Social Policy in a Global Society
Parallels and Lessons from the Canada-Latin America Experience

edited by Daniel Morales-Gómez and Mario Torres A.
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A new development paradigm

Attempts to explain the causes of poverty in Latin America in the 1960s and 1970s were fuelled by the theories of imperialism and dependency. In the 1980s, the impact of the debt crisis, the reemergence of democracy, and the changes in East–West relations led to the reexamination of the place the region occupies in the world scenario. In the mid 1990s, most Latin American countries are repositioning themselves in a changing world stage while attempting to build a new model of development relevant to the region. Central to this process of adaptation is the unresolved issue of what kind of growth for what type of society countries in Latin America are pursuing in the current global development scene.

Development in Latin America in the past was viewed as being closely dependent upon centre–periphery relationships. The realization, however, that development does not move linearly on a North-to-South axis, that national boundaries are permeable, and that social and human development are not a necessary and direct outcomes of economic growth has led to question the conventional notion of what development is all about. Today, the need to rethink development is increasingly being voiced. The United Nations Development Programme (UNDP) Human Development Report states that “to address the growing challenges of human security, a new development paradigm is needed that puts people at the centre of development, regards economic growth as a means and not an end, protects the life opportunities of future generations as well as present generations, and respects the natural systems of which all life depends” (UNDP 1994, p. 4).

These issues are being raised at a time when the region finds itself immersed in a global dynamic of market-driven development that which is progressively breaking down not only economic but also ideological and
sociocultural barriers. The social and cultural identity that Latin American countries tried so jealously to protect in the past is beginning to change as these societies become part of a global political economy in which the income ratio between the richest and the poorest 20% of the population has increased from 30:1 to 60:1 in the last three decades (UNDP 1993, p. 12).

For many of the countries in the region, the post World War II period before the crisis of the 1980s was characterized by a political economy of control over resources, with the state playing a role as a strong mediator of social demands and conflict. In the 1990s, however, the situation is radically different. The global economy in which these countries must compete is structured around knowledge-intensive technology that is radically altering the structure of production, employment, and education (Freemand and Soete 1993; Wood 1994).

The state is facing multiple challenges trying to maintain its independence in managing the economy, the democratic process, and the changes in the systems supporting these nations social and cultural identities. Under these circumstances, the reform processes required to carry out these changes and build the new societies, the views about the determinant factors in place, and the extent and depth of their impact are still a matter for debate. The current development discourse seems to indicate that the relationships between developed and developing countries have entered a new phase not yet well understood, and that the underlining view of global development that is emerging has still to be examined carefully.

**Globalization as the new development context**

The world is changing at a rapid pace, and the scope and impact of change has multiple dimensions and implications that transcend geographical and cultural boundaries. Developed and developing countries alike are acknowledging this phenomenon in their attempts to deal with the complex relations of correspondence and contradiction emerging from the "new world (dis)order" (Shaw 1994). The globalization of change offers a new context in which economic, social, and human development is taking place in the 1990s. It represents not only new external pressures to which societies must adapt, but also new domestic challenges and demands to which they must respond.

Bahgat Korany indicates that globalization "is no longer one topic among many, but simply the most important one, it has finally become the way to read world dynamics and the process of world history" (Korany 1994, p. 8). Less clear, however, is the meaning of globalization, its various dimensions and expressions, and, above all, its development implications.
Globalization is still a complex, controversial, and narrowly understood phenomenon. Michael Hart claims, for example, that it involves “the rapid and pervasive diffusion around the globe of production, consumption and investment of goods, services, technology and capital. Developments in information processing, communications technology and transportation facilities have erased borders and shrunk distances, underpinning fundamental changes in business organization and technology” (Hart 1994, p. 1). In a similar vein, Petrella (1991) claims that globalization is a progression in economic integration at the cost of a reduced autonomy of the nation state. These kind of analyses portray globalization as a combined effect of trade liberalization, international flows of capital and foreign direct investment, integration of national markets, internationalization of production, increased movement of goods and services across borders, and, at the micro level, by various actions of individual firms and industries.

These views, however, do not take into account that a comprehensive understanding of globalization cannot be limited only to the interactions of economic factors and agents. It should also be viewed in light of the broader impact globalization has on the social and cultural systems, policies, and social reform processes that are instrumental in achieving human development and in generating the conditions for human security (UNDP 1994).

