székely, 2006).¹⁷

¹⁷ 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 negation 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 negation of the other" (Calderón, Hopenhayn and Ottone, 1996, p. 71).

It would be a mistake to think that discriminatory attitudes and practices are more powerful or occur only or mainly in countries with a larger proportion of indigenous people, such as Peru, Mexico, Bolivia and Guatemala. Generations of intermarriage complicate the picture: discrimination also takes place in countries where a smaller share of the population belongs to indigenous groups. Sometimes subtly (and sometimes less 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 countries, African descent is the basis for discrimination against another part of the population.

3. Social solidarity

In its straightforward sense, solidarity means “unity or agreement of feeling or action”¹⁸ and refers especially to support given in difficult circumstances. A number of researchers in the social sciences have theorized about this concept and its functions, linking it from various perspectives to issues of social cohesion, power and influence and the functioning of modern democracies (see box IV.3).

■ Box IV.3 ■

SOCIAL SOLIDARITY: AN INDIVIDUAL OR COLLECTIVE ATTRIBUTE?

By the late nineteenth century, Émile Durkheim was already addressing the concept of social solidarity, conceived of as a moral phenomenon that, while not directly observable, is associated with the dynamic of the division of labour. He distinguished two forms of social solidarity: a mechanical form, characteristic of primitive societies, which arises from the collective consciousness and is based on each individual having full competence in most types of work (with minimal differentiation by age and sex); and an organic form, typical of modern societies with a weaker collective consciousness (less moral regulation) and arising from the differences produced by the social division of labour. Thus, the French sociologist conceived solidarity in its different forms as an attribute of society as a whole, a mechanism of association and cohesion originating simply in the feeling of belonging to society or of depending on others for survival.

Ferdinand Tönnies subsequently complemented Durkheim’s position from another perspective, distinguishing two types of social groupings: the *Gemeinschaft* (community), meaning groups based on feelings of belonging, and the *Gesellschaft* (society), referring to groups unified by an instrumental goal. The German sociologist based this distinction on the supposition that agents had two basic types of will: essential will (*Wesenwille*), whereby individuals see themselves (subconsciously) as instruments in the service of the community’s objectives (the moral form), and arbitrary will (*Kürwille*), whereby individuals see their participation in society as a means or instrument

¹⁸ Concise Oxford English Dictionary.

Box IV.3 (concluded)

to their own ends (the instrumental form). In other words, solidarity is seen as an expression of the individual's will, a personal attribute.

Almost half a century later, Talcott Parsons challenged Durkheim's exclusively dichotomous outlook by suggesting that both forms of solidarity could exist simultaneously in parts of the social system and that there was no general tendency for one to supplant the other; the first form of solidarity (the mechanical) centres on the legitimization of economic institutions and the other on political institutions (Parsons, 1967). Thus, Parsons posits a kind of multidimensionality for the principle of normative integration whereby forms of universalist integration, understood as organic solidarity, overlap with mechanical solidarity patterns of a more individualistic cast. Understood as a "collectivity of collectivities" in which a range of different groups, actors and movements participate, a modern societal community has to produce multiple forms of solidarity on the basis of loyalties rooted in the ethical consensus prevailing in the group to which a given individual belongs. Solidarity is thus seen as a relational attribute linking individuals and groups to one another and to rules and values ("institutions", in the language of sociology).

From the Christian religious perspective, solidarity is a relationship between human beings derived from justice and grounded in equality whereby one person takes upon him- or herself the burdens of the other and accepts joint responsibility for them. According to Alberto Hurtado, a Jesuit, a distinction can be drawn between social solidarity (the bond uniting all members of a society), the social sense (the attitude of placing oneself in the position of a defenceless "other") and social responsibility (the obligation to do good and work for a better world) (see "social morality"). This perspective has been criticized for having its origins in paternalistic and welfarist conceptions associated with charity as "a social practice characterized by the giving of resources in an uncommitted way" (Dockendorff, 1993).

Other reflections on behaviour and social structure include the concept of solidarity, particularly as expressed by Hilary Silver (1995 and 1994), who theorized about three possible explanatory paradigms for social exclusion: specialization, monopoly and solidarity. From the standpoint of the last of these paradigms, exclusion is caused by the breakdown of social ties between individuals and society.

A number of authors have now put forward models of social solidarity that are necessarily underpinned by collective action and adapted to the real situations and needs of each community or society at a given time. Seen in this way, solidarity could be understood as a model of behaviour contrasting with success, achievement and individual well-being, which are based on material goods and consumption, the founding elements of modern industrial societies (Dockendorff, 1993).

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

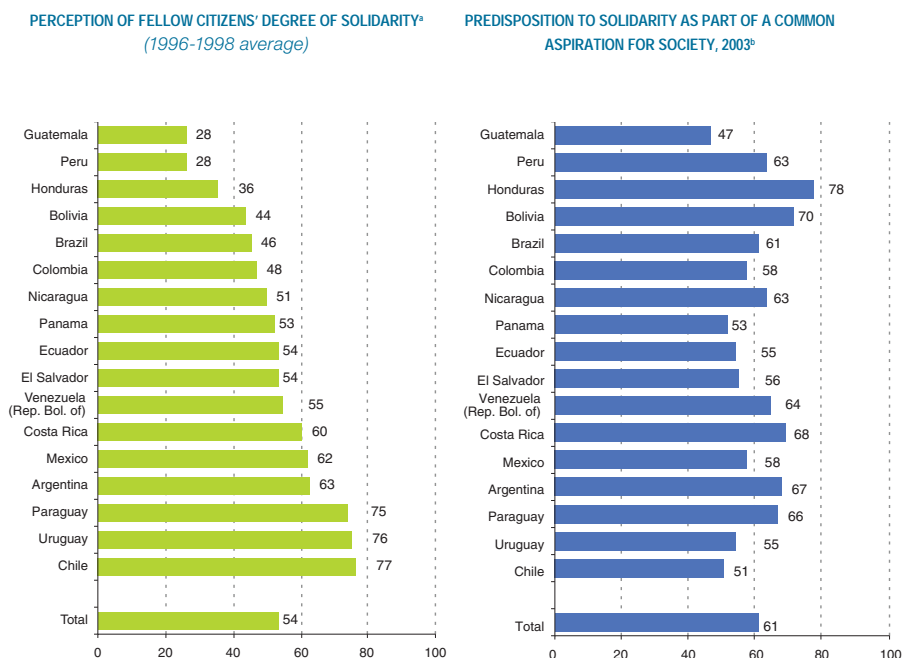
The attitude of solidarity and the behaviour it gives rise to cannot be understood without grasping the issue of trust in others. It is reasonable to distinguish between solidarity towards people close to us (whom we trust personally) and social solidarity, whereby the burdens and responsibilities of

strangers are assumed on a basis of social trust (“shared burden”) and in the expectation of recognition and a moral reward. This kind of solidarity is based on reciprocity, i.e., on the perception that others, individually or collectively, are capable of behaving with solidarity towards each individual.

Figure IV.3 shows both how people perceive the degree of solidarity shown by their fellow citizens and the importance they assign to the need for greater social solidarity. As the left-hand chart shows, while on average more than half the survey respondents think their fellow citizens tend to show solidarity, a strikingly higher percentage of people have a negative perception in the poorest societies and in those with the highest proportions of indigenous people or Afrodescendants, who are usually more excluded from institutional solidarity mechanisms such as active social policies and voluntary organizations.

■ **Figure IV.3** ■

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



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?”.

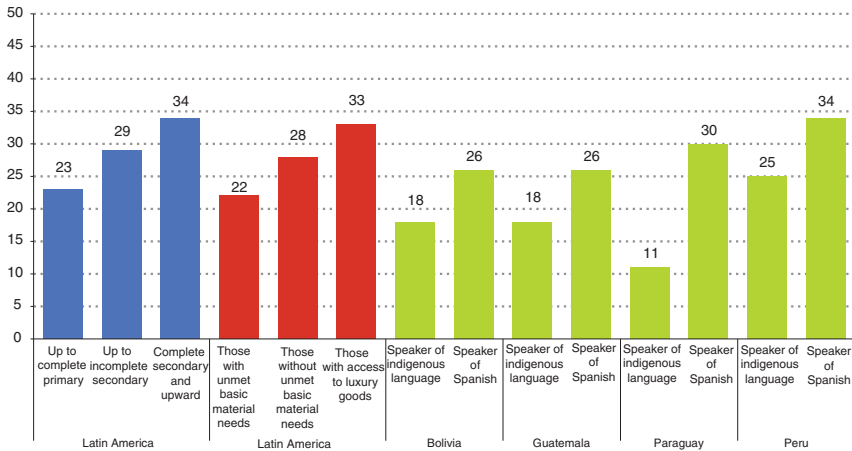
^b Sum of those answering “strongly agree” and “somewhat agree” to the question “For the good of the country, the individual should be prepared to sacrifice his personal interest”.

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.¹⁹ It is not clear, however, whether a positive perception of others' degree of solidarity is necessarily matched by a belief in subordinating one's own interests to the common good.

In the light of the information given about trust and solidarity, the question arises as to whether some "social fissure" is undermining social solidarity or limiting it to collaboration within the immediate community and whether this fissure is specifically linked to social exclusion and discrimination.

Figure IV.4 reveals a counter-intuitive trend in terms of social solidarity based on an indicator for rejection of the statement "Taxes should be as low as possible, even if this means less social spending". Since the indicator offers a value judgement about taxes, it might be expected that the most excluded population (with the lowest level of education, the least access to goods and the greatest problems of discrimination) would reject the statement most strongly and that those better placed socially would be more likely to support it.

■ **Figure IV.4** ■
LATIN AMERICA (17 COUNTRIES): OPINIONS ABOUT THE TAX BURDEN,^a 2002
(Percentages)



Source: *Latinobarómetro*, 2002.

^a Sum of those answering "somewhat disagree" and "disagree strongly" to the statement "Taxes ought to be as low as possible, even if this means less social spending".

¹⁹ In 1997, UNDP 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.

Instead, the results were just the opposite: people with a higher level of education are more likely to favour social spending or taxes (34% of those who have a complete secondary education and upward, as against just 23% of those with complete primary education). People with greater access to goods are more in favour of taxes (33% of those who have luxury goods as against just 22% of those who have unmet basic material needs). The population of non-indigenous origin is more in favour of taxes than the indigenous population, with an average of 29% versus 18% for the countries where this distinction was made.

One rather striking finding is how weak feelings of solidarity are in the region when people's own material resources are at stake (28%), which can be partially explained by this rejection of taxes. At the same time, it is likely that these tendencies are associated with social exclusion, since such exclusion is also expressed in non-participation, as a beneficiary, in mechanisms of institutional solidarity, social mobility and public and political deliberation. Often the State's presence is not apparent, or the State makes its presence felt only as a collector of taxes (albeit only indirect taxes). Thus, the poorest, people with the least education and those who are most discriminated against would tend to have less trust in and solidarity towards their society, at least where taxes are concerned, which would then reinforce their individuality and sense of belonging to their own community. Meanwhile, an active stance in relation to involvement in society²⁰ (the ability to influence) and a higher level of well-being for the household (and, to a lesser extent, education, which is related to the former) are important factors in a favourable predisposition towards taxes. Another factor, which is linked to some degree, seems to be social trust in people. Lastly, it is interesting to observe that a more positive stance towards taxes is associated with a positive appreciation of democracy (see box IV.5 for the statistical models used).

D. The subjective conditions for social agreement

Social trust arises when democratic principles are genuinely complied with, and trust enhances solidarity. One of the most difficult problems of any democratic system, but particularly those in our region, is the need to resolve a number of dilemmas (social and economic) by striking a balance whereby instrumental rationality is used to ensure freedom and justice.²¹

While this instrumental rationality is the most reliable resource for resolving these dilemmas, it may not be enough to create a culture in which

²⁰ As measured by rejection of the statement "Between elections, all someone like me can do is watch and wait".

²¹ A rationality oriented towards ends and not values, as Weber puts it, even though these values of freedom and justice are at stake.

solidarity is exercised and there are channels for expressing it, which is the basis for a culture of development (Errázuriz, 2001). This logic may lead people to abandon the effort of direct personal commitment to the public interest or the development of society. This lack of social engagement can also arise when the contradictions between individuals are exacerbated, as this can lead them to concentrate strictly on their own individual freedom and interests, regardless of any other consideration or sense of belonging.

What tends to happen, however, is that, rather than a balance being struck between two ends of the spectrum (e.g., two groups with opposing interests, such as businesses and workers), there is an imbalance that benefits one or the other of them, determined by the weight of each group and its ability to exert influence on those with *de facto* power or directly on institutionalized authorities. This leads to the spread of a kind of social mistrust towards strangers and the basic organizations of the democratic system, which in practice is liable to be influenced by a variety of powerful groups. By extension, feelings of solidarity and the corresponding behaviour are broken down and oriented more towards networks of strong ties (family and friends) and weak ties, such as associations the individual is involved with and the peer community. Thus, it is now common to speak of societies that are fragmented by diversity, where there is little interest in public affairs and people are centred on their individual interests and on what immediately pertains to them in their miniaturized belongingness.

A lack of social trust and, even more crucially, of the feeling of solidarity discourages collective action and civic participation. Both deficiencies are expressed by a lack of interest in public affairs and by a low regard for democracy as a system for representing collective interests and for organizations that are in a position to forge a link between these interests and those of society as a whole. Attitudes towards political parties and their role as valid intermediaries, and towards the mechanisms established for electing the representatives of the State authorities (participation in elections), together with politico-ideological views or stances (in the centre, or closer to the extremes of left and right), are indicative of the way people might behave in the public sphere and will influence the reception given to State initiatives requiring broadly based, stable political agreements.

A large proportion of those interviewed in opinion surveys seem unwilling to participate in mechanisms of intermediation between their own interests and others' and display their rejection of democracy as a political system by subscribing to politico-ideological positions that entail or imply this rejection. This tends to become a stumbling block when it comes to forging a social covenant; hence the importance of attitudes and behaviours that can facilitate or hinder such agreements.

1. Social and community participation

Simply put, participation can be understood as any collective action by individuals to attain particular ends. Thus, the attainment of such ends presupposes the existence of a collective identity rooted in shared values, interests and motivations that underpin the existence of a “we” (Bango, 1996). As for community participation, this can be understood as the rational, conscious and voluntary organization of individuals inhabiting a particular geographical space 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 sphere (ECLAC/SEGIB, 2006).

Social participation develops civic awareness, strengthens ties of solidarity, makes the notion of a general interest more comprehensible and allows the most active individuals and groups to involve themselves in the management of public affairs. Participation is both a means and an end of democracy which recognizes the rights of all citizens, produces knowledge and new methods of collective action, and pursues egalitarian aims for society. It can also articulate and defend that society by criticizing any tendency towards the particularization of public affairs (concentration of decision-making in the hands of an elite). Lastly, participation makes it possible to establish an identification between needs and solutions to the problems faced, make better use of the resources available to the community, engage citizens and avoid paternalism by involving them in ensuring the continuity of works they have built by their own effort, thereby fostering community development (ECLAC/SEGIB, 2006).

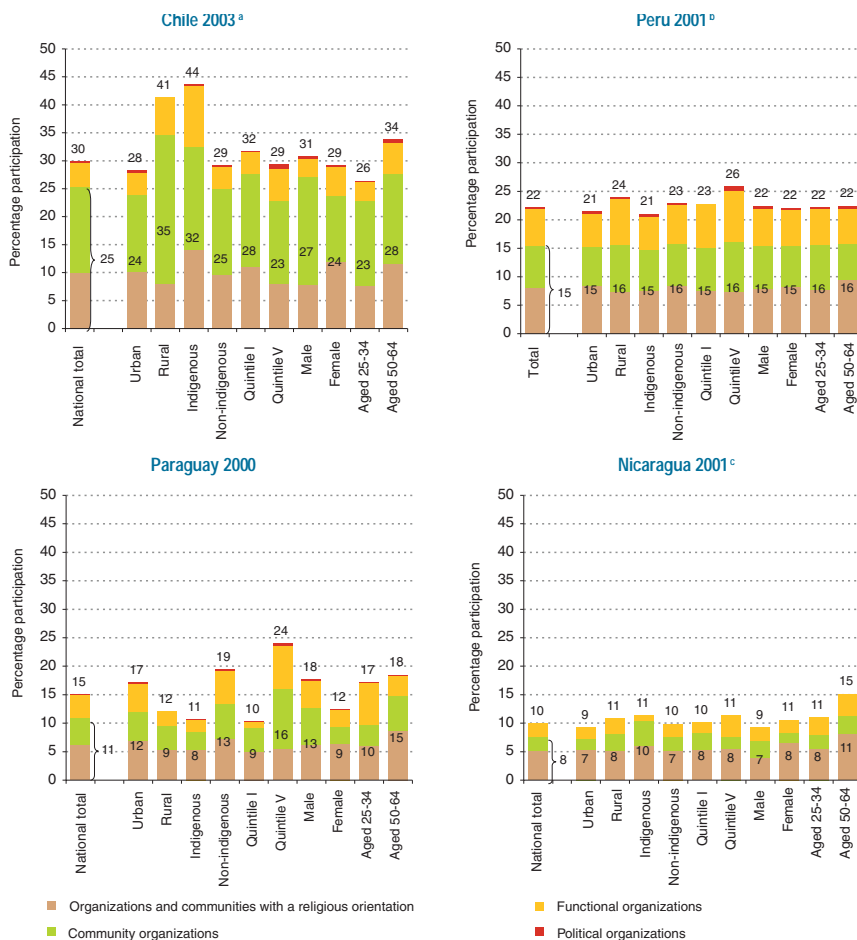
It is necessary to distinguish between different forms of social and community participation. First, there is formal participation, normally associated with constitutional recognition for the exercise of citizens' civil and political rights, primarily their participation in elections. Second, there is the spontaneous participation which usually arises in emergency situations, such as floods, fires and earthquakes, when people voluntarily organize to perform collective actions in a spirit of solidarity. Lastly, there is organized participation, i.e., the tendency for people to join forces to perform actions of collective benefit to the group itself or the community at large.