Although important, economic globalization is simply one aspect of a wider phenomenon. The economic expressions of globalization constitute only one of the dimensions of the global change affecting social and human development today. To ignore this makes the global changes taking place in the nature, organization, and outputs of production, trade, employment, and technology as ends in themselves rather than as means and opportunities to achieve higher standards of human development.

From a social development perspective, globalization is a complex phenomenon expressing the confluence of economic, political, social, and cultural factors interacting on a world scale thanks to expansion of knowledge, information, trade, and technology beyond geographical borders and poles of economic activity. Thus, the impacts triggered by globalization express themselves in a myriad of changes in the social, economic, cultural, and political organizations, and in the policy and governance systems of the nation states interacting in the global scale. The potential threat and the opportunities that may raise from globalization are in part outcomes of its own magic. On the one hand, what globalization brings is “a global equalization of expectations, resulting from improvements in education, global communication and transportation, which have all led to the spread and growing acceptance of such norms and values as equity, equality, and human rights -civil and political as well as economic and social”
(Kaul 1994, p. 2). On the other hand, “if prosperity is becoming globalized, so is poverty, though with much less fanfare” (UNDP 1994, p. 34).

Social reform and globalization

Although markets become the driving forces in the international economic system, domestic policy reforms, whether in the social, the environmental, or the cultural sphere, are compelled to take into account the global factors influencing their design and implementation. At a time when geographical borders are more permeable, the processes of public policymaking, and social policymaking in particular, must adapt to the new interdependencies within which national policy decisions are made today (Hirst and Thompson 1992). Changes in the global geopolitical balance, intra- and interstate conflicts, regional integration, new trade arrangements, expansion in communications, and structural economic adjustment programs have considerable impact on national social policy decisions, expectations, and behaviours.

The social policy reform processes and the social safety nets in many countries of Latin America, as well as in industrialized countries like Canada, are now more vulnerable than ever to the shifts of international factors. With globalization setting the circumstances in which social development is taking place, national and local governments can no longer ignore the global trends pressing on their borders and influencing public opinion and policy decisions when they decide what social policies they need to implement to facilitate human development and further contribute to economic growth.

Against this reality, social policies as the political outcomes of national and local decision-making processes and actions, designed and implemented in response to perceived human development needs, are increasingly becoming vulnerable to the effects of globalization. It is, therefore, crucial that emphasis is given to understanding how, through what processes, by what means, and with what degree of success social policies and social reform processes are designed, applied, and evaluated. Such an understanding may contribute to assessing the prospect for social reform in developing and developed countries that, in the 1990s, presents not only overwhelming unsolved problems but also an immense number of unexplored opportunities.

These challenges are particularly evident in the current attempts to deal with the reform of social security systems in the countries of Latin America. After a decade of political democratization, economic adjustment, and growing poverty, most countries in the region are under internal and external pressures to carry out social reforms. Domestically, this implies redefining the role of the state, establishing new frameworks for public accountability, responding more equitably
to basic needs and to the most vulnerable target groups, and securing access and quality of services. At the same time, in the international sphere, these countries must reposition themselves in an increasingly interdependent global economy, direct investments to key social sectors, and strengthen their human and institutional capacities to remain competitive. The dilemmas brought about by these various agendas are many and often highly politically sensitive.

Among developed countries, Canada also faces a similar reality (Harris 1994; NFFS 1993). Until now, the “federal social policy has mainly been a record of expenditure restraint and program restructuring. Program spending has been constrained, frozen or reduced in social housing, legal aid, unemployment insurance, health care, social assistance and post-secondary education. Fundamental changes have been made to family allowance, old age security, the unemployment insurance system and the funding of provincial transfers” (Rice and Prince 1993, p. 6). Today, the demands on the Canadian government go even further. The country is hard pressed to undertake a social security reform to build a social security system for the 21st century (Government of Canada 1994, p. 7). Domestically, the government is under enormous pressure to reform its social security system, considered the “hallmark” of the nation (Government of Canada 1994). Social security reform is perceived to be a means to achieve greater social justice, and implies revisiting the criteria for targeting social services, identifying alternative financing arrangements, reducing unemployment, improving affordability, finding a new balance between public and private social responsibility, creating opportunities through training and education, and ultimately moving from a remedial to a preventive approach to the reduction of poverty that, in the last 10 years, has suffered an alarming increase (Rice and Prince 1993, p. 30).