Figure IV.5 shows levels of social and community participation of an associative character in four countries, classified 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.

■ Figure IV.5 ■

LATIN AMERICA (17 COUNTRIES): SOCIAL PARTICIPATION, AROUND 2001

(People aged 15 and over participating in organizations, by type)



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 in 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. In these cases, priority was given 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 the respondents participate exclusively in functional organizations, but if all those participating in such organizations are considered, regardless of what other types of organization they might participate in, the figure rises to 3.3%. The figures are 3.9% and 4.6%, respectively, in Paraguay and 6% and 7.3% in Peru.

^b Questions regarding social participation were 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 Political participation was not asked about in this country.

Levels of participation vary significantly depending on each society's levels of development and poverty. The ranking also matches the results obtained for solidarity as measured by approval of taxes. In Chile, where the participation rate is 30%, 42% of respondents were not in favour of lowering taxes; in Peru, with 22% participation,²² 33% rejected the idea of reducing taxes; in Paraguay, with 15% participation, only 22% of the people disagreed with the proposition that the tax burden should be lowered; and in Nicaragua, just 16% of people were against lower taxes.

At the same time, there are differences in the make-up of participation both between and within the four countries analysed. Chile has the greatest participation in community organizations (84% of all those participating), while in the other countries this percentage is roughly between 70% and 76%. In Chile, however, less than 40% of those participating in community organizations do so in religious communities,²³ whereas the figure is 53% in Peru, 56% in Paraguay and 68% in Nicaragua, indicating that the poorer the country, the more likely participation is to be oriented towards the search for a world view that provides a transcendental understanding of reality and its difficulties.

Another interesting aspect is that, other than in Chile, about a third of those participating do so in functional organizations whose main aim is to defend and promote the interests of their participants; this is less common among the indigenous population.

A UNDP study on civil society organizations in Argentina (UNDP/IDB/GADIS, 2004) states, on the basis of information from a Gallup poll, that the percentage of people doing volunteer work rose from 20% in 1997 to 26% in 2000 and 32% in 2001, a tendency that would appear to be on the increase. According to figures for 2000, there are about 105,000 voluntary organizations in Argentina producing social goods and services equivalent to 2.6% of GDP. Of these groupings, 67.2% are reported to be "affinity" (functional) organizations, 19.1% territorially-based organizations and 12% support organizations (provision of social services, social advancement and development), while the remainder are business foundations and solidarity networks (1.7%). In all, 76% of their members are volunteers, of whom about 17% are professionals; taking volunteers and paid workers together, they

²² In 2003, the survey in Peru also recorded voluntary participation in the management of local programmes (about 1% of the population help run local programmes such as Vaso de Leche, Comedores Populares, A Trabajar Urbano and A Trabajar Rural and local health administration committees, among others), either as managers or as volunteer workers. It is interesting to note that most of those involved are poorer people, women, the young and residents of rural areas.

²³ In general, people participating in religious communities do so for spiritual reasons, although many of these communities are also oriented towards social action. The 2004 *Human Development Report* for Chile states that 19.6% of people participate in religious groups and 2.3% in political parties.

represent about 10.3% of the country's economically active population. The great majority of these groupings are self-managing, and less than 17% of their total financing comes from the State or other cooperation organizations.

Interestingly enough, the UNDP (2004c) report²⁴ found that most of the region's inhabitants are not detached from their countries' political and social affairs: only 7% or so of those consulted had not participated in any civic activity in recent years, while 22% had participated only in elections. Almost 4 out of 10 people also participate by contacting the authorities about various problems, taking part in public demonstrations, or committing their time, labour or money to solidarity activities. In the words of the report, these are citizens who exercise their rights actively.

2. Appreciation of democracy

The chapter "How Latin Americans see their democracy" (UNDP, 2004c) argues that citizens' support is key to democratic sustainability. This support, as manifested in citizens' willing acceptance of the main democratic institutions, procedures for handing over political power and the methods used to arrive at agreements through these mechanisms, is an important component of social cohesion because it reflects a basic approval of the means used to reach other agreements (or covenants) on generally accepted rules and to give them legitimacy.

The degree of preference for democracy over other systems of government and people's general satisfaction with it and with the way it works affect the ability of States to win support for agreements that bring about a significant and stable alteration in the distribution of resources between different groups in society, between net "contributors" and "beneficiaries". The above document, *Latinobarómetro* and *Eurobarometer* all offer important evidence about these attitudes and perceptions.

The first of these sources analyses the weakness of the preference for democracy over other systems of government in Latin American countries. Using a set of indicators included in the 2002 round of *Latinobarómetro* and data for 1996, the study first highlights a decline from 61% to 57% in the total number of respondents claiming to prefer democracy over any other regime. This preference for democracy among a little over half of all citizens does not necessarily imply firm support for this form of government. Based on a number of questions, which were specifically incorporated into *Latinobarómetro* in 2002, the authors are able to argue: "A fair number of people who expressed a preference for democracy oppose some of its basic

²⁴ This is the fullest and most recent report on democracy in the region and was prepared at UNDP by the team responsible for the report on democracy in Latin America.

rules. Approximately one in three believe that democracy can function without institutions like a legislature and political parties” (UNDP, 2004c, p. 132).

This study's conclusions include some observations about attitudes towards democracy in the region, deduced from an index of support for the democratic system that takes in 3 factors and 11 indicators.²⁵ This index is used to identify three main attitudes around which the opinions of Latin Americans are grouped: “democratic”, “ambivalent” and “non-democratic”. The first group includes those who give answers favourable to democracy on every subject asked about, prefer it to any other form of government and advocate the application of democratic rules in the operation of government, even at times of difficulty. Those in the second group have ambiguous or even contradictory opinions which are usually consistent with “delegative” conceptions of democracy. They support it in principle, but they believe undemocratic decisions are valid when running the government if, in their judgement, circumstances so demand. Consequently, they share the opinions of democrats in some matters and those of non-democrats in others. Non-democrats are those who express opinions contrary to democracy in relation to all the matters asked about. In particular, they believe that their country's development is a more important goal than preserving democracy, and they do not believe that the democratic system is essential for economic development.

Using this index, 43% of Latin Americans were classified as “democratic”, 26.5% as “non-democratic” and 30.5% as “ambivalent”. Two conclusions are particularly important for those seeking to propose and implement social covenants. The first is that, if covenants necessarily have to be based on majority approval and, in particular, the support of those with a more positive view of democracy (those classified as “democrats” in the study), then it has to be remembered that democrats “constituted the largest group in Latin America. However, they were not strong enough to form a majority, comprising 43 percent of the consultees in the 18 countries.” Consequently, “To achieve a majority, the democrats require the support of the ambivalent” (UNDP, 2004c, p. 135).

The study provides some evidence for the importance of the role played by educational attainments and opportunities for upward social mobility in perceptions of democracy. No particular attitude is confined primarily to any one social group or class; rather, those holding it will be found in a variety of social positions. This holds true for appreciations of and attitudes towards democracy, but there are certain personal characteristics associated with a positive stance towards democracy and others associated with a more

²⁵ See UNDP (2004c), notes 75 and 76 on pages 132 and 133, for a brief description of the indicators composing this index.

negative one. The study's findings included the following: people which had at least some higher education (complete or incomplete) are more likely to be "democrats", whereas there are no major differences between people with primary and secondary education in this respect; "democrats" have experienced greater educational mobility than their parents; a relatively high proportion of young people are "non-democrats"; "non-democrats" are, on average, people who feel they have experienced greater downward economic mobility than other groups in relation to their parents; "non-democrats" tend to believe that their children will have less upward economic mobility. Lastly, as was to be expected, the "non-democratic" tend to be less satisfied with democracy than the democratic and the ambivalent: just 19% of them are satisfied, as against more than 40% in the other two groups.

This study on democracy, then, offers both a warning and an important insight into the main factors influencing citizens' perception of and satisfaction with democracy. The warning is that "a substantial proportion of Latin Americans value economic development more than democracy and would be willing to put democracy to one side if a non-democratic government could help to solve their economic problems" (UNDP, 2004c, p. 132). The insight is that the perception of success in life (basically expressed through a person's opportunities for upward social mobility as compared to his or her parents' generation) and its association with educational attainment are extremely important. Thus, satisfaction with democracy is closely tied to opportunities for relative well-being, i.e., to people's perception of how well they have done compared to others.

In both Latin America and European countries, according to *Latinobarómetro* and *Eurobarometer*, only a little over half of those interviewed say they are satisfied with democracy in their country, although in Latin America the percentage of people satisfied with democracy 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 eight percentage points (from 48% to 56%).²⁶

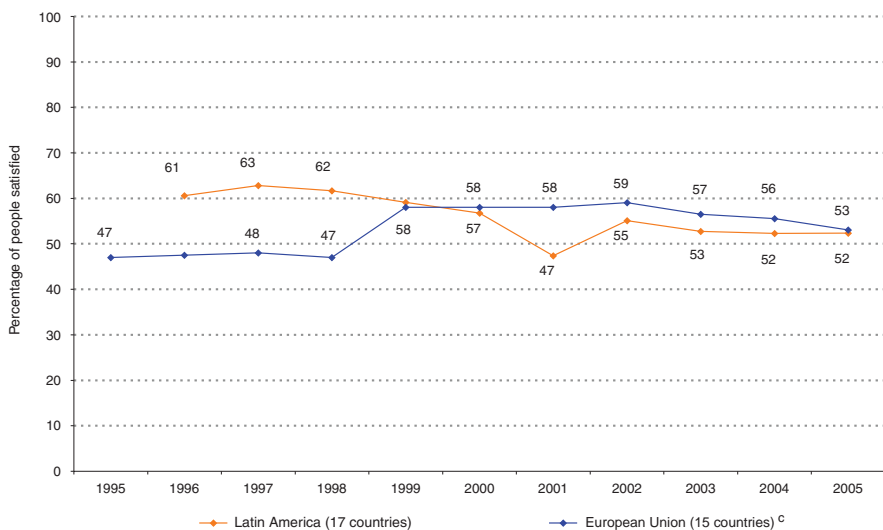
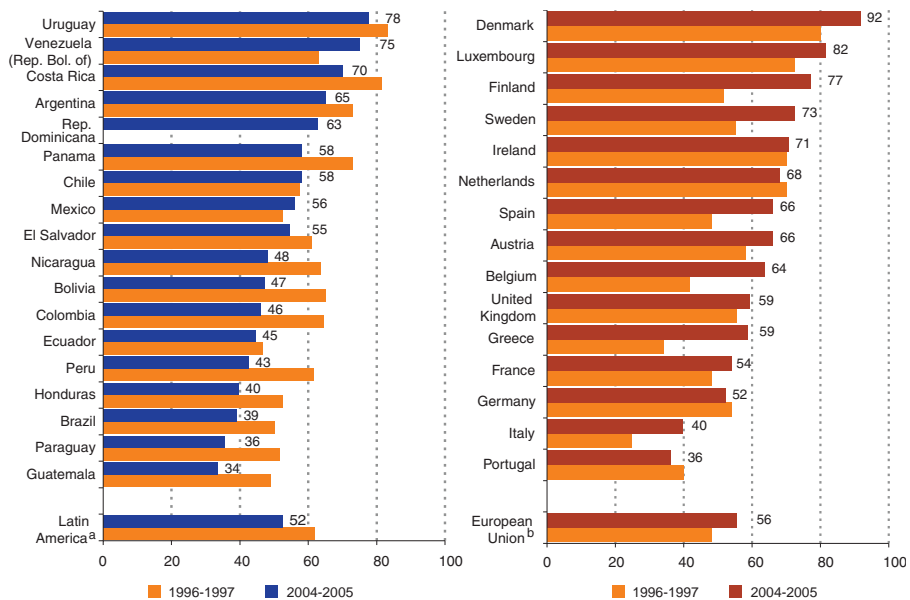
Lastly, the downward trend in satisfaction with democracy in Latin America over the last decade is a cause for concern precisely because similar opinions have been expressed in surveys in the great majority of the countries, even when the political or economic circumstances that might have influenced them have been different. Nonetheless, figures recently published in the *Latinobarómetro Report 2006* show an increase of five percentage points in the number of people satisfied with democracy over the last year.

²⁶ In both Latin America and Europe, the percentage of satisfaction with democracy differs very appreciably across countries, with a difference of over 40 percentage points between Uruguay and Guatemala (78% and 34%, respectively) and one of over 50 percentage points between Denmark and Portugal (92% and 36%).

■ Figure IV.6 ■

**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 tabulations from *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.

^c Average of autumn and spring measurements in 1999, 2000, 2003 and 2004.

3. Indifference to politics and the rejection of parties: the passivity of citizens as an obstacle to social cohesion

In the first chapter, a willingness to participate in organized deliberations and collective planning was identified as one of the types of behaviour and attitudes that contribute to social cohesion. Citizens' participation in politics, whether it takes the form of a simple profession of interest in the subject or of support for political parties (ranging from sympathy with one or another to actual participation or activism), is among the main manifestations of this willingness to participate in democratic regimes.

Overwhelmingly, the evidence is that people 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 "not very" or "not at all" interested (see figure IV.7). The 2005 data indicate that 74% of the survey respondents expressed this low level of interest; moreover, this trend coincides with the low frequency of political participation. Just 27% of the population said that they talked about politics frequently or very frequently; 17% said that they frequently or very frequently tried to convince someone of their political ideas; and just 6% said that they worked or had worked for a political party or candidate. It has thus been argued that, by all appearances, "the great majority of Latin Americans willingly exclude themselves from the political arena" (Barros, 2005).

Latinobarómetro also addresses a related issue that has important implications for the prospects of attaining political agreements: the degree to which political parties are accepted or rejected. Since 1996, the following question has been included: "If elections were held this Sunday, which party would you vote for?" The answers can be used to construct an indicator of recognition, acceptance or rejection of parties and, indirectly, willingness to participate in elections, as the alternative answers to the question include: (i) not registered; (ii) don't vote (i.e., would abstain from voting even though registered on the electoral roll); and (iii) vote void/blank. Those choosing one of these alternatives are implicitly saying that they regard electoral mechanisms as useless, that they are uninterested in politics generally, or even that they reject political parties.²⁷ In 2005, two out of every five Latin Americans surveyed did not express a preference for any political party, instead choosing one of the three options shown above. Between 1996 and 2005, furthermore, the percentage rejecting parties rose by 5 points on average in the 17 countries included, from 35% to 40% (see figure IV.7).²⁸ It is significant that this high

²⁷ In the interview, respondents are presented with a card listing all recognized political parties in their country.

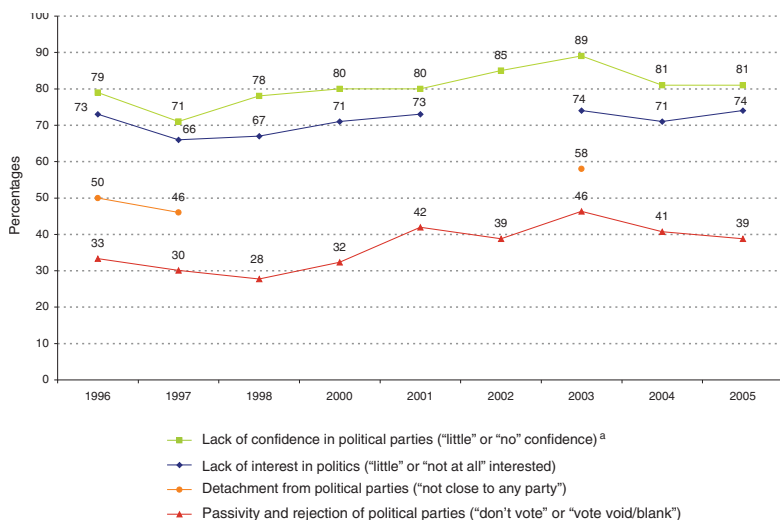
²⁸ This percentage declined in only 6 of the 17 countries and did so significantly in just two of those six (Colombia and the Bolivarian Republic of Venezuela). In both, the percentage answering "don't vote", "vote void/blank" and "not registered" fell from between 50% and 60% in 1996 to between 30%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

percentage is close to the actual figure for abstentions (particularly among the young) in presidential and parliamentary elections in the region.

■ **Figure IV.7** ■

LATIN AMERICA (17 COUNTRIES): INDIFFERENCE TO POLITICS AND REJECTION OF 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 close to any political party, a rise of 12 percentage points over 1997, when this figure was at its lowest.