Internationally, Canada is also redefining its position in the political and economic landscape of the Americas. At one level, this “includes the realization of several long-standing objectives in the Americas: the enhancement of the institutions of civil society; democratization in Latin American and Caribbean governments; reduced statism; privatization of production, marketing of services; deregulation; improved market access and expanded opportunities for foreign investment in the region” (Focal 1994, p. 8). At another level, this translates into the North American Free Trade Agreement (NAFTA) agreement, new bilateral relations in trade and foreign policy; a proactive role in the Organisation of American States (OAS), and attempts to balance the dominance of the U.S. in the region (Rochlin 1994; Klepak 1993).

In Canada, as well as in most countries of Latin America, the combination of international and domestic pressures is likely to have profound effects on the ways in which these countries carry out their social reform process and ensure that
equitable human development guides economic development in the years to come. The challenge these countries face in reforming their social systems is to find the right balance between the circumstances that expand the opportunities for economic growth while enhancing human security (UNDP 1994, pp. 22–40).

Social reform and human security

Globalization is changing the way in which governments, international agencies, and civil society look at development in general and at social policies in particular. In this sense, globalization has significant and direct effects on the process of social reform by which governments, using a combination of policies and instruments, put economic development at the service of human development goals. Social reform is thus a means by which societies protect and enhance human life and dignity, the essence of human security (IDB–UNDP 1993; UNDP 1994).

Until recently, the traditional notion of security was interpreted primarily in terms of the geopolitical equilibrium of nation states in the world scenario. Its predominant dimension was political, and its main expressions were the economic and military capacity of the state to protect the integrity of its territory and its position in the world economic structure. Placing this notion of security within a human dimension of development changes this equation.

In today’s global society, the threats to security are not just affecting the nation state. They are a direct menace to the individuals and to their opportunities for achieving sustainable human development. As territorial boundaries become permeable, what those boundaries have attempted to contain under the umbrella of the nation state have become fluid.

In a global society, poverty, environmental deterioration, ethnic disparities, or the lack of political democracy, are neither problems that can be stopped or contained by national borders (Haq 1994, p. 2), nor can they be understood without considering their impact on “how people live and breathe in a society, how freely they exercise their many choices, how much access they have to the market and social opportunities — and whether they live in conflict or in peace” (UNDP 1994, p. 23).

Globalization is thus radically altering the equity, quality, and relevance of existing economic, political and social systems, and processes and opportunities that are the basis for providing human security. In this context, the efforts of governments to shield their own societies from externally sourced impacts become fruitless (Head 1993).

In the global society, social reform processes as a means to enhance human security need to reexamine the human dimension of globalization and understand
its social development implications. At least three broader development considerations must be kept in mind in such an attempt. First, as a result of globalization, public policies are more interdependent than in the past, both within and among countries. Changes in the power structures arising from transformations in production and the resulting new division of labour, changes in consumption patterns and in technology, are reaching developed and developing countries alike, deeply affecting domestic behaviours and demands.

Second, fiscal restrain worldwide is leading to drastic reductions in key programs including international aid and those traditionally part of the national welfare state. Pressing concerns from the civil societies caused by threats to existing standards of well-being, and "jobless growth" leading to unemployment and underemployment, are giving rise, primarily among industrialized countries, to growing distress about their own vulnerability and their interdependence on the fate of the less-developed regions of the world.

These phenomena reveal the need to design policies that deal with diverse issues including health, justice, employment, education and training, monetary measures, technology innovations, and social security and welfare in an integrated manner. In this regard, human security both in developed and in developing countries is becoming more dependent upon a country's capacity to adopt an integrated approach in designing its social reform processes and in finding effective means and tools to maximize resources, reach key beneficiaries, and assess impact on human development. Integration in this sense is more than introducing a social dimension or variables into economic policies. It implies rather to change the conceptualization of economic development toward a vision in which human and social development are not residual but determinant factors of policy reform. Operationally, it implies finding new forms of consultation, participation, and consensus at all levels of the policymaking process.

Third, there is a growing recognition that the accepted economic paradigm by which Western societies measure their capacities to provide conditions that favour human security is "simply an inappropriate tool to analyze and prescribe policies that will induce development" (North 1994). The implications for social reform of recognizing that neoclassical economics is insufficient to explain human behaviour and social relations are far reaching (Buarques 1993).

Although economics provides a penetrating and efficient instrument of analysis, which policy makers cannot afford to ignore, economists are beginning to acknowledge that "the fundamental goal of economic development is not economic growth, but improvement in human welfare — what we often call human development, or social development" (Birdsall 1993, p. 1). In the longer
term, this change in view is likely to have a lasting and healthy impact on the redesign of social and human security systems.

Hunsley claims that "in the future, the role of national governments may be defined increasingly in social policy terms. As the economic regulatory role becomes transnational, the essence of sovereignty may be interpreted as the ability to maintain and protect living standards, social entitlements and social relations, and to develop social capital within the national community" (Hunsley 1992, p. xiv). Although the two key dimensions of human security, i.e., survival and sustainability, remain crucial to social development, it is sustainability that is considered most threatened by today's global interdependencies.

Mahbub ul Haq argues in this regard that "nations have to rethink a new structure of security — based not on strategic alliances and balances of power but on new paradigms of human development" (Haq 1994, pp. 7–8). In his view, a new notion of human security rests on the capacity of the world to undergo four revolutionary changes: a revolution in the concept of development in which the key issue is not growth per se but its character and distribution; a revolution in the partnership between the North and the South, which is based on justice and not on charity; a revolution in global governance that must be built upon new global institutions; and a revolution in the evolution of a global, civil society that will transfer the power of development to the actions of people (Haq 1994).

State sovereignty and globalization

Although globalization may provide some countries with opportunities for economic growth, it also involves the risk of jeopardizing the efforts of others to make independent policy decisions (Ghai and Hewitt 1994). One of the risks of globalization is its instrumental role in propagating the view of a "new world order," which seeks homogenization in "good governance" (World Bank 1992), and in its name justifies the pains and gains of national policy decisions and institutional changes.

In this context, politics, politicians, and decision-makers are often held captive by the fear of adopting policies contrary to this wisdom. Issues such as environment, economic adjustment, ethnic disparities, market predominance, the dominance of technology in production, and wasteful consumption are disrobed of their ideological roots and treated as phenomena with a socially neutral rationale of their own. In the process, little attention is given to the effects of these factors on the role and sovereignty of the state and other key social institutions, and on the integrity of the family structure and traditional communities, or on the relevance of cultural values and norms in social integration and nation building.
Nowhere is this more evident than in developing countries who are moving rapidly on the road to becoming competitive in the global market. Sectors of the society in some of the fastest growing countries in Latin America, for example, are expressing increasing concern about the model of society that is being pursued in the poststructural adjustment era. Although these countries witness accelerated economic growth without social equity, their states are unable to define fully the scope they have to undertake social, economic, and political reforms.

Thus, the same globalization discourse that offers more and better opportunities for growth and modernization in the global society, also propagates a correct and aseptic vision of the world that makes the dialectics of correspondence and contradiction affecting the role of the state in social change unacceptable. It is not unusual, for example, to find that the difficulties the state faces in many developing countries to undertake social reform are often explained as the outcome of poor governance, corruption, lack of public accountability mechanisms, and reluctance to adopt prescribed alternatives to increase overall economic efficiency. Although this bears some truth, it is a partial view of the problems most developing countries encounter in implementing reform processes.

In examining the role of the state in social reform in the context of globalization, it is important to consider that the new forms of interdependencies among countries may easily result in greater social vulnerabilities of the weakest in terms of state autonomy. Because globalization is taking “important aspects of decision-making out of the hands of nation states and there is a growing number of global development problems which require global policy responses” (Kaul 1994, p. 7), the demands for change in the decision-making structures of governments is occurring at a pace faster than state and social institutions can respond and adapt (Kirdar 1994).