According to recent studies, abstention (see box IV.4) and the level of participation in general elections depend much less on people's characteristics (except age, with the young voting less) than on factors of a political nature, such as the level of satisfaction with the country's political and economic situation, the value placed on democracy, parties' ability to attract support, the level of associational density and social capital, and electoral laws that distort representation (Boix and Riba, 2000).

■ **Box IV.4** ■

DEMOCRACY: NON-VOTING AND BLANK VOTES AS A TANGIBLE MANIFESTATION OF DISILLUSIONMENT AND PROTEST

Electoral abstention (or non-registration) is usually associated with civic apathy, while a blank vote is equated with a protest. The latter is actually a positive and important vote. The potential for turning abstentions into blank votes largely depends on whether or not a protest can thereby be turned into a statement. Seen in this way, a blank vote is a responsible vote by citizens who, for reasons of conscience, cannot identify with political candidates or with the platforms of the political parties they represent. Although blank votes are ignored in current electoral systems, an elector who votes in this way is someone who is dissatisfied with the workings of democracy and chooses this way of expressing it. The following table shows the relationship between the population of voting age, the registered population, the numbers voting and the number of valid votes (subtracting blank and void votes).

LATIN AMERICA (18 COUNTRIES): PARTICIPATION IN ELECTIONS ^a
(Percentages)

Country	Year	Automatic registration procedure	Registered voters as share of voting-age population	Participating voters as a percentage of...		Valid votes as a percentage of...	
				Registered voters	Voting-age population	Total votes	Number of persons of voting age
Argentina	2001	Yes	98.8	72.9	72.0	77.5	55.8
Bolivia	2002	No	87.5	72.1	63.1	92.8	58.5
Brazil	2002	No	94.1	82.3	77.4	92.4	71.5
Chile	2001	No	78.6	87.1	68.5	87.3	59.8
Colombia	2002	Yes	89.0	43.5	38.7	86.8	33.6
Costa Rica	2002	Yes	87.0	68.8	59.9	97.0	58.1
Ecuador	2002	Yes	102.3	65.0	66.4	86.2	57.3
El Salvador	2000	No	89.4	38.1	34.1	97.4	33.2
Guatemala	1999	No	81.9	53.8	44.0	88.4	38.9
Honduras	2001	Yes	101.1	66.3	67.0	91.4	61.2
Mexico	2000	No	98.0	63.6	62.4	97.7	60.9
Nicaragua	1996	No	102.2	77.1	78.8	92.5	76.0
Panama	1999	Yes	99.5	74.8	74.4	94.1	70.0
Paraguay	1998	No	74.0	80.5	59.5	96.7	57.6
Peru	2001	No	93.9	80.5	75.6	78.6	59.4
Rep. Dominicana	2002	No	88.2	51.1	45.0	96.2	43.3
Uruguay	1999	No	102.9	91.3	93.9	98.0	91.9
Venezuela (Rep. Bol. of)	2000	Yes	80.5	56.6	45.5	68.1	31.0

Source: United Nations Development Programme (UNDP), *Democracy in Latin America. Towards a Citizen's Democracy*, New York, 2004.

^a The figures are for parliamentary elections (lower or only chamber), except in Ecuador, where they are for the first round of presidential elections. The figures shown for Mexico are for the lower chamber's proportional districts.

Box IV.4 (concluded)

Recent cases

Nicaragua, 2004. In the Nicaraguan municipal elections, electoral participation fell from 47% in 2000 to 42% in 2004.

Chile, 2005. In the first round of the last presidential election, the sum of those who were not registered in the electoral rolls, those who were registered but did not vote and void/blank votes totalled 34.5% of all those of voting age.

European Union, 2004. The data show the average participation rate holding steady at 45.3% in the 25 countries. Considering that the percentage is 49% in the European Union of 15 members, evidently only 26.4% of citizens in the 10 new member countries turned out to vote. The participation rate was 21.1% in Poland, the largest of the new members, and 20% in Slovakia.

Spain, 2005 (vote for the European Constitution). The participation rate was about 42%, and 6% of ballots were blank.

United Kingdom, 2005. According to a provisional and partial count, 61.19% of registered voters cast their ballot in the general election. Electoral participation is on the decline: it was 76.6% in the 1992 parliamentary elections, but in 2001 it fell to a historic low of just 59.4%.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations Development Programme (UNDP), *Democracy in Latin America. Towards a Citizen's Democracy*, New York, 2004.

The attitudes underlying the rejection of political parties and electoral abstention are tending to become more prevalent and indicate a lack of civic identification with a factor that is important for 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 highly unequal and poor societies? The information presented in the previous chapter would suggest that this is so. The social exclusion and lack of citizenship reflected in these attitudes of rejection and self-exclusion 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.

²⁹ As a recent study has pointed out, an interest in social cohesion is inseparable from the desire to build citizenship within 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. The countries of the Andean region are also those where the smallest percentages of people identify themselves as "democrats" (UNDP, 2004c, figure 6).

■ Box IV.5 ■

TWO EXAMPLES OF STATISTICAL MODELS FOR MEASURING SUBJECTIVE VARIABLES

(a) Social trust, a cultural pattern?

A basic question when analysing the problem of trust is whether this is a phenomenon associated specifically with people's own experiences and the experiences of those around them, or whether it is cultural in character, the result of learned values that are used to prejudge behaviour and that mould or orient perceptions of the trustworthiness of others, be they individuals or institutions. This latter situation would presumably manifest itself in a predictable increase in mistrust as the distance between a given person and the relevant people or institutions widens, or in a "syndrome" of total mistrust or total trust.

To verify this, use was made of the Guttman scalogram analysis, which employs the notion of unidimensionality in the measuring system to establish whether indicators can be ranked according to the subject's distance (as identified by each) from a specific object. The technique was used as a way of testing the hypothesis: if trust as a concept depends on each specific stimulus, it is a multidimensional phenomenon and therefore associated with the subject's experience with this stimulus. Conversely, if it depends primarily on the subject's cognitive distance from each stimulus and the set of indicators behaves in a scalar fashion (a negative response for a closer stimulus can be used to predict similar responses for more distant ones), then there can be said to be a more uniform representation, produced by the culture or subculture in which the subject lives.

There are two principal measurements indicating whether the set of indicators is in fact scalable: (a) the coefficient of reproducibility (indicating the degree to which the general score on the scale can be used to predict a specific pattern of responses); and (b) the coefficient of scalability, indicating whether the scale actually is unidimensional and therefore cumulative.

Let m = total number of indicators i (with values 0,1); n = number of cases; e = number of wrongly predicted responses of indicator i ; and f = marginal frequency of each category of indicator i

$$\text{Coefficient of reproducibility: (a) } CR = \frac{\sum_{i=1}^m n_i - e_i}{\sum_{i=1}^m n_i} \quad \text{Coefficient of scalability: (b) } = \frac{CR - RMM}{1 - RMM} \quad \text{where } RMM = \frac{\sum_{i=1}^m \max(f_i)}{\sum_{i=1}^m n_i}$$

Subsequent tests included the introduction and removal of various indicators measuring trust in people or institutions. A maximum coefficient of reproducibility of 0.82 was obtained, which is less than the 0.9 considered acceptable for a valid scale. The coefficient of scalability, meanwhile, was 0.337, well below the 0.60 which is the minimum value for a truly unidimensional scale. Around 20% of the sample had scalable responses, however, indicating that some population groups (particularly indigenous women) might exhibit a cultural pattern of mistrust. Given the design of the instrument, this result cannot be put down to the *respondent*.

Box IV.5 (concluded)

(b) A statistical model for predicting a negative or positive predisposition to lowering taxes

To establish the relationship between a predisposition to pay taxes (seen as a possible manifestation of social solidarity) and the objective characteristics and situations of individuals (in this case, the information available on sex, age, ethnic origin, level of well-being and education) and other subjective aspects (such as interpersonal and social trust), a logistic regression model was applied, since all the indicators are category indicators and most are dichotomous.

$$\text{Logistic regression: } (1) \log \frac{p}{1-p} = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 \cdots + \beta_n \chi_n \text{ or } (2) p = \frac{\exp(\beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 \cdots + \beta_n \chi_n)}{1 + \exp(\beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 \cdots + \beta_n \chi_n)}$$

Unfortunately, not all the information provided in Latinobarómetro is available for the same year as the indicators illustrating this attitude, in particular the indicator for the perception of others' solidarity, a key complement in the reciprocity of this type of social action (the factor that would most directly explain the willingness to pay taxes). For this reason, the model has relatively little explanatory power (Somers' D of 0.233, Goodman and Kruskal's Gamma of 0.237 and C coefficient of 0.616). However, the study does allow affirmations to be made about certain factors that are covariant with a positive attitude to taxes. Lastly, although there is apparently a strong association between membership in a specific ethnic group and a positive attitude towards taxes, there is overwhelming evidence for a strong correlation between membership in an ethnic group and well-being and, to a lesser extent, educational level (Mantel-Haenszel chi-square and other measurements were highly significant).

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

Chapter V

Opportunity, capabilities and protection: three pillars of social cohesion



The action of public policies on the subjective factors of social cohesion is usually indirect, as these factors encompass values, attitudes and perceptions that respond to a multitude of signals. Conversely, the policies that most obviously influence objective conditions (associated with well-being and quality of life) can be more active, since economic performance and the distribution of the benefits of development have a decisive impact on people's well-being.

This chapter considers three types of policies, all interrelated: (i) the growth of opportunities in the productive economy; (ii) the development of individual capabilities; and (iii) the establishment of more inclusive safety nets to deal with vulnerability and risk.

A. Productive opportunities and social cohesion: what can be done about informal and precarious employment?

Improving productive opportunities has a major effect on social cohesion, as it strengthens the sense of belonging, i.e., people's perception of themselves as agents and beneficiaries of development. Such opportunity takes the form of productive employment, as this offers both income and a particularly important means of access to shared spaces outside the home. Productive employment thus influences both subjective cohesion (the sense of belonging, reward for effort, internalization of standards and attitudes) and, by providing greater income, security and well-being, objective cohesion as well.

Economic growth determines the number and quality of jobs generated and the levels of pay and income they provide. 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 have a decisive influence on the level and distribution of material well-being in the population. Social exclusion and segmentation, deriving from inadequate access to decent jobs, are determining factors in the poverty and social inequalities that are then reproduced over time, as reflected in the region's high and persistent income concentration (ECLAC, 2000).

One cause of exclusion and segmentation is the concentrated nature of economic growth. Widening income disparities between regions and countries have been a feature of the world economy for the past two centuries, intensifying towards the middle of the last century and continuing to increase more slowly since then, with the result that production is unevenly distributed. At the national level, growth has also been concentrated in particular companies and regions (ECLAC, 2002b).

1. Policies to address informal employment

Any analysis of social cohesion has to take into account the segmentation of the productive economy and labour market, the scale of informal employment and the existence of social protection systems based on labour market policies and key institutions such as employment and social security legislation. A worrying sign is that about 70% of new jobs created in the region during the 1990s were in the informal sector (ECLAC, 2001, 2002a and 2003). The proportion is higher still if the definition of informal employment is extended to workers in formal businesses who lack full social and employment protection.¹

Informality is associated with the inadequate creation of high-quality jobs and with the protection system in place, since employment legislation and protection become exclusive when they have a contributory or corporate basis, and those excluded are deprived of a voice and of representation. Producing on a small scale, those who earn their living in the informal sector are employers or workers or, often, both at once. Their peculiar position in the economy makes it difficult for them to organize, and their demands are not

¹ This chapter uses the sectoral definition of informality, treating as informal or low-productivity workers those employed in own-account activities (other than professionals and technicians), microenterprises (private-sector wage earners and owners of companies with up to five employees, excluding those with a university education in both cases), unpaid family work and domestic service. The International Labour Organization (ILO) has extended the definition of informal working to include insecure employment in any sector of the economy.

usually concerted on a national scale; in the case of microenterprises, indeed, these demands are diluted by the realization that the necessary resources are simply not available. Many informal production units are family businesses using unpaid family labour (Tokman, 2006).

When the regional distribution of employment is analysed by sector and sex, a strikingly high proportion of women are found to be working in the informal sector, especially own-account activities; the situation is extreme in countries such as El Salvador, Guatemala, Honduras and Nicaragua (ECLAC, 2003, p. 94). Common sense would suggest that the attraction of this type of employment is its flexibility and the opportunity it gives poor women to combine work with family duties, particularly since preschool coverage for poor children is so low. The care economy will be analysed in detail later.

A first step towards greater social cohesion is to determine the size and nature of the informal sector and then propose possible forms of expression and participation. This should make it possible to develop strategies that can influence the world of insecure and low-productivity employment through two approaches.

The first, which concerns the creation of a form of economic citizenship, is to draw informal workers into the formal economy by implementing rights whose corresponding obligations they are able to meet. The structural inability of the informal sector to meet statutory obligations means that regulations and access mechanisms need to be adapted and processing simplified. This does not mean introducing a dual system of regulation, which would not be advisable in the area of employment, but encouraging the transition towards formality and the generation of better economic results in such activities so that these obligations can be complied with (Tokman, 2004; ECLAC, 2004a).²

The second, as discussed later on, is to alter the design of social protection systems so that they provide at least certain minimum levels of universal provision consistent with the rights and solidarity perspective.³ This needs to be supplemented by efforts at representation, either by bringing informal workers into corporate organizations or by encouraging them to create their own forms of association with a view to improving their economic performance and providing a platform for representation and negotiation. Also essential are policies to reconcile productive work with reproductive

² Given the number of actors in the informal microenterprise sector, specific policies (microcredits, training and management) need to be supplemented by measures of a horizontal nature to simplify tax structures, rules and bureaucratic procedures and, especially in the countryside, to regularize the land ownership situation of small producers, among other things (see Machinea and Hopenhayn, 2005).

³ 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 irrespective of participation in the market. This mechanism "de-commodifies" social goods and services (Esping-Andersen, 1999, p. 43).

activities and provide poor women with greater employment opportunities, such as adequate preschool and nursery coverage.

2. Towards a *flexicurity* labour market strategy⁴

Insecure and unstable employment is not confined to informal workers and the excluded, but is also found in organized businesses and indeed in informal enterprises linked to formal ones through subcontracting or outsourcing arrangements.⁵ This lack of protection generally leads to a feeling of insecurity among the workers concerned, affecting their sense of belonging to society and undermining social cohesion. Economic volatility affects not just the excluded but also (and directly) the included; workers in formal businesses are the worst hit by rapid adjustment measures taken in response to changes in the international economy, usually in the form of efforts to lower labour costs and increase flexibility.

This phenomenon tends to be perceived as much greater than it really is: the number of people fearing they will be left jobless, according to surveys, is five times the number who are actually unemployed, while far more people fear that their temporary contracts will not be renewed when they expire than actually suffer this fate.⁶ Justified or not, though, these concerns affect people's sense of belonging or exclusion.

These perceptions can probably be put down as well to the impact of the economic changes since the 1980s, which have increased volatility and necessitated repeated economic adjustments, and to the adverse affects of international volatility, especially in capital movements, which pose major challenges for macroeconomic management. The result has been that individuals feel greater uncertainty about the future and fear more for the stability of their employment (ECLAC, 2002b, p. 102; ECLAC, 2004a).

Meanwhile, excessive flexibility is discouraging human capital investment in the region, creating dissatisfaction among workers (and so reducing incentives for better performance) and making certain groups such as older adults less likely to find work, all of which adversely affects equality and harms the welfare of the poorest. The feeling of vulnerability created and spread by the dynamic of “flexibility without security” leads to a loss of confidence in the future and in established mechanisms of inclusion.

To reverse this trend and promote greater cohesion, it is necessary to shape strategies that encompass employment, social and occupational

⁴ On this subject, see Weller (2006).

⁵ Particularly home-based working for third parties rather than for the market.

⁶ The same is true of indicators of violence and the perception of vulnerability to this.

protection and fiscal responsibility (ECLAC, 2004a and 2006b). In addition to bringing informal sector workers into the mainstream, there need to be measures to safeguard the security of those already in the formal sector, since these bear the brunt of economic adjustments and employment flexibility can lead to joblessness and the loss of social and occupational protection.

Mechanisms to offset the loss of income from rising joblessness should be a key element in social protection, as they prevent poverty from rising in periods of recession. While hitherto they have consisted mainly of subsidies, consideration should be given to systems based on insurance and compulsory saving since, although they do not fully make up for the income lost, they 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 Hoppenhayn, 2005).

In this context, it makes sense to introduce a strategy of occupational *flexicurity*, as has already been done successfully in developed countries. This consists in moving towards the labour market flexibility required in more open, competitive economies whilst offsetting the human costs that economic adjustment entails and designing passive and active labour market policies, i.e., unemployment insurance and occupational reskilling and placement policies to reduce the loss of income during the transition period and shorten its duration. Shifting employment protection from the job to the individual is a way of maintaining social protection levels.

This type of strategy is usually associated with countries that have succeeded in achieving greater labour market flexibility while at the same time maintaining objective security and, even more importantly, the feeling of security. They have done this by liberalizing employment legislation while at the same time modernizing existing unemployment insurance and active labour market policies. A number of measures have been tried out to preserve the perception of security in the face of change. In countries such as the United States, where employment legislation is very flexible and social and employment protection low, the market is highly dynamic and those who lose their jobs can quickly find work again. The model combining flexibility with a high level of protection is found in Denmark, Belgium, the Netherlands, Finland and Ireland. Intermediate situations where a combination of legal security for employment contracts and generous unemployment insurance provides a strong feeling of security exist in Germany and France, although the economic outcomes have in some ways been unsatisfactory. In the Latin American countries, the liberalization model adopted has similarities to that of Italy, Spain and Portugal, where strong legal security is not accompanied by adequate social protection policies to deal with unemployment or by active labour market policies, giving them the lowest perception of employment security of any of the OECD countries.