The basic trends characterizing today’s global society, in which the market is a predominant principle of development and good governance and in which the state suffers from a progressive deterioration of its social role, are important factors in explaining the conditions for reform that the most vulnerable countries of Latin America must face in the 1990s. The dominant ideology of the market is based on the utopian notion that societies, both national and global, can be managed in accordance with the demands of market rationality. Allowing the market to become the central consideration, however, not only in economic but in public policies, relegates key ethical development issues to second place, which underlines the accountability for social and human development (Goodin 1993). Economics as a determinant of the means becomes separated from social ethics as a determinant of the ends (Hausman and McPherson 1993, pp. 672–679). This assumes that the “rest” (i.e., the social, political and cultural realms) adjust to the
changes ordered by the market (Amin 1993, p. 16). But from a social development perspective, the behaviour of economic agents and the outcomes of such behaviours must be guided by collectively shared principles of morality.

The often lack of attention to these principles, leads to economic policy outcomes and their consequences as being seen as the natural result of a purely technical or scientific rationale. Similarly, the interlink between economic and social policies is often made on the basis of assumptions about what development and society are all about, which often go unchallenged on their moral grounds (Hausman and McPherson 1993, p. 673).

Central to the social role of the state in Latin America is its autonomous capacity to restore confidence in the management of public finances, the control of public social spending, and the improvement of its role as political mediator. All these elements are essential to prevent globalization from resulting in increased social deterioration and in the relegation of social sector demands to a secondary status. The issue is how to protect the state autonomy in its promotional, regulatory, and normative functions in social reform processes. This implies, for example, finding ways of ensuring effective integration of economic and social policies, reducing intersectoral duplication, transferring social sector responsibilities to the civil society, and reaching consensus in the identification of social reform priorities.

**Latin America in the global society**

The integration of Latin America in the global society is likely to have many potential impacts on the development capacity of these countries and on their ability to undertake social reforms over the medium and longer term. Some of these dimensions are discussed in the following.

First, and as mentioned earlier, countries in Latin America could witness the progressive deterioration of the state’s capacity to manage public policies as a price for playing a more dynamic role in the global society. Economic liberalization, which is a key feature of the region’s integration in the global society, unleashes "fierce competition nationally and internationally. While this has often led to gains in static efficiency in resources use, in the short to medium run at least, it has also driven down wages and contributed to increases in unemployment, poverty and inequalities, and thus to accentuation of economic insecurity" (Ghai and Hewitt 1994, p. 4).

Under such conditions, governments may have little option but to redirect their public investments to areas that may have greater economic return over the short term. In the meantime, official sector investments, which are often longer term in their contribution to accelerated growth, will become less politically easy
to justify as a priority. At the individual level, this may translate into further inequalities and added pressures on those sectors already disadvantaged. In some countries, where the larger part of the population lives below the official poverty line or in indigence, the impact on the individual may reach dramatic proportions.

A second dimension of potential impact of the region's integration into the global society may be the changes in existing social policy models characterized by a strong state intervention. Traditionally, basic services, such as education and health, were highly centralized and provided free or under heavy subsidy from the state. Labour legislation was often of a protectionist nature and social security systems sheltered those involved in the labour market. The emerging social policy model in the 1990s favours localized policies and programs seeking greater efficiency and lower costs. The primary concern of the state in social policy is the recovery of fiscal balance, the identification of alternative sources of financing for social programs, and the experimentation with various forms of decentralization and privatization.

Under this new scheme, the state as an instrument through which society ensures the well-being of its members is becoming a feature of the past "as universalism is replaced by a residualist emphasis on targeting public assistance only towards the neediest, while leaving the provision of general social services more frequently to the private sector" (Ghai and Hewitt 1994, p. 18). In a scenario of constrained resources, governments are likely to rely on the private delivery of social services, on the effectiveness of new targeting policies, and on the hopes of cost-recovery measures. The extent to which these types of measures are effective for establishing and managing social development strategies in a globalized environment is yet to be determined. Perhaps a review of lessons learned by countries that have attempted to harmonize and balance international pressures and domestic needs to formulate more cost-effective and economically sustainable social policies would help to unravel this puzzle.

A third dimension of impact of the global society in the region is on forcing ideological borders to become elastic. As the region becomes more affected by globalization, even the most rigid political sectors of the Latin American societies seek ways to make a smooth transition from the old goals of revolution to the new objectives of reform. Both geographical and political boundaries are opening to external influences and economic agreements, which are no longer perceived to encompass threats but rather to open new windows of opportunities. Perceptions of what is required to survive in the international arena are moving from positions of defense and rejection of external ideas, to flexible adaptation and compromise. An example of these changes is reported by Abe Lowenthal commenting on a conference on "Alternatives in Latin America." He
observed that "the most striking point of consensus was the importance of economic growth and the futility of nationalism and class conflict." This was best expressed by one of the senior leaders of Chile's Socialist Party: "we must build a house with two storeys. The second storey should involve social programmes, but the ground floor must include sound macro-economic principles" (Lowenthal 1993a).