A *flexicurity* strategy is consistent with a modernized approach to social cohesion associated not with rigidity in institutions (including employment) but with a balance between acceptable margins of security and the flexibility needed to cope with changing conditions. The latter without the former results in unacceptable levels of insecurity and has a negative effect on cohesion. The former without the latter encourages corporatism among workers already in stable employment and makes it harder to adapt the organization of production to the new challenges of globalization.

Security in its different forms yields positive results. For example, earnings help sustain demand and expectations, greater job security encourages specific training within companies, participation makes people more engaged with and accepting of necessary changes, and consistent upgrading of skills makes these changes more productive and workers more easily able to adapt (Boyer, 2006). It is important, therefore, for the experience of the OECD countries to be considered in the region.

As noted above, these measures have been applied in more developed countries to reconcile competitiveness with security, and they are more necessary still for medium-sized and small countries like most of those in Latin America and the Caribbean, which are more open and vulnerable and less developed. To adapt their economic structure to the changing economy, incorporate technical progress and compete, they need to introduce mechanisms to compensate those affected by low incomes and lack of protection. Countries with high levels of informality and social exclusion are under greater fiscal constraints than developed countries, so it is important for the State to behave responsibly. Accordingly, ECLAC has suggested the introduction of *flexicurity*, treating informality in the way already discussed and ensuring responsible cost administration by the State. Besides its effects on social protection, this strategy is a vital part of efforts to increase social cohesion in the region.

3. Certification of competencies and emergency job creation

(a) Certification of competencies and employability

Competency certification systems recognize skills learned through experience, the acquisition of up-to-date technical knowledge and compliance with standards in each business activity by the private sector. They are supervised by the State and certification is provided by accredited technical bodies.⁷ They are among the active labour market policies that can be used to reduce the

⁷ See Schkolnik, Araos and Machado (2005).

effect of economic cycles by improving the quality and relevance of vocational training and reducing the number of highly vulnerable workers.⁸

According to the ILO definition, the “system of certification of labour competencies” is “a formally established institutional arrangement involving a cycle of identifying, standardizing, instilling and evaluating worker competencies” (Irgoin and Vargas, 2000, p. 81). According to the Inter-American Development Bank (IDB), “certification systems are institutional mechanisms that provide testable evidence of a worker’s competency to perform the specific functions described by the applicable skills standard” (IDB, 2004, p. 279).

These systems are a comprehensive tool for improving human capital, enhancing the prospects of finding work for the unemployed and shortening periods of unemployment by allowing workers to continuously upgrade their skills and technical knowledge or recognizing the capabilities they have already acquired. They are a mechanism that encourages labour mobility in general, since each worker receives certification of his or her technical and occupational skills. Continuous learning of this kind can help informal workers to go formal by giving them access to better jobs and increasing the productivity of informal enterprises through certification of the owner’s skills (Weller, 2006).

(b) Emergency job creation as a countercyclical resource

Emergency employment programmes are a frequent response to periods of economic contraction, providing short-term jobs on low wages to semi-skilled or unskilled workers in labour-intensive and infrastructure projects. They thus serve a countercyclical purpose, expanding when economic activity contracts and preventing the incomes of the poorest from falling to critical levels. At the same time, they seek to strengthen the worst-hit communities by creating or repairing infrastructure and basic social services. The target population has traditionally been unemployed heads of poor households. By combining the means of subsistence with improvements to basic services, these programmes have a twofold impact and prevent social cohesion from deteriorating too far.

To sum up, measures to bring informal workers into the mainstream, flexicurity policies and certification systems that improve employability, job protection and quality and respect for employment rights are all factors that strengthen social cohesion and make individuals feel they are part of a system that is designed to expand their opportunities and capabilities. In the final

⁸ Workers with little education and no specific technical skills can be and are the first to be laid off at times of recession.

analysis, high-quality employment is the engine of growth, progress and equity and an indispensable vehicle for social cohesion.

B. Capacity-building: education and social cohesion

The relationship between education and social cohesion has a number of facets. Education is essential for reducing poverty, since it prepares people to exercise citizenship, protects the most socially vulnerable groups and promotes greater equity in access to opportunities for well-being. It is thus a critical component of social cohesion that largely depends on the type of skills and capabilities the system sets out to instil in students. The aim should be to produce individuals who are capable of adapting to economic change throughout their lifetimes, participating actively in decision-making processes, exercising their right to take part in public affairs, managing and using strategic information and employing new communication technologies to share actively in the symbolic transactions of society (Hopenhayn and Ottone, 2000).

From a socio-political point of view, education is an effective way of strengthening democracy in the social fabric. Knowledge and education are becoming progressively more important for development in 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 particular political institutions but also depends on the widespread use of knowledge, information and communication. The exercise of citizenship relies on political, civil and social rights, but also on more equal participation in communication, cultural consumption, information handling and access to public spaces (Hopenhayn and Ottone, 2000). From a socio-economic point of view, the greater people's level of formal education, 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, such as low labour productivity, limited access to the tools of modern life, sociocultural marginalization, vulnerability to family health problems, and lack of continuity and underachievement in children's education.

In this context, the relationship between education and social cohesion is decisive. It is also problematic, however, and requires at least three types of action. First, there needs to be an effort to create greater equality of educational opportunity to prevent the reproduction of inequalities in employment opportunities, access to assets and cultural and civic participation. This gives society the perception of a more just and meritocratic order, with a clear sense of belonging. Second, the ties between the worlds of education and work need to be strengthened to create greater fluidity in this crucial nexus of social integration (see chapter III) 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 education, so that the learning experience is based on respect for diversity and on reciprocity of rights.

1. More equal opportunities

Education is unrivalled as an equal opportunities mechanism because efforts to equalize the future employment opportunities of children from families in the high, medium and low strata have a beneficial effect on equity, even in societies with large 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 halting the intergenerational reproduction of poverty.

Despite rapid expansion in the coverage of the different formal education cycles, there is still a large divide between families of different socio-economic levels, places of residence and ethnic origin.⁹ Thus, persistent gaps in educational quality and attainment reproduce inequalities between one generation and the next, between one social group and another, between urban and rural residents and between ethnic minorities and the rest of the population. The right to education is still some way from being realized.

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 universalize primary education (the second 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 of children aged between 3 and 6 to quality pre-school programmes which can contribute to their general training 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 they remain there so they can complete 12 years of schooling, thereby greatly increasing their chances of 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.

Determined systemic efforts are required to reduce disparities in access to quality education, ensure an uninterrupted education and create environments

⁹ Just as an example, in the 18 countries of the region considered, at least one out of every four people in the 15-19 age group from the poorest 20% of households did not complete primary education. In the case of young people from the top stratum (highest quintile), the average is 1 out of 25. While people in the poorest decile have a weighted average of 3.1 years of schooling, the average for the richest decile is 11.4 years (ECLAC/UNESCO, 2005).

that stimulate knowledge and intelligence, all of which will increase equity in learning outcomes and attainments. Where social cohesion is concerned, society needs to perceive education as essential for equalizing opportunities and promoting a more meritocratic order in which all individuals can first develop their capabilities and then use them productively, in the full exercise of their citizenship. The sense of belonging to society is enhanced when there is an education system that is perceived as fair and that contributes to intergenerational equity.

With equity as the yardstick, efforts need to be focused on the educational attainments of the poor, and this means working on the conditions of educational supply and demand.

On the supply side, action is needed in the formal education system to reduce segmentation in the quality of the education provided to the different social strata. This requires a two-pronged approach. First, compensatory measures are needed to strengthen and extend targeted programmes in areas where school performance is weaker so that support for educational attainment in the most vulnerable groups yields sustained results over time. Second, the coverage and quality of the whole public education system needs to be improved, since reforms encompassing the entire public system will ultimately produce the greatest and most lasting effects. It is also necessary to universalize pre-primary education access for the poorest children, since experience shows that schooling at this level significantly increases their attainment and learning prospects in subsequent education cycles.

On the demand side, conditions of access to the education system for the most disadvantaged sections of society need to be improved, as do their opportunities for capitalizing on them. A number of complementary steps can be taken. The first is to develop intersectoral programmes that systemically impact conditions of access to formal education for the poor, particularly infant nutrition and appropriate school location. The second is to mobilize the community to improve the conditions of educational demand, involving parents in the school community and in the right to information about the education provided to their children. The third is to make greater use of conditional transfer programmes that provide poor families with an income so that they can keep their children in the school system, offsetting the cost to them of having children studying rather than working.

Changes to education management need to combine quality improvements with greater equity. Thus, for example, combined public-private service provision can be beneficial when it mobilizes market mechanisms that improve the quality of supply, 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 reinforces the human capital divide and perpetuates inequalities from one generation to another, thus failing to contribute to social cohesion. A worrying trend in some of the region's countries is the consolidation of dual education systems where public education is deteriorating in quality by comparison with private education and competition between State-subsidized schools is raising barriers to entry that discriminate against the most vulnerable students. An alternative for nations applying the mixed formula of demand subsidies is to increase the subsidy amount per pupil in lower-income and rural areas and those with a high concentration of indigenous or Afrodescendent population.

Similarly, decentralizing the education system gives municipalities and schools greater leeway to adapt supply to the specific conditions and needs of local demand. Decentralization can also be proactive in distributional terms, allowing technical and financial resources to be transferred to decentralized bodies in more vulnerable areas so that efforts can be targeted in the interests of equity. This breaks the vicious circle of "bad schools for poor municipalities".

2. The link between education and employment

Young people have greater opportunities to acquire formal knowledge and build up their human capital than adults (although such opportunities also depend on a person's income level) and, paradoxically, are more excluded from the spheres in which this human capital can be realized, namely work and income sources (Weller, 2006). 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, partly because young people's educational endowments are of poor quality, having been progressively devalued (a given number of years in the school system is "worth less" now than two decades ago), partly because the new organization of labour makes employment less stable. Most new jobs are in the informal sector, and many people entering the labour market do so with little experience and no acquired rights.

Meanwhile, the new information and communication technologies (ICTs) have created other challenges for education; their patchy incorporation into the region's education systems has not been enough to offset profound inequalities in home access by income level, area of residence and family life cycle. Even in Uruguay, the regional leader in home Internet access, just 17% of households are connected. The use of formal education systems to

democratize ICT access requires public policies, and the uneven progress made in the region shows how much need there still is for these (Sunkel, 2006).¹⁰

From the social cohesion standpoint, the problem is that the more education people have, the greater their expectations of a better job at the end of it. The risk is that these expectations will be frustrated if the divide between increasing education and diminishing prospects of achieving a return on it persists or widens, leading 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.

The problem is made more serious by the lack of links between formal education, technical vocational training and the world of work in the Latin American countries. To address this dilemma, measures are needed to facilitate the transition from education to employment, particularly in the case of young people who are at a disadvantage because of low educational attainments and low incomes in their households of origin. A first step, as already mentioned, is to level the playing field in formal education by ensuring greater continuity and progression through the educational levels and more relevant teaching content for those with lower levels of learning and achievement. It is also necessary to improve the relevance of the education on offer so that the transmission of skills and knowledge is matched to changes in the needs of the labour market.

A bridge from education to the productive economy is essential to foster more equal opportunities, confidence in the future, participation in social integration dynamics and returns on human capital. The measures required here concern occupational training, access to a first job, and gender equality policies to prevent discrimination against women, since the youngest women are more likely to be unemployed and to work in low-productivity jobs than young men, even when they have greater educational attainments. To facilitate the access of young people to their first job, use could be made of employer incentives and mixed forms of work placement and recruitment.

Vocational education, training for the workplace and support for young entrepreneurs without capital are essential and require greater investment in the quality and coverage of these programmes, a qualitative leap in education and training dealing with technical change and the new demands of the workplace, and the involvement of multiple actors, such as universities, business and employers' federations and financing agents. A technically

¹⁰ The Latin American Network of Educational Portals (RELPE), created in 2004 as a regional cooperation agreement for educational IT policies, represents a commitment by the educational authorities of 16 countries in the region to the use of ICTs in education. This agreement lays the groundwork for policies in each country and thus represents a significant step forward, although this does not imply the existence of a national policy for ICTs in education in each of the countries participating (Sunkel, 2006).

advanced national training system that is responsive to changes in the labour supply and offers work placements in companies and contacts with employers can substantially improve the options of those who do not go to university. Another measure is support for young entrepreneurs to form sustainable small businesses or microenterprises, in the form of access to financing, information and networks, considering that a large proportion of new jobs in the region are now being created by small businesses.

The greatest challenges in this area are training and early work experience, since lack of experience and training are still among the main causes of youth unemployment. To improve the impact of occupational training, it is necessary to develop strategies for the most vulnerable populations—decentralized approaches that devolve greater leadership to the municipal level through inter-institutional cooperation involving the widest range of public and private training institutions. Such strategies need to be comprehensive, combining training with work placements and help for young people to enter employment through agreements in the market, particularly between training organizations and businesses, with strict monitoring and evaluation mechanisms.

Young entrepreneurs should be given special help to use and access ICTs. Incorporating small businesses and microenterprises into contact and information networks is an effective and efficient way to add value to them, and this will be increasingly true in future. As young people become enthusiastic about these new technologies and conversant with their use, and as they familiarize themselves with the logic of electronic networks, they develop a highly independent ability to acquire productive know-how and use market information, advertise, create alliances and contacts and find better niches to specialize in.

In the area of occupational education and training, the orientation should be less rigid. With ever further-reaching changes in labour markets, there is a need to develop cross-cutting competencies, provide skills for “families” of occupations rather than a particular trade, promote a spirit of enterprise and provide training in basic management principles and techniques. To deliver a wide range of content and processes that meet the needs of “transition training”, training systems need to be structured into four distinct stages: (i) when young people are still in the education system; (ii) when they enter the labour market in search of their first job; (iii) when they are employed in very low-productivity informal activities or are in a situation of long-term unemployment; and (iv) when they have managed to establish themselves in employment and need to participate in ongoing training programmes to improve their assets and position in the labour market.

Special programmes to improve employment for vulnerable groups need to be expanded or introduced, since not all young people are equally

affected by unemployment and difficulties in the workplace. Unemployment and underemployment rates are higher among young people from ethnic minorities and less populated rural areas and those with low levels of education, disabilities of varying degrees or a criminal record. To avoid a vicious circle between lack of work and exclusion, specific measures have to be taken to assist the most vulnerable young people, including State recruitment subsidies for private companies, job quotas in the public sector, indirect forms of affirmative action, special occupational training programmes centred on specific vulnerabilities, and career guidance and placement programmes. This entails concerted action by the State (particularly labour ministries and training services), the private sector and civil society organizations.

3. Educating for equality, educating with difference

Education plays a decisive role in forming values and attitudes that can reverse different forms of historical discrimination and in promoting a culture of respect for human rights. Accordingly, socialization at school and the transmission of values in the curriculum must clearly tend in this direction. Relational codes and curricular content must instil in students a positive appreciation of equal rights and respect for differences of gender, ethnicity, race, culture and place of origin. For this, it is important to implement a multicultural approach that promotes respect for differences while creating an awareness of how historical denial of “the other” (discrimination and exclusion for ascriptive or cultural reasons) has led to profound asymmetries in the opportunities people have to learn for life and work.

It is necessary, therefore, to lay stress on access to greater learning opportunities for groups that have long been discriminated against and excluded. As well as targeting greater efforts on the educational attainments of children and young people in these groups, it must be ensured that integration into established mechanisms for transmitting skills and knowledge does not lead to denial of their cultures of origin. There is a considerable body of literature showing how national education plans have traditionally tended towards cultural homogenization, often undermining the culture of indigenous and Afrodescendent populations or reproducing sexist values and behaviour detrimental to the position of women.

If education is intended to promote greater social cohesion, it needs to incorporate a multicultural paradigm that harmonizes greater equality of opportunities with greater recognition for diversity. There is a wide range of multicultural education policies using vernacular languages that point the way along this path. The ties of individuals and groups to their history, culture and identity and the particularities that result cannot be ignored in the quest for peaceful coexistence among specificities, openness between cultures

and the avoidance of violence to settle conflicts (Calderón, Hopenhayn and Ottone, 1996, p. 35).

In a democracy, citizens need freedom if they are to have cultural choices, since merely preserving the cultures into which individuals are born is not an exercise in freedom; obviously, being born into a particular culture and having a particular social origin do not in themselves constitute exercises in cultural freedom (Sen, 2006, chapter VI). Thus, it is also necessary to ensure that multicultural education tailored to the identity of students does not confine them to particular reference groups, depriving them of the capabilities they need to participate in national society and in the dynamics of globalization.

It is vital to strike a balance between equality and difference. Education has to transmit values of equality and respect for diversity, enshrining this balance in a flexible curriculum. Equity in education has to be embodied in a new approach where egalitarianism is combined with concern for differences, transmission of the capabilities required for greater equality of opportunity with the preparation of content that reflects these differences. In the interests of equality, there needs to be progressive universal coverage in the school cycle, from basic to secondary education, and the quality divide by socio-economic origin needs to be narrowed. In the interests of differentness, it is necessary to adapt programmes to specific groups (including bilingualism in areas where Spanish is not the mother tongue), make the curriculum as relevant as possible to local realities and allocate special funding to areas of greater social vulnerability and economic deprivation. Social cohesion in future will depend on a balance being struck between greater socio-economic equity and greater cultural recognition.

There is an important relationship between “educating for difference” and “educating for citizenship”. Learning about difference or cultural plurality should not be seen as just another subject, like geography, history or anthropology, but as a new way of relating in school, so that it becomes an education in citizenship, i.e., in putting oneself in another’s place and understanding the reciprocity of dignity and rights. Alan Touraine (1997) has argued that identity, multiculturalism and equity in learning conditions are the keys to education in modern times.

C. Social cohesion and protection

1. Why are social cohesion and protection linked?

A fundamental component of cohesion is social protection, which aspires to give all citizens the access they need to services that reduce their vulnerability

and improve their quality of life, introducing a more inclusive mechanism of care and solidarity that interacts with social cohesion. The greater the access to services and benefits and the better their quality, the stronger the perception people have of belonging to society and reaping the benefits of development.

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 the present and future well-being of individuals. To feel protected is, at the same time, to feel that society is responding to the contingencies people are affected by and cannot control. The ability to integrate individuals into a common framework of standards largely depends on their perceiving that they really do belong to a shared system of interaction, cooperation, negotiation and conflict resolution in which there are social protection systems to shield them from certain fundamental risks, at least in part (Filgueira, 2006).

The risks facing people are not random. Their distribution and intensity within a country and between different social sectors and categories are determined by the operation of markets, families and States, and social policies play an essential role in this relationship, which is why their intensity and the mechanisms established to mitigate risks vary from one society to another (Huber and Stephens, 2004).

Thus, one way to evaluate social policies and welfare States would be to determine how they respond to the dynamics of risks and their social distribution. Cohesion is weakened when there is the perception of “first class” and a “second class” citizenship in risk protection, and the situation takes on the character of a fixed social divide when this hierarchy is perpetuated across generations. Conversely, when the State and society create safeguards to reduce the effect of catastrophic events on family welfare, the feeling of belonging to society is strengthened.

As for exclusion, it is important to realize that the insurance market operates by means of skimming mechanisms, i.e., private-sector insurers exclude or charge high premiums to those whose age, state of health or other circumstances represent higher costs. This is compounded by severe information asymmetries, with policyholders struggling to understand variables such as the range of benefits covered by an insurance policy, its price and, should an insured event occur, the additional expenses they will have to incur. These features are inherent in the insurance market and they make it difficult or even impossible for people to deal with their risks individually in accordance with their income. This has an acute and painful effect on people with low incomes, and even on those with medium or high incomes, when an

illness, for example, involves catastrophic costs. This is why social insurance is so important and relevant to cohesion.

State arrangements for insurance provision and compulsory contribution systems, which are forms of collective risk protection (risk pools) that allow people to deal collectively with their individual risks, are called risk diversification mechanisms. Public insurance, social insurance involving compulsory financing mechanisms run by public or private insurance companies and public regulations banning skimming in the market and guaranteeing risk diversification are all formulas to prevent risk selection. They also improve the efficiency of these markets by making insurance more stable (Sojo, 2003). To put it in social cohesion terms, these formulas allow people to cope with contingencies by participating in a “protection community”.

Social protection systems should be underpinned by transfer-based solidarity mechanisms. Opting for solidarity financing implies redistributive goals and cross-subsidies between income, age and risk strata that not only affect people's welfare but also contribute to the sense of belonging. Transfers from those who have more to those who have less, or from lower-risk populations to higher-risk ones, are part of the dynamics of solidarity that make a society more cohesive. Compulsory contributions and the solidarity principle in financing are vital to social protection systems, as they increase resources, make risk diversification fairer and more stable and allow the operation of cross-subsidies. They also inculcate a sense of civic responsibility for the needs of others in a system of insurance and social protection that attenuates risk and increases well-being and certainty, thereby fostering social cohesion and civic rights (Sojo, 2003, pp. 125 and 126).

2. The rights-based perspective in social protection

The traditional architecture of the welfare State was based on formal employment and its occupational categories. It was also oriented towards the male household head, taking as read the stability of the two-parent nuclear family model and stable human capital requirements in the productive economy, and was segmented as a result of capture by corporate or interest groups. This architecture matches neither the historical risk structure of Latin American countries (which was never similar to that of first world countries) nor the new one. Nonetheless, we should not ignore the positive legacy of those countries in the region where social protection is relatively well-established and where the elderly, for example, enjoy basic protection and benefit in old age from the revenues of a century-old welfare architecture (Filgueira, 2006; Huber and Stephens, 2004).

The proposal put forward by ECLAC at its thirty-first session (ECLAC, 2006b) points out that the design of social protection financing, drawing on a partial welfare-State model derived from the notion of a “labour-based society”, did not fulfil its promise; nor did the pro-market reforms of the 1990s do anything to correct it, instead heightening the inequality of social protection systems.¹¹ As well as analysing labour market trends, ECLAC concludes that short- and medium-term paid formal employment cannot be the sole mechanism for access to social protection, but that there needs to be a design which strikes a better balance between incentive and solidarity mechanisms, including provision for changes in demographic and epidemiological trends and family structures (ECLAC, 2006b).

If it is to have a positive and lasting influence on social cohesion, universal rights-based social protection cannot be limited to welfare or relief measures. It also has to encompass policies for the development of human capital and risk prevention for all. Social policies must help society overcome its vulnerabilities and mitigate the factors that create insecurity for its members, especially the most exposed. This calls for anticipatory and remedial social investment measures to strengthen human and social capital, employment-based social security schemes that reflect the heterogeneity of working conditions, and social protection or safety nets when these are absent (ECLAC, 2006b).

Designing a rights-based social protection model oriented towards cohesion requires decisions to be made about four essential features of social policy: (i) the levels and sources of contributory and non-contributory financing; (ii) the degree of financing solidarity; (iii) the development of social institutions to manage benefit provision efficiently; and (iv) 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 agreement entered into by society to establish the basis for the construction and regulation of its common life and to determine what rights apply to all and how they are to be guaranteed and made viable. A certain level of cohesion is essential for the construction of agreements that move in this direction and that result in institutions, standards, programmes and resources. Moving from a set of social policies to a comprehensive social protection system demands social cohesion while also fostering such cohesion for the

¹¹ The pro-market reforms 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 protection systems, 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 contract founded upon the right to social protection.

future. However, this means tackling conflicts between rights, resources, patterns of distribution and institutional designs.

There are no standard solutions for giving effective substance to social rights, since in each country this will depend over time on the actual and potential resources available for distribution and on a variety of economic and political constraints. When social cohesion is on the policy horizon, a universal solidarity-based protection system, with all its empirical limits and possibilities, is essential. The very prospect can provide a remedy against fatalism by encouraging solidarity and cooperation, since individuals' actions and political rationale vary depending on the institutional forms within which they operate. Indeed, standards and preferences are shaped by sociocultural ties that can be oriented towards social cohesion (Rothstein, 1998, pp. 120 and 131).

One welcome sign is that the rights-based perspective and the solidarity principle are gaining ground in the discussion about reforms in the region. Some measures to guarantee health-care provision were mentioned in chapter I, such as the reform of the contributory individual account-based funded system in Chile, which aims to raise financial resources for a new solidarity pillar with explicit guarantees. The idea is to incorporate elements of equity into the current social security system to ensure that people's future welfare is not determined exclusively by their ability to save in individually funded accounts but that equivalence is tempered by solidarity.¹²

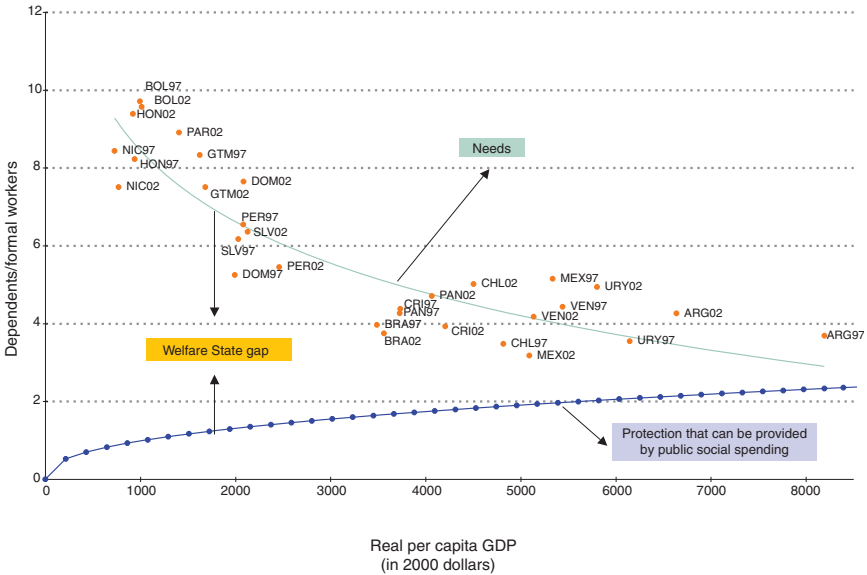
3. Gaps in protection and changes in the family: challenges for social cohesion

As countries develop, the number of dependents per formal worker declines and the tax burden rises along with fiscal expenditure on public social services. In the region, however, demographics and labour market trends are leading to a situation in which there are a large number of dependents for each formal worker. In addition, the financing capacity of the State is limited by the low tax burden and the lower per capita GDP to which this is applied. 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, so that families have to try to meet their needs in the market or leave them unsatisfied (Uthoff, Vera and Ruedi, 2006).

¹² This is a politically complex reform, since a number of solidarity elements are at stake: the solidarity pillar is a constant throughout the reformed system proposed and is actuarially solvent. Another proposal is to create a basic universal pension (PUB) for those who have no history of contributions or earn up to a certain amount, entailing the creation of a solidarity fund. Also being discussed is a top-up for contributory pensions financed from individual saving, in cases where contributions have been inadequate or interrupted (Uthoff, 2007).

Figure V.1 shows that there will always be a gap, irrespective of the weightings used, and that this gap widens whenever technological progress, combined with the impact of the demographic and epidemiological transitions, increases the cost of provision.

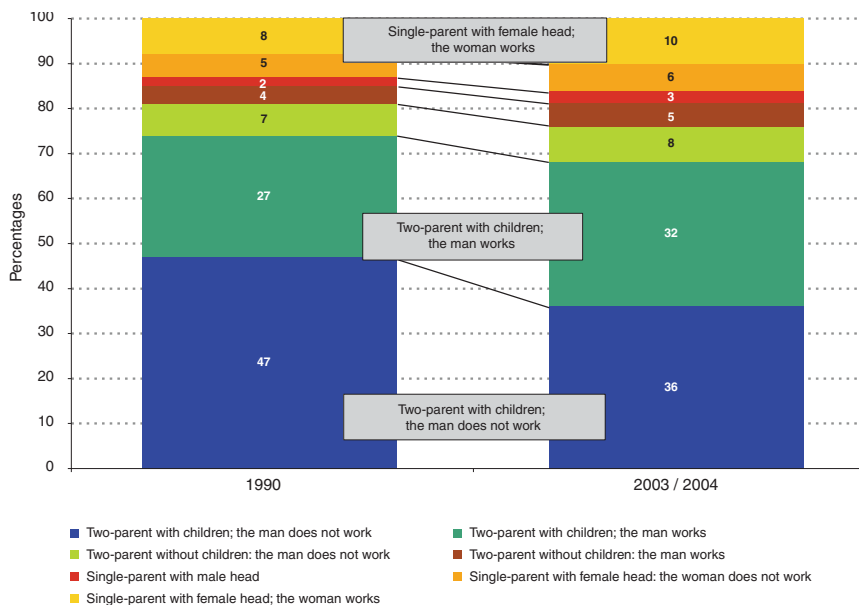
Figure V.1
GAP BETWEEN SOCIAL PROTECTION NEEDS AND POSSIBILITIES



Source: A. Uthoff, C. Vera and N. Ruedi, "Relación de dependencia del trabajo formal y brechas de protección social en América Latina y el Caribe", *Financiamiento del desarrollo series*, No. 169 (LC/L.2497-P), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), 2006.

Social protection systems have traditionally been based on the gender-based division of labour and power structure, with women's social position usually being fixed in accordance with two principles: the maintenance principle, with the man seen as the breadwinner for the woman and the family, and the household care principle, with the woman being seen as responsible for looking after members of her family (children, husband, the elderly and infirm, etc.) (Draibe and Riesco, 2006, p. 33). However, the more traditional model of the nuclear family with two parents and children in which the wife carries out the domestic work (the "male breadwinner system") represents just 36% of all the region's nuclear families, and in 32% of these the woman works in the labour market (see figure V.2). Change is very rapid and family structures go through very different stages: childless couples, one- or two-parent family, cohabitation and others. This diversity has also been reflected in household care needs.

■ **Figure V.2** ■
LATIN AMERICA (18 COUNTRIES):
TYPES OF NUCLEAR FAMILY AND FEMALE WORK, URBAN AREAS, 1990-2003, 2004



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

Thus, social and economic policies that aspire to create inclusive, cohesive societies need to treat the family as a vital link between macroeconomic and mesoeconomic changes. The family and domestic life are not closed spaces but are created to reflect the public world. In each historical and cultural situation, services, legislation and social control mechanisms determine the sphere of action of the family and domestic life, together with symbolic aspects such as prevailing social images of the family and normality, ideologies, and educational institutions. The family is a place of dense symbolic creation, creating and reproducing actions that mould social cohesion. It has been seen that the feeling of solidarity arises in close connection with the sense of belonging: there is a basis for the family's role as the initial provider that creates the sense of forming part of a lifestyle, a group, neighbourhood and class, in short, a country (Jelin, 1994).

In the family, the demand for unpaid domestic labour derives from four main social categories: children, the sick, the elderly and people in employment with long working days, who may or may not be reluctant to take on domestic

and care work themselves. Although the first category is shrinking, the other categories are expanding and the need for care among the elderly will increase as life expectancy rises (Durán, 2006). Empirical studies of the distribution of time by sex 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, 2004b, p. 23; Aguirre, García and Carrasco, 2005). Although the large-scale entry of women into the labour market is a process of fairly long standing, with the female economic participation rate in urban areas of Latin America rising from 45.9% in 1990 to 58.1% in 2005 (ECLAC, 2006a), there are considerable obstacles to any redistribution of household functions because of the inertia of patriarchal cultural traditions. Besides the usual need to care for children in the home, there is now a growing demand for care from the elderly.

If citizenship is to be forged on a basis of equality and recognition of gender difference, autonomy and freedom of choice in the sphere of reproduction and care need to become a source of specific rights, involving the socialization of domestic tasks. Given the link that exists between State, market, family and community in the different types of State and welfare regimes, the diversification of family structures heightens the need for a system of policies and programmes to reconcile family and work in which a gender equity approach is used to pursue a more balanced consensus on the underpinnings of well-being (Draibe and Riesco, 2006; Arriagada, 2006; Durán, 2006; Sojo, 2004).¹³

If social provision of care tasks becomes a source of social rights, social protection systems need to make provision for the care economy and the concomitant service infrastructure for the different age groups. This means financing, organizing and regulating a network of public, private and mixed bodies to provide the infrastructure needed to meet society's demand for care.

If care is both something indispensable for society and a social responsibility, there need to be steps to create equitable working conditions for women and men, i.e., production activities have to be made compatible with the right and obligation of care. Essential elements include State and corporate social responsibility policies, changes in the regulation of production activities and the organization of labour, and public policies to reconcile work and family. Failing to consider the issue in this way would be to ignore the serious fiscal and contributory implications of population ageing caused by rising life expectancy and lower fertility and the impact of this on the financing

¹³ Martínez and Camacho (2005) carried out an analysis of care infrastructure in the region and Mora, Moreno and Rohrer (2006) discuss the debate on policies to reconcile family and work in Latin America.

and sustainability of social protection systems. European countries that have not implemented policies to reconcile production and reproduction are now faced very starkly with this problem.

4. Coverage, solidarity and financing

Because the region's countries are unable to provide universal social protection, three basic types of benefits have emerged: (i) those directly subsidized and provided by the public sector to meet the needs of the poorest; (ii) those associated with contribution-financed social security systems to protect workers and their families; and (iii) those where people pay for themselves in order to have better services. This approach has segmented the financing of social protection and the quality of benefits, leading to large differences in quality, prices and access times.

An insurance system that uses a combination of public provision, contributory social security premiums and private markets based on copayments need not necessarily result in skimming of the beneficiary population, with coverage and quality depending on the ability to pay. This can be avoided by integrating provision and regulation of the social protection system (with financing organized in accordance with a common logic) rather than having a multiplicity of subsystems that differ depending on the insurer or provider involved (public, social security or private). The lack of an integrated system of this kind has been a recurrent problem in Latin America. Consequently, reforms to bring 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 efforts so that socially and publicly desirable objectives are achieved.