A fourth dimension of impact is likely to translate into new pressures on the range of policy options available to governments in the region as a result of two factors. First, as countries in Latin America interact more closely with the industrialized world, developed-country governments and international agencies will emphasize the need to take further corrective steps to deal with fiscal restraint, environmental degradation, overpopulation, political corruption, and lack of democracy. These demands can easily become new principles of conditionality. Second, the rapidly growing recognition of the importance of investing in human development among key financial institutions and donors is resulting in a rise in the flow of loans for social sector investment of unprecedented magnitude, which risks opening a new area of indebtedness.

A fifth area of impact, and perhaps the one with the longer term and deeper effects, is the changing attitudes and behaviours in many societies in the region about how people perceive development should be as a result of becoming part of the global society. By accepting the ideology of the market as the driving force of development, attitudes among vast sectors of the population are beginning to change. Over time, the bluster of economic adjustment and liberalization has been instrumental in making these sectors see new hopes in the future development of their societies. Adjustment policies, for example, have been predicated on their contribution to reducing inflation, promoting state reform, encouraging deregulation, and creating a favourable environment for increased investments that will lead to sustained economic growth (Munck 1994, p. 92).

In such a context, increased suffering and delayed benefits have been presented merely as a "short-term pain," claiming that "no matter how bad things get, ... things would have been even worse otherwise" (Bienefeld 1994, p. 32). In addition, the spread of communications resulting from globalization has also contributed to create a sense of participation in a reality of virtual progress in which the dreams of consumption and modernization are possible (Barnet and Cavanagh 1994).

The longer term downside of this attitude of acceptance and increased hopes is the difficulties most countries will face in meeting the expectations created by the integration into the global society. Until now, in most cases, economic growth has been difficult to achieve and even more difficult to sustain.
In the few successful examples, such as Argentina and Chile, the sociopolitical conditions before and during the introduction of adjustment policies have been the key factors of success. Under current circumstances, the hopes of longer term gains often lead domestic policy developments to be used to accommodate international pressures rather than to respond to people's needs. The greatest risk in this fifth dimension of impact is to find down the road that those at the bottom of the pyramid of wealth demand to see the benefits from the new relations of global interdependency and demand their share in the opportunities for competitiveness, progress, and long-term prosperity.

The balancing act performed by the region in its efforts to become part of the global society is one that still requires carefully analysis. Latin America is engaged in “a process of growing economic interdependence at the regional level, promoted both by preferential integration agreements and by other policies of liberalization and deregulation, geared towards enhancing the competitiveness of the countries of the region and, in so far as possible, constituting the building blocks for a more open and transparent international economy” (ECLAC 1994). At the same time, several Latin American countries are putting in motion processes of social reform that, at least in theory, aim to involve all sectors of society in the growth process. The challenges these countries face rest in their capacities to implement reforms that will allow them to operate in a global society while maintaining control over the operations of the market, preserving national autonomy, and protecting social equity.

**A social development agenda in the making**

There are several indications that the new social development agenda that forms the basis on which developed and developing countries will enter the 21st century is still in the making. Under the current context of globalization, most countries are beginning to recognize that their systems of social support are in a state of profound crisis, and that the renewal of their social policies is of utmost importance (Ghay and Hewitt 1994). They are beginning to reshape the nature, structure, and scope of their social security systems and the roles of key social sectors, including health, education, welfare, and employment. Evidence from Europe and North and South America shows a shift in focus of traditional welfare systems from entitlements to employment and human resources development targeted to the most vulnerable groups, including women, children, and the urban poor. This brings about major changes in the patterns of resources allocation, in the magnitude of social programs, and in the mechanisms of delivery. It also alters the traditional safety nets at the national, the community, and the family levels.
International attempts, such as the World Summit for Social Development, reflect efforts to set common grounds for social policy reform processes. Among others, the