In this effort, public finances have a vital role to play by helping to transform the way actors gain access to benefits, i.e., by moving from a situation in which people are treated as contributors of specific taxes in their capacity as employees and of copayments as service users, to one that emphasizes people's status as citizens with guaranteed, enforceable rights, with financing provided through a combination of contributory and non-contributory funds, and with clear solidarity mechanisms. This is the citizenship principle that should guide current reforms to social protection systems.

Citizens need a social protection system whose regulations ensure the socially and publicly desired results. New regulatory designs, combining the principles of equity, solidarity and efficiency, offer comprehensive social protection systems that can be used to: (i) unify different financing sources in solidarity funds; (ii) decide on the distribution of accumulated resources; (iii) define packages of basic benefits; (iv) establish minimum

service quality standards; (v) define the rules for businesses operating in social protection markets; and (vi) lay down competition and consumer information policies.

From the public finance and social protection point of view, solidarity in an integrated system is achieved by means of cross-subsidies calculated in accordance with risk and income factors. Decisions have to be made about how solidarity is to be achieved in each aspect of social policy, whether by risk or income factors. In health care, for example, there may be subsidies from low-risk citizens (the young and healthy) to high-risk ones (the old and infirm), or from high-income groups to low-income ones. Solidarity transfers from the least to the most vulnerable and from higher- to lower-income groups can undoubtedly be a powerful way of relating social protection proactively with social cohesion by creating institutionalized solidarity mechanisms and using the appeal to cohesion to secure wide citizen support.

The introduction of a solidarity component is not just a technical matter, but requires political decision-making. At the technical level, it is essential to understand the markets within which social policy operates, i.e., those for education, health insurance, pension funds and housing, among others. At the political level, it is essential for society and its political leaders to decide how far solidarity should go and what benefits it should entail. Solidarity financed out of non-contributory public resources can entail growing fiscal liabilities, so public finances must be able to cover: (i) enforceable rights to guaranteed benefit packages; (ii) good-quality provision; (iii) the requisite copayment structure; (iv) time limits for the delivery of benefits and provision; and (v) the effects of demographic, epidemiological, family and labour market changes that will affect the levels and composition of provision and spending over time. All these considerations require the system to anticipate and provide for future financial viability.

D. Public finances and social cohesion

The interaction of social cohesion with public finances and social protection has to be built into the design of the social cohesion contract, which must be supported by a wide range of agents. Decisive factors include the size and composition of the tax burden, the countercyclical rule for social spending and its flexibility, 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 neutral for social cohesion.

1. The taxation dilemma

The financing of social spending depends on two fundamental elements. The first is the structure of the labour market. Only a fraction of workers have jobs that provide protection in the form of social services funded by their contributions. The remainder (family members not covered by benefits and workers who are not members of contributory systems) have to rely on the public-sector system, their own families or the market (Esping-Andersen, 1996 and 2000). This heterogeneity can be measured by contrasting the proportion of workers in formal jobs with the proportion who do not have access to employment of this type (the young, the inactive, the unemployed, informal workers and older adults). The second key element is the tax burden, which determines how much financing the State has available not only to cover gaps in risk protection among the most vulnerable sections of society but also to fund social policies that contribute to greater cohesion, especially when they have a positive effect on equality of opportunity and the universalization of service access.

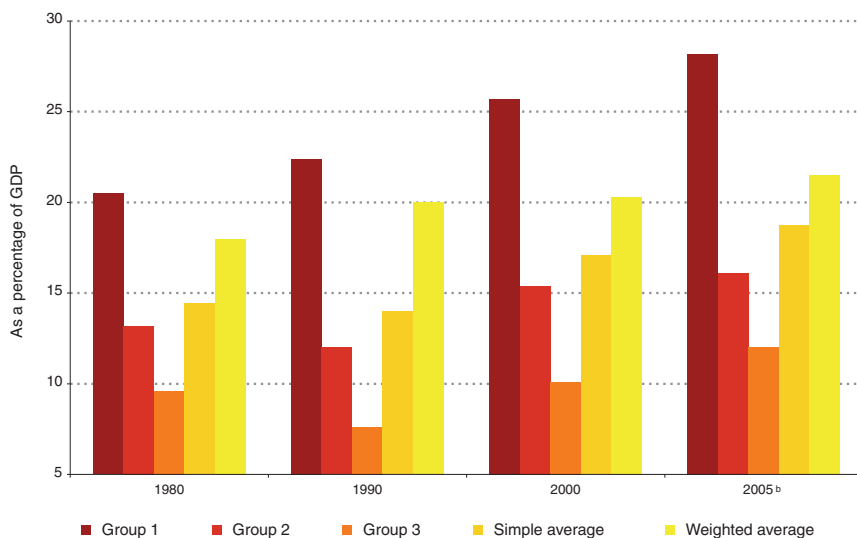
The tax burden averages 17% of GDP in Latin America, which is well below the figures for the European Union (41%), the OECD (36%) and the United States (26%). Other than in certain countries such as Brazil, the level of taxation in the region is very low. The overall situation is very uneven, since differences in taxation between countries within the region are almost as great as those between developed and developing countries: while the tax burden in Brazil has averaged 31% of GDP over the last 15 years, in countries such as Guatemala and Haiti it has remained consistently below 10%. After 25 years, there has been no observable tendency for the relative tax take to improve in most of the countries, which have retained their position near the bottom of the tax collection league (Gómez Sabaini, 2006).

Three groups of countries can be distinguished by their taxation levels. Brazil, Uruguay and Argentina have the highest tax burden; Bolivia, Chile, Colombia, Costa Rica, El Salvador, Honduras, Mexico, Nicaragua, Panama, Peru and the Dominican Republic have an intermediate level of taxation; and the lowest tax burdens are to be found in Ecuador, Guatemala, Haiti, Paraguay and the Bolivarian Republic of Venezuela (Gómez Sabaini, 2006).

If distributive equity is a central element in social cohesion, regional data show not only that it has not been achieved, but that in the last decade, with a few exceptions, inequalities have actually worsened. Systems have regressive effects in most of the countries; i.e., they have not even maintained the income distribution arising from the workings of the market. These outcomes cannot be attributed to factors endogenous to these instruments, but are the result of tax systems that rely heavily on indirect taxes and of

■ **Figure V.3** ■

LATIN AMERICAN COUNTRIES: RANKING BY TAX BURDEN AS A PERCENTAGE OF GDP^a



Source: J.C. Gómez Sabaini, "Cohesión social, equidad y tributación. Análisis y perspectivas para América Latina", *Políticas sociales series*, No. 127 (LC/L.2641-P), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), 2006. United Nations publication, Sales No.: S.06.II.G.167.

^a The tax burden includes social security contributions. Figures for each country are weighted by its GDP, using the ECLAC current dollars series.

^b Preliminary data.

Group 1: Argentina, Brazil and Uruguay.

Group 2: Bolivia, Chile, Colombia, Costa Rica, El Salvador, Honduras, Mexico, Nicaragua, Panama, Peru and the Dominican Republic.

Group 3: Ecuador, Guatemala, Haiti, Paraguay and the Bolivarian Republic of Venezuela.

benefits and exemptions that go mainly to higher-income sectors. This is in 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 income distribution.

Analysis of the tax situation in Latin America and the Caribbean shows two fundamental corollaries: the overall tax burden in most of the countries is about a third lower on average than it should be given their per capita income levels. In absolute terms, their tax burdens should be three to four points of GDP higher, and the extra resources raised would provide the funding for social programmes and non-contributory social security systems. Simulations of changes in tax structures and concentration curves show how difficult a progressive system is to bring about under current circumstances and indicate that the relative share of income tax in the tax structure needs to increase significantly (given a constant level of concentration) or that indirect taxes

need to be reformed to make them far more progressive than they are at present (Gómez Sabaini, 2006).

To be adopted, reforms require not only strong agreements and political will but also the institutional and administrative capacity to safeguard spending quality. In Latin America and the Caribbean, these two aspects have traditionally been the Gordian knot: the question is how it can be untied or cut. In any scenario, it is essential to ensure the quality of taxation and not jeopardize economic competitiveness with excessively high tax rates or poor quality.¹⁴

2. Public social spending

The countries have different options available for the financing of social protection for their citizens: promoting capacity-building, assisting in critical situations and providing basic services. Greater social welfare can be achieved, for example, if greater fiscal resources are generated by raising the tax burden as a share of GDP so that social spending can be increased as a share of the total. Otherwise, families will have to carry out this spending either by buying services directly or through copayments in the market.

More efficient provision of benefits improves access, so public finances must be used to improve citizens' access to social benefits in a way that is characterized by effectiveness (the lowest cost consistent with quality), solidarity and timeliness. Financing is subject to three essential management variables: (i) the methods used to raise funds and the timing of expenditure; (ii) its allocation by target group so that the outcome produces a sense of equity; and (iii) its impact over time.

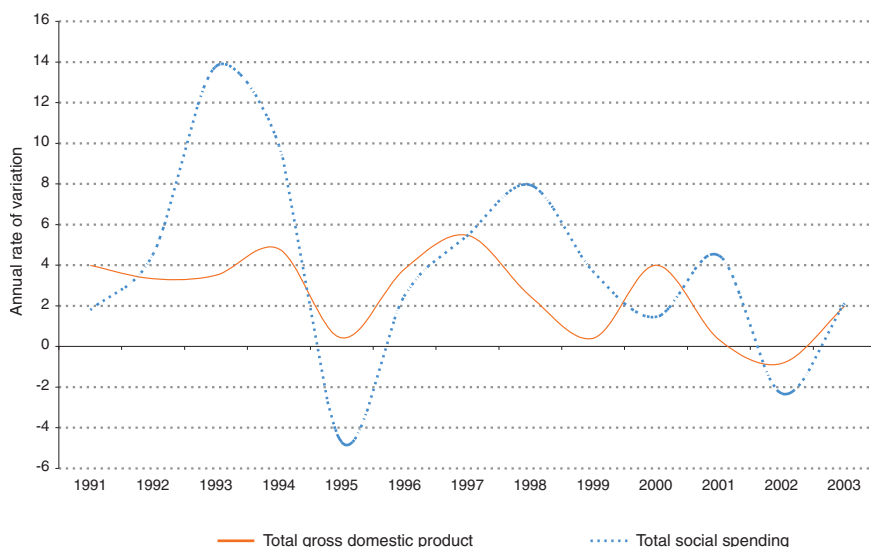
Regarding the first of these, the State will collect more if there is a growing tax base, i.e., if national output is increasing. If a fixed ratio is maintained between revenue raised and total spending, and between total spending and social spending, there will be a procyclical relationship between social spending and GDP. Thus, more will be spent in periods of strong growth and less in periods of recession (see figure V.4). This runs counter to the logic of social protection, as this ought to be more active in periods of crisis given that, as a rule, formal employment declines and underemployment and unemployment rise at such times. Thus, it is essential to reverse the procyclical logic whereby financial cutbacks take place precisely when social needs and vulnerabilities are increasing. The relationship between revenue and social spending needs to be synchronized in a way that facilitates countercyclical policies, with funds

¹⁴ 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).

set aside during upturns and spending increased during crises to offset any negative effects on social cohesion by reducing the corrosive social impact of economic volatility and thus maintaining a perception of stability and protection in society.

■ **Figure V. 4** ■

LATIN AMERICA: PROCYCLICAL BEHAVIOUR OF TOTAL PUBLIC SOCIAL SPENDING, 1991-2003



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America 2005* (LC/G.2288-P), Santiago, Chile, 2006, chapter II.

To put it another way, governments ought to apply fiscal rules whereby savings built up during the good times can be used to prepare for the bad ones. This requires at least two steps: (i) securing stability by setting public finances on a sustainable path, and (ii) ensuring that fiscal policy plays a countercyclical role, reducing aggregate volatility. The first step means saving and building up reserves for difficult times; the second means using structural surplus rules to create a self-insurance mechanism (Arenas de Mesa and Guzmán, 2003).¹⁵

Selectivity 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 barriers to access (ECLAC, 2000, pp. 32 and 33). To increase

¹⁵ In the case of Chile, the rule establishes that the treasury must always run a surplus equivalent to 1% of estimated trend GDP so that when the economy grows by more than trend GDP the State saves, and when it grows by less the State spends more.

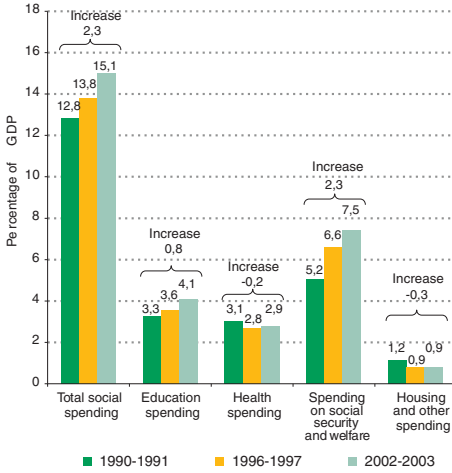
equity in resource allocation, it is crucial to improve targeted programmes. From the social protection perspective, it is necessary to heighten the countercyclical character of certain spending on people facing higher risks at times of recession, particularly those in the greatest poverty. This means reducing the inertia that characterizes a large proportion of total spending, something that is not always practicable given the lack of flexibility in fiscal budgeting, particularly when it comes to pension and staff costs. It must be remembered that some of the procyclical behaviour of spending is accounted for by the volatility of wages in the social sectors. This policy would allow total spending to increase in line with trend GDP while also permitting countercyclical growth in targeted social spending.

Although protection systems are segmented and stratified, the region (see figure V.5) is spending a growing share of resources on social security; this includes pension spending, which tends to be less progressive because it is financed by contributions and provides defined benefits related to contributors' incomes. Education funding is also increasing, spending on the primary level being the most progressive and spending on the tertiary level the most regressive. Spending on health and nutrition, pre-primary and primary education (and, increasingly, secondary education) and social security also display greater progressiveness.

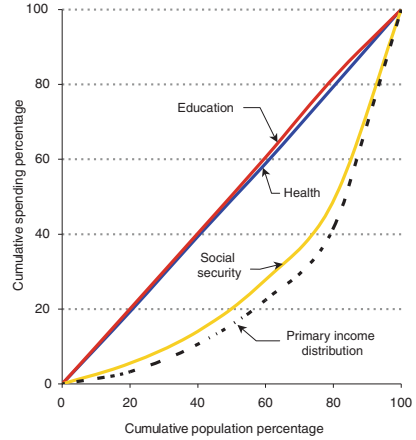
The effects of spending commitments on public finances over time are an area that requires greater attention, particularly when it comes to the evaluation and administration of the fiscal risks associated with the liabilities taken on by the public sector and their effect on revenue and expenditure flows, and therefore on the scope for guaranteeing the quality of provision 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 provision intended for social welfare purposes will have to be sacrificed to cover liabilities that are activated and grow over time, with all the negative implications this has for social cohesion.

Figure V.5
VARIATION AND INCIDENCE BY PRIMARY INCOME BAND OF THE MAIN COMPONENTS OF PUBLIC SOCIAL SPENDING

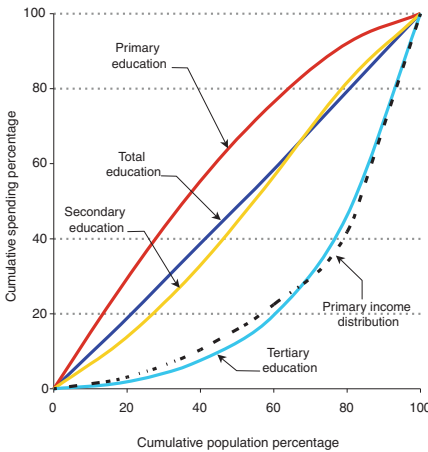
LATIN AMERICA: VARIATIONS IN THE MAIN COMPONENTS OF SOCIAL SPENDING, AS PERCENTAGES OF REGIONAL GDP



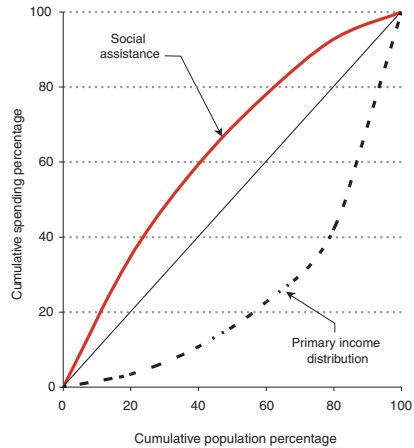
LATIN AMERICA (NINE COUNTRIES): DISTRIBUTION OF SOCIAL SPENDING ON EDUCATION AND ITS COMPONENTS, AND DISTRIBUTION OF PRIMARY INCOME BY INCOME QUINTILE (Percentages)



LATIN AMERICA (NINE COUNTRIES): DISTRIBUTION OF SOCIAL SPENDING AND ITS COMPONENTS, AND DISTRIBUTION OF PRIMARY INCOME BY INCOME QUINTILE (Percentages)



LATIN AMERICA (NINE COUNTRIES): DISTRIBUTION OF SOCIAL SPENDING ON SOCIAL ASSISTANCE AND OUTREACH, AND DISTRIBUTION OF PRIMARY INCOME BY INCOME QUINTILE (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America 2005* (LC/G.2288-P), Santiago, Chile, 2006, chapter II.

Democratic control should be exercised 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, are those that give rise only to a moral obligation or declaration of intent. Direct liabilities, meanwhile, are those that will always have to be met, whereas contingent liabilities will have to be met only if some particular event, such as a natural disaster, should occur.¹⁶

It is crucial for social cohesion that the liabilities thus taken on by the State should be clearly identified, 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, to show the degree to which protection promises might have to be acted upon as a result of the functions and guarantees the State takes upon itself, or how social protection liabilities are being transferred to the market and families, as happened in the last wave of reforms.

For social policy instruments to yield progress with social cohesion, it is not enough to determine their suitability, strengthen the capabilities of certain actors, increase the level of social spending and enhance their efficiency; it is also essential to strengthen the institutions responsible for administering them. Although the quality of institutions is important in every area of public life, institutional consolidation in the area of social policy is very demanding because of the multidimensional, redistributive character of its goals. Social policy tends to cut across jurisdictional and sectoral boundaries, requires the mobilization of resources throughout the country, involves different political actors in the different stages of design and implementation, and has to cope with multifaceted problems with a large intertemporal component. These factors create a degree of difficulty which sets social policy apart from macroeconomic management, an area where a closer match has been achieved between goals and instruments and where institutional solidity and credibility have been increasing as a result (Machinea, 2004; Machinea and Cruces, 2006).

¹⁶ By way of explanation, 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 a benefit for 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 bail-out of 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 spelled 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.

Chapter VI

Towards a social cohesion contract



For progress to be made towards social cohesion grounded in democratic values, it is essential to establish a social cohesion contract that cements political agreement and commitment to this goal and to secure the financial, political and institutional resources needed to make it viable. This is not the first time that ECLAC has set out to establish social covenants in the region. The fiscal covenant and the social protection covenant are important precedents, similarly motivated by the scale of the task concerned and the need for efforts to be sustained over the long term (ECLAC, 2000, 2002b and 2006b). While aware that repeated or excessive use of the covenant format may erode its appeal, ECLAC believes, for the reasons analysed in this chapter, that a social cohesion contract is a promising and innovative proposal.

This chapter first explains the meaning attached to the term “social cohesion contract” and analyses its potential ramifications. It then goes on to discuss some proposals for its financing and its guiding principles. Lastly, it shows how the social cohesion contract fits within the general political context described over the course of this analysis.

Consideration is given to the synergies between political interactions, the availability of resources and the institutional fabric, which are essential because they determine the governance and governability of this objective. The term “governance” is used to refer to the ability to formulate and execute policies effectively, for which institutions need legitimacy. The term “governability” denotes the State’s ability to attend to the public interest in a way that transcends the particular interests of those possessing power in its different forms and degrees.

A. Why a social cohesion contract?¹

1. A necessary precaution

While this is not the place to judge between them, different conceptions of the human essence are what ultimately determine our understanding of social reality and the grounds to which we ascribe the need for cooperation, an indispensable element in social cohesion.

There is a wide range of such conceptions. At one extreme, human beings are regarded as basically selfish. This idea can be found in contemporary thought (Axelrod, 1984; Taylor, 1987), but its roots lie in Hobbes's conception of the state of nature prior to political association.² In this situation, isolated, asocial and selfish individuals live in perpetual fear of being deceived and transgressed against by others, do not obey rules because they suspect others will break them, and live in thrall to the urge to do harm (Bobbio, 1985, pp. 111, 153 and 154). At the other extreme, positions like the one developed by Titmuss (1970) treat altruism as the basis of cooperation.³

From the point of view of ECLAC, social cohesion is defined as the dialectic between established mechanisms of social inclusion or exclusion and citizens' responses, perceptions and dispositions in relation to the way these operate. In proposing a contract to achieve this goal, ECLAC is not naively attempting to base this on some natural human predisposition to cooperate. If this were so, the very rationale for the policy would disappear⁴ and social cohesion would arise mechanically or spontaneously.

Looking beyond the wide range of conceptions about the basis for social cooperation, it is necessary to ask what conditions might prove favourable to a social cohesion contract that sets out to achieve solid agreements, spells out the costs involved in eschewing cooperation and explains the specific conditions for fulfilment from a perspective beneficial to all parties. It is relevant to inquire

¹ This part of the chapter is based on a consultancy exercise carried out by Christian Courtis and Nicolás Espejo for ECLAC in 2006 to provide input for these arguments. Naturally, some of their ideas are modified, adjusted, supplemented and reformulated here, while others are accepted more or less unchanged. See Courtis and Espejo (2007).

² The way the great philosophers of the modern age view the foundations and nature of the State is informed by their conceptions of human nature. The modern State discussed by Hobbes and his followers arises from the rational will, transcending a state of nature where particular, isolated individuals act in accordance with their passions, instincts or interests. The foundational element that legitimizes political society is the consent of individuals to leave the state of nature. By means of the social contract, they pass from the state of nature to the civil state. The contract has a hypothetical and regulatory significance and derives from the conjunction of individual wills. Hobbes, Locke and Rousseau have different conceptions of the state of nature and of the contract (Bobbio, 1985, pp. 95-97 and 114).

³ In the work cited, this distinguished theorist and researcher of the welfare State investigates the role of altruism in modern society and in welfare policies, examining the degree to which specific instruments of public policy and social policy institutions promote or discourage, nurture or destroy individual expressions of altruism and consideration for others' needs, and the circumstances that provide opportunities for altruism in opposition to the possessive selfishness of the market.

⁴ As Norbert Lechner lucidly explains in his writings.

into the fundamental reasons for embarking upon a social cohesion contract which induces respect for others and their interests and ensures that the cooperation promised is actually delivered, and whose rules combine credible promises and threats in such a way as to persuade everyone that others will not withhold their cooperation (Bonvechi and Cruces, 2006).⁵

The social cohesion contract does not represent a new yet uncertain foundational political configuration, with real contracting parties re forging the State, delegating powers to it and assigning it new obligations (Courtis and Espejo, 2007).⁶ This type of covenant does not modify the traditional obligations accepted by citizens under the traditional form of social contract, namely: acceptance that the exercise of power is legitimate, the imposition of obligations by the State, renunciation of private violence and acceptance of the State monopoly of coercion. Less still does it designate an indefinite series of discrete acts initiated by different actors.

As we have seen, the purpose of the social cohesion contract proposed here is basically to create an understanding of the role and duties of the State and of members of society in relation to the attainment of democratic social cohesion, and to call them to account for the performance of these duties. A contract of this kind clearly has a metaphorical function and not a legal character in the strict sense of the term.⁷

B. Characteristics of the contract format that are significant for social cohesion

The term “contract” immediately evokes a number of elements that are significant in the specific context of cohesion, namely: the involvement of a number of actors; a negotiating procedure; the formal establishment of mutual obligations that have to be complied with; and the application of enforcement mechanisms in the event of non-fulfilment.

⁵ Posed here in the specific context of social cohesion, in its more general application this question is actually a very old one. Indeed, the motives leading to the social contract are a traditional theme of political philosophy. Hobbes was the first to theorize that reason, in the form of a calculation of utility, is what leads people to unite with others in the form of a covenant (Bobbio, 1985, p. 154).

⁶ Conversely, Rousseau's social contract, also metaphorical in character, represents a completely new beginning. With the traditional idea of a contract, the tendency is to identify an imaginary founding moment when the State is invested with power and the individual members of the community are bound to it by ties of subordination (Courtis and Espejo, 2007). See Bobbio's analysis (Bobbio, 1985), especially chapters I and II on the rational nature of the social contract which, as a result of this, cannot be limited to such conclusions as might be drawn from the actual events of history.

⁷ In a conventional legal sense, a contract is an institutional legal reference framework for dealings between individuals that creates and transfers rights and obligations and provides a legal remedy in the event of non-compliance. Although voluntary in nature (since they do not emanate from acts or circumstances beyond the control of those bound by them), legal contracts also have normative effects as models and give meaning to actions in relation to the ends they stipulate (Courtis and Espejo, 2007).

The purpose of using the metaphor of the social cohesion contract is to legitimize social cohesion as a public policy goal. It also helps to define the role of the institutions whose role includes promoting social cohesion, especially those involved with social welfare and with the creation of the necessary political, legal and institutional conditions.

The idea behind the implementation of a social cohesion contract is to cement and promote a long-term relationship between the parties, on the understanding that the terms agreed upon can be adapted from time to time to reflect any changes in circumstances through accepted mechanisms of dialogue, negotiation and adjustment. In pursuit of this objective, it is advisable to establish permanent procedures for negotiating, renegotiating and sharing responsibilities in society on a basis of solidarity.⁸

By establishing its object on a firm basis, the contract acquires continuity. Given this fact, its fulfilment is obviously subject to general rules of conduct, such as the obligation to act in good faith, and to the establishment of dialogue and negotiation mechanisms that can be used periodically to determine the content of obligations and modify them when circumstances change substantially. The behaviour of the parties while the contract is in force can also modify obligations by way of procedures that engage the parties on a permanent basis. Besides the obligation of good faith already referred to, considerations for evaluating conduct include the ability to share benefits and losses on a basis of solidarity when the circumstances surrounding the contract prove more or less favourable than expected at the time it was "formalized".

C. Social cohesion from a contractual perspective

1. Who participates and how?

The issue of inclusion or exclusion that is so central to social cohesion raises the question of which actors the contract involves and what reciprocal obligations it entails. For a sense of cohesion to exist, the contract must embrace sections of society that have traditionally been excluded from the procedural mechanisms of institutional dialogue and give due weight to their interests. The procedures for dialogue, renegotiation and rebalancing between the parties that are required for the contract to be implemented can be used both to establish, redefine and update their mutual obligations and to signal

⁸ Of all the treatments given to the term "contract" in political philosophy, the approach set out here, as might be inferred, adopts the contemporary conception of a relational contract, which departs from traditional contract theory in a number of ways. For reasons of space and emphasis, the distinctions between the two theories are not discussed and readers are referred to Courtis and Espejo (2007), the source for the positions set out here.

any deviations or non-compliance. Participation, consultation and dialogue mechanisms are important for setting public policy priorities, designing policies and evaluating implementation and follow-up.

This is also a useful approach for remedying, in part, the traditional exclusion of certain members of society and coping with the ever-increasing complexity of social life, and for picking up on important social differences in each historical stage that need to be reflected in policies. This means ceasing to see democracy purely in terms of delegation and representation and instead favouring multiple channels of consultation, participation, dialogue and social concertation. In other words, the social cohesion contract approach enhances the participatory or deliberative conception of democracy vis-à-vis the public authorities.

Of course, this participation needs to take place within the channels provided by representative democracy and have institutional linkages so that issues can be presented (and seen to be presented) to the public authorities. Indeed, it would be wrong to undertake exercises in concertation and dialogue in relation to crucial issues if these linkages are absent, as this not only unfairly alters the basic ground rules of representative democracy but is usually ineffective in terms of public policy impact, and as a result may have highly undesirable consequences for social cohesion, increase public disenchantment and undermine citizens' attachment to politics.

Participation initiatives include the right for ordinary citizens to bring bills before parliament, public hearings before decisions are taken or laws passed by the administration and parliament, different forms of civic consultation and procedures for publicly challenging proposals from the political authorities. Also included are procedures for participating in budget planning and overseeing execution.

Social rights have often been implemented by increasing the discretionary powers of the bureaucratic machinery in charge of social policy (Ferrajoli, 2002). Extending the participatory or deliberative conception of democracy to this area highlights the importance of participation and dialogue mechanisms and of public oversight of State administration. Channels of dialogue and participation for social policy beneficiaries are vital to ensure that their needs and demands are understood and considered when goals are being prioritized and to create feedback mechanisms so that adjustments and corrections can be made in the policy formulation and implementation process.

This is a useful approach when considering the demands for specific and cross-cutting public policies made by women's groups, organizations of indigenous people and Afrodescendants, or groupings like those for the disabled in the region. Establishing mechanisms to consult and involve policy

beneficiaries in public policy formulation, implementation and monitoring is a promise of more effective policies that increase citizens' sense of belonging.

Again, given that the contracting parties to the social cohesion covenant are unequal in terms of material and political resources, there need to be mechanisms to protect the weakest parties. Among other things, they should not be required to accept disproportionate obligations. Benefits can also be established to offset inequalities (an aspect that will be analysed later in the discussion of the fiscal covenant underpinning the social cohesion contract) and consideration can be given to specific forms of consultation to validate contractual modifications, involving compliance with particular procedural requirements.⁹

When the financing of social protection systems and sectoral investment in human capital are considered, particular attention needs to be paid to the distribution of responsibilities to meet the demands of the contract. For reasons of redistribution and risk differentiation, solidarity mechanisms can be used to change the amount of primary income received in the labour market and deal with unforeseen contingencies that prove catastrophic or overwhelming for one or another of the parties. In relation to social cohesion, it is crucial to consider the character of the instruments or methods chosen to provide access to decent living standards for all. It is also essential to know how different groups in society are contributing; to know, for example, whether the tax burden is redistributive or regressive, to what extent solidarity principles are applied in contributory social protection financing and how far social policy is supported by redistributive mechanisms.

The traditional idea of the social contract is consistent with the classical liberal conception of the State. Consequently, it emphasizes respect for freedoms and legal certainty, with corresponding responsibilities for the State in the areas of policing, public order and justice, which are also indispensable for social cohesion.

It is difficult to establish what obligations the State (or, to look at it another way, the whole community) has towards individuals in terms of social cohesion, since translating the notion of social cohesion into contractual terms, even if only metaphorically, places an additional demand on the State: to recognize social rights, which have a dynamic and historically variable character, and their application in practice so that the interests of traditionally excluded social groups and identities are acknowledged and prioritized.

⁹ Similar considerations can be seen to apply in the "collectivization" of contracts, a trend that began with labour legislation and is now fully reflected in the idea of the standard form contract in consumer law (Courtis and Espejo, 2007).

A contract of this nature sets out the role and duties of the State and members of society in achieving democratic social cohesion, and calls upon them to fulfil these duties. The social cohesion contract also adds requirements and demands for recognition (which cannot be reduced simply to the redistribution of material resources) relating to the identification and acknowledgement of major social differences, such as those of a cultural, ethnic, racial or gender nature, and the visibility of groups that do not identify with majority or hegemonic social and cultural patterns.

Recognition for the differences and singularities that exist in society should not be misconstrued, however, since people cannot, and most importantly should not, be pigeonholed within particular identities or unequivocal categories. Called by Sen “the illusion of singularity”, this approach is undemocratic because it basically asserts that individuals can be wholly ascribed to a single classification. Whatever this classification concerns (religion, gender, community), the miniaturization of social identity denies and overshadows the importance of the diversity associated with each individual's particular place in society, his or her different social affiliations and associations. The fact is that diversity is the essence of individuals' social complexity and the very basis for freedom of belonging and choice, in accordance with the priority and precedence each individual gives to his or her different forms of social belonging (Sen, 2006), while respecting those of others in accordance with the ground rules of democratic life.

2. The consequences of non-compliance: contractual enforcement mechanisms

Now that the use of the contractual metaphor has been analysed, it is time to consider the consequences of contractual non-compliance and the use of enforcement mechanisms, an issue that belongs to the area of “guarantees” for rights. It is no coincidence that the legal term “guarantee” has its origin in contract law, where it is a familiar term. Thus, it is common to talk of guarantees for a mortgage or a rental contract, among other cases. As we have seen, the idea of a contract entails rules under which agreed rights and obligations can be generated. Strictly speaking, though, guarantee mechanisms are also required before we can speak of a right deriving from the obligations accepted in the contract, since effectiveness cannot depend solely on the goodwill of the contracting parties or, in the context of social cohesion, the discretion of the State.

The traditional idea of the guarantee is worth revisiting in the context of obligations relating to social cohesion. The exclusion procedures characteristic of contractual relations cannot be transferred to the field of social cohesion,

owing to the nature of the parties involved and the unavoidable need for people to coexist in society on the territory of a State. Nor is there an exact equivalent for the sanction of “withdrawal” from the social contract should a section of the population consider that the obligations incumbent upon the State have not been met;¹⁰ certain methods of protecting rights through direct action have features reminiscent of this idea, however.

Thus, effective enjoyment of social rights prevents the outbreak of radical forms of direct action, which can affect other goods such as public order, freedom of movement and respect for legality or property.¹¹ Any outbreak of radical forms of direct action may lead to cooperation among those who fear that others might abandon the prevailing social norms; in this case, the threat of breakdown makes cooperation a rational way for people to regulate their common existence (Bonvechi and Cruces, 2006). Again, it must be recognized that the history of social rights is largely the history of assertive direct action and the subsequent recognition and institutionalization of the rights being claimed. Some forms of direct action have been explicitly incorporated into and regulated by law, the most characteristic example being the right to strike.¹² Other forms consist in recognized ways of exercising other rights and freedoms. Marches, mobilizations and social protests, consumer and user boycotts and other ways of expressing dissatisfaction in public, such as hunger strikes, are examples of the exercise of freedoms such as those of assembly, free speech, demonstration and the right to enter into contracts and rights over one’s own person.

As a first step towards an understanding of the consequences of non-compliance with the social cohesion contract, it is necessary to clarify what is meant by a “guarantee”. Guarantees are mechanisms or techniques for protecting rights in order to ensure their effectiveness. Strictly speaking, in contract theory in private law, the main guarantee of a contract is its legal enforceability or justiciability in the event of non-fulfilment, and a number of techniques that strengthen this justiciability are also referred to as guarantees.¹³ The idea of a guarantee requires adaptation, however, when transferred to the contractual metaphor of State powers and duties.¹⁴

10 Hirschman (1970) warned about a constraint of this type some years ago when discussing the limitations on “exit” from a community of origin.

11 See Roberto Gargarella (2000), pp. 285-293 and (2005), pp. 13-48.

12 See Baylos (1987) and (1991), chapter 4, on the right to strike as an assertion of workers’ rights.

13 These include the subsidiary extension of a legal claim to other persons considered solvent, demonstration of the existence of goods or assets to meet a potential claim, and the establishment of fast-track claim procedures, such as writs of execution, that limit the potential scope for discussion should a legal claim arise.

14 A fuller treatment of the subject can be found in Abramovich and Courtis (2006), chapter 3, which with certain modifications follows the main lines laid down by Luigi Ferrajoli and Gerardo Pisarello. See Ferrajoli (2002), pp. 37-72, and Pisarello (2003a), pp. 23-53, (2003b), pp. 137-262 and (2004), pp. 363-386. See also Aragón (1995), pp. 67-89.

The first type of social or non-institutional guarantee in the public sphere is the unrestricted exercise of civil and political rights, particularly those that allow people to criticize the government, complain to it, participate in political life and propose political alternatives. In other words, freedom of conscience, speech, assembly, demonstration and association, the right to vote, the right to petition, the right to form political parties and seek elective office and other public positions on an equal footing, and others. As mentioned in chapter I, human rights are interdependent and indivisible; the satisfaction of social rights is indispensable for the existence of civil and political rights, whose exercise requires at the very least that basic human needs be met. Civil and political rights, on the other hand, are indispensable for monitoring fulfilment of the obligations deriving from social rights: if they were not respected, the State would be pre-empting any discussion on the unmet needs of social groups, silencing any criticism and eliminating any possibility of citizen-led change.¹⁵

Concerning social cohesion, reference should be made to guarantees for social rights and certain relevant aspects of political guarantees.¹⁶ Of the latter, the most important are the guarantee of equality and the outlawing of discrimination, along with the general application and universality of the law. In relation to social rights, furthermore, recognition of the need for progressive advances in the social sphere has been supplemented by the development of a prohibition on the removal of existing guarantees, which limits the scope for the State to reduce social protection levels already enshrined in law.

The region can also apply the universal spirit of principles like those of Limburg and Maastricht, which recognize, on the one hand, that resource constraints have to be considered when evaluating compliance with minimum protection guarantees, since the measures taken cannot exceed the resources available, but that, on the other hand, a State can only use the argument of limited resources to justify a failure to meet minimum obligations if and when it can show that it has made every effort to use all the resources at its disposal to meet these obligations as a matter of priority (Abramovich and Courtis, 2002, p. 90).

Constitutional rules relating to social rights usually require the State to perform certain missions and enjoin the public authorities to achieve certain goals and ensure that certain needs are met in the areas of health, housing or

¹⁵ Amartya Sen concludes that the large-scale famines of the nineteenth and twentieth centuries occurred in countries that lacked a free press, a public sphere independent of the State and channels of political participation and criticism. See Sen (1982) and (2000).

¹⁶ This is not a discussion of the wide range of complex guarantees protecting citizens' rights, which also have vital implications for political and jurisdictional guarantees, institutional and non-institutional guarantees and social guarantees. See Courtis and Espejo (2007) and Abramovich and Courtis (2006) for a brief summary.

environmental protection. Many recent constitutions and some international human rights treaties also enjoin the State to take affirmative action measures to remove socio-economic obstacles which impede the full realization of rights and to establish differentiated treatment in favour of social groups that have historically been disadvantaged, such as women, indigenous people, children, older adults and the disabled, among others. Recently, there has also been a tendency to strengthen the system of controls by creating new types of oversight agencies, such as the institution of an ombudsman or public institutions that carry out independent financial auditing.

The creation of appropriate budget categories is a crucial political and economic guarantee of social rights: it shows how high a priority the public authorities really assign to their obligations in this area. As we have seen, budgetary resources may be combined with those raised from compulsory solidarity contributions, depending on the specific architecture of social policy and social protection systems. The subject has already been brought up in the discussion of the social cohesion policy agenda, and in the following section of this chapter the issue of financing will be further examined from the contractual perspective.

So-called jurisdictional guarantees, meanwhile, entitle people to submit complaints about non-fulfilment of obligations deriving from their rights to an authority independent of those upon whom these obligations are incumbent (whether they are public or private actors) and, where appropriate, confer upon that independent authority the power to enforce compliance and order compensation or penalties.¹⁷ These are secondary guarantees, i.e., they come into play only when the authorities responsible for applying and implementing rights fail to meet their obligation; only then can there be grounds for legal action.

From this point of view, the contractual metaphor applied to the legitimization of State power is not far removed from the position occupied by the legal system in the traditional sphere of contracts between individuals. In other words, the resolution of disputes arising from alleged non-fulfilment needs to begin with dialogue between the contracting parties, since the confrontational character of litigation makes it costly and time-consuming and it is therefore appropriate only when no solution can be arrived at by other means.

The effectiveness of jurisdictional guarantees, particularly in cases of State violations or non-fulfilment of fundamental rights, has been a central

¹⁷ This has traditionally been a function of the judiciary, although there may be other forms of jurisdictional guarantee, such as administrative courts, courts of arbitration, international courts or other authorities administering non-judicial conflict resolution methods, which have to guarantee impartiality and independence from the parties to the conflict. See Abramovich and Cortis (2002), pp. 37-47, Ferrajoli (2000), pp. 39-46, and Pisarello (2003b), pp. 155-252.

concern of current legal theory. Increasing attention is also being paid to the justiciability of social rights, an issue that was practically ignored in the past because of the overriding importance attached to civil rights. Social or non-institutional guarantees, meanwhile, are instruments for defending or protecting rights whose operation depends directly on the right holders and not on the actions of the public authorities, and are used fundamentally at times of conflict. To avoid reiterating arguments about the other constraints and drawbacks of justiciability in the case of social rights, the reader is referred to the discussion in chapter I of this volume.

To conclude this section, it should be pointed out that the issue of compliance with a social cohesion contract involves two other important dimensions. The first is the need to develop instruments to detect violations, a requirement that relates to the current debate about the need to develop indicators for human rights in general and economic, social and cultural rights in particular.¹⁸ Where social rights are concerned, access to public information presupposes the ability to scrutinize and evaluate social policies using indicators relating to the content and outcomes of these policies.

At the very least, the State needs to produce information on the situation in the relevant areas and make this available to citizens, particularly when measurements in the form of indicators are required to describe the situation. This information should also cover the content of public policies that have been developed or planned, spelling out the reasons for them, their objectives and implementation timetable and the resources involved. The information available to the public should include data on the situation of entitlements that can only be met if appropriate public policies are developed, as in the cases of health, education, housing, social security, food and water access.

Second, it is important to establish mechanisms for reporting, investigating and resolving situations of non-compliance. This should be done within the context of efforts to design and improve political and legal accountability mechanisms and of the debate about the responsibilities of the public authorities.

D. A renewed emphasis on financing

To create the right political conditions for social cohesion, ECLAC believes that it is essential to establish clear fiscal rules, consider the levels and sources of contributory and non-contributory solidarity financing, and recognize explicit, guaranteed and enforceable thresholds for the satisfaction of social

¹⁸ The social cohesion indicators analysed in chapter II are also relevant here.

entitlements. Universally recognized rights cannot be applied at whim or left to the workings of the market.

In accordance with the principles of universality and solidarity, the contract must ensure that resources are used transparently and effectively; it needs to aim at a consensus that includes the following points (ECLAC, 2006b and 2000):

- (a) guaranteeing a minimum 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 taking steps to ensure political viability;
- (b) raising thresholds of social protection, welfare and investment. Both the rate of increase and its sequencing and progressiveness need to leave some leeway for resource redistribution, but efforts should also be made to expand the supply of available resources through economic growth. It should be ensured that redistributive mechanisms safeguard competitiveness and the sustainability of growth;
- (c) 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;
- (d) forging an institutional structure with sufficient authority and legitimacy;
- (e) using regulation to ensure that solidarity is effectively applied in fiscal and contributory financing;
- (f) in the case of contributory systems, solidarity needs to be pursued in efforts to optimize the social effects of contributions. The idea too should be that people's contribution history is rewarded in specific ways that prevent abuses in the name of solidarity. The contributory efforts of individuals should be linked both to the quantity and quality of actual benefits and to the solidarity principle;
- (g) increasing the progressiveness of social spending and the tax burden and ensuring that the benefits clearly go to the most vulnerable groups in the form of social investment; and
- (h) introducing benchmarks for the social cohesion effects of increased resources that the State will be required to accept as an obligation under the covenant.

Inclusion of the solidarity principle in the efficient financing and provision of social benefits is an essential part of the debate about the

regulation needed to promote greater social cohesion in the societies of Latin America. There are powerful arguments for introducing solidarity mechanisms because of income and risk factor considerations.

Political will is needed to reach decisions on essential aspects of the system, such as the structure of financing and the provision of benefits, and the amount and nature of solidarity. The relationship between financing from general taxation and from contributions can be fraught, since levels of solidarity financing will have to be established for the contributory social protection systems found in almost all the countries, and may well be different from current levels. To resolve these dilemmas, consideration should be given to the creation of solidarity mechanisms for financing.

Public finances should be used to improve solidarity in social protection systems. Examples of this include the identification of contributory and non-contributory sources of financing for solidarity funds, instruments that enhance social cohesion by making allowance for contribution capacity, risk-sharing and human capital investment to create inclusion opportunities and dynamics. Also essential are regulations covering insurance and any form of combination between the public and private sectors, to prevent these solutions leading to “skimming” of the beneficiary population.¹⁹

Examples of social policy arrangements guided by the principles of solidarity and universality are explicit health-care guarantees and universal basic pensions.²⁰ These can be understood as part of the agenda of a new social contract whose underlying objectives have a bearing on social cohesion: preventing skimming (and therefore segmentation between those with “first class” and “second class” social protection rights), guaranteeing greater participation and transparency in decision-making about social protection mechanisms, and promoting greater solidarity and clear rules in the system while increasing its efficiency.

Public finances need to be geared towards social cohesion. This means reconciling the social cohesion contract with the fiscal covenant by means

¹⁹ Funds can meet a wide range of related objectives, such as: increasing solidarity, provided that the bulk of the subsidized contributions go to the agent handling lower-income and higher-risk contributors; reducing subscribers' need to choose a new insurer when they age or fall ill, provided the subsidized premium is adjusted for risk factors that change as people grow older (age and health); reducing the incentives for agents to classify their members by risk factors, provided that the subsidized premium paid out to agents is adjusted for risk factors and there are greater incentives for more efficient procurement. Regulations are also essential, examples being those designed to safeguard the nature and purpose of social insurance; the State needs to design a strict regulatory regime that lays down “ground rules” which private and public insurers must follow if they are to receive premiums paid out by a publicly regulated solidarity fund. It is vital for these rules or regulations (which must be agreed upon by consensus) to include standards for critical aspects such as a set of minimum benefits, a maximum copayment structure, contractual time limits for provision, consumer information systems, affiliation systems, risk classification agencies, premium regulations, a contract renewal guarantee, certification of insurance contracts, ethical codes for claims handling, selective advertising, etc. (van de Ven, 2004).

²⁰ ECLAC has conducted an exhaustive analysis of these proposals, which it summarized at its thirty-first session (ECLAC, 2006b). See also Titelman and Uthoff (2005); Uthoff (2006); Sojo (2006); Uthoff (2007).

of certain general ground rules which the fiscal authority undertakes to follow. Only if the constraints imposed by these rules are respected will it be possible to ensure the financial viability of the goals and content of the social cohesion contract, which will provide citizens with a framework not only for demanding rights but also for reaching agreement on ways to protect and enforce them.

Citizen support for the social contract is vital so that the fiscal authority can operate countercyclically and ensure protection even in downturns, subject to the limits represented by the potential of the economy and the tax burden accepted by society. In the context of these limitations, clear fiscal rules are needed to provide the financial underpinnings for social policy objectives, the goal being to achieve greater access to social benefits and human and productive capital formation, especially in sectors that find it harder to access these.

Given this background, public finances can support specific sectoral objectives. First, they can act on poverty in a multitude of ways, not merely alleviating it but breaking the mechanisms that transmit it down the generations. For this to happen, the State needs to commit itself to transfers that are conditional on there being both a supply of and demand for sectoral provision that reduces risk factors associated with the intergenerational transfer of poverty, such as school drop-out rates, malnutrition and lack of training.

For social benefits to be guaranteed over time, there needs to be greater transparency and governance in decision-making about public finances. This means identifying social-policy-related contingent liabilities with a view to anticipating liabilities incurred by State guarantees as a consequence of demographic, epidemiological or other foreseeable changes.²¹ Citizens should be informed of these procedures and their results should be evaluated so that enforceable targets can be set.

A social cohesion contract embedded in a fiscal covenant combined with contributory systems can cement the link between the public finances and social cohesion. It confers legitimacy upon public financing policies designed to reconcile economic viability with social impact, meaning the expansion of access to social benefits and channels of human capital formation in the most deprived sections of society. As we have seen, this advances social cohesion in a variety of ways. The interaction of the public finances with social protection can be seen as both a point of departure and a destination for cohesion: an opportunity for dialogue based on a shared language and procedural rules accepted by all actors, and as the underpinning for a State

²¹ In chapter V, see footnote 16 on the subject of contingent liabilities.

policy whose aims are greater equity, less exclusion and social rights for all. It instils a greater perception of belonging and distributive justice, and generates confidence in the future and trust in social institutions.

E. The political outlook for the social cohesion covenant

Now that the proposal for a social cohesion covenant in the region has been analysed, there is no need to go back over the processes that advance social cohesion or, conversely, hold it back. These processes were identified in chapter III and analysed with the help of some demoscopic findings in chapter IV. The social cohesion policy agenda in chapter V set out to establish some priorities, and the present chapter has looked at certain complementary issues related to financing.

Summarizing the proposals, the first point is that social cohesion mechanisms in the region need to be strengthened, both objectively and subjectively. The social cohesion covenant brings together public policies designed to influence the objective conditions most clearly related to people's well-being and quality of life and, more indirectly, aspects that concern the subjectivity with which people experience these processes. For the contract to be effective, it is essential to increase opportunities for productive employment, assist people in developing their capabilities and create more inclusive systems of protection against vulnerabilities and risks. This in turn should have positive effects on economic performance and the distribution of those benefits of development that have a really decisive impact on people's well-being.

Cultural, ethnic and other types of fundamentalism or extremism find their best refuge and nourishment in the exclusion that arises in divided societies. National societies need to take up the challenge of building consensus and harnessing powerful social energies around a vision of development that takes their internal differences on board as part of an open process in which particular identities commit themselves to modernization and productive transformation (Calderón, Hopenhayn and Ottone, 1996, pp. 31-35).

It is vital to act on those aspects of exclusion that have been most persistent over time or particularly disproportionate in scale. Only then will the parts of society affected perceive change, mobility and escape routes and be able to overcome the feelings of unfairness, frustration and insecurity that are undermining their hopes, their sense of belonging and their attachment to a meaningful "we". The social cohesion contract cannot exist without participation, dialogue and social concertation to establish public policy

priorities, design the policies themselves and evaluate their implementation and follow-up, and this is especially true for those who have traditionally had no say in society.

The task in Latin America and the Caribbean is to address the region's economic, social and political frailty. Social cohesion is a fundamental element in this task. Otherwise, the region is vulnerable to the re-emergence of social climates that prejudice the negotiated settlement of conflicts and favour populist stances of corporative origin and political polarization around identities that seek to deny the intrinsically hybrid nature of the region's societies and cultures in their ongoing transformation and historicity (Ottone, 2006).

The danger of social disintegration is inherent in positions that seek to establish a single, totalizing system of social divisions in which human beings are pigeonholed and ascribed to a single inescapable destiny. Conversely, a social cohesion contract rooted in democratic values needs to be based on the plurality of social identities and the recognition that no one identity must be allowed to obliterate the importance of others (Sen, 2006).

Because of this, integration is something that is also experienced by each individual in society: recognition of others and their diversity reveals the evident impossibility of embodying the whole in any one individual, and this puts people's own certainties into perspective (Calderón, Hopenhayn and Ottone, 1996, p. 71).

These points are worth making in the context of social cohesion, which involves aspects of identity and belonging. Among other reasons, this is because reductionist messages, which can be aggressive or violent, are usually directed at groups that have traditionally been excluded. Strengthening the mechanisms of social cohesion in their objective and subjective dimensions is undoubtedly the best way of destroying the breeding grounds for these tendencies.

Unequal participation by social actors, the denial of important civil rights and guarantees to a large part of the population and the limitations on the real exercise of social rights have all helped to undermine the rule of law in a number of the region's countries, thereby weakening and fragmenting the legal instruments of the State and leading to poor accountability (O'Donnell, 2001). A social cohesion covenant can also contribute to the consolidation of the rule of law, which is the guarantor of governability and the best arbiter between disparate social interests, and to the creation of responsibility and accountability networks so that all agents, private and public, are held accountable by appropriate, legally established controls.

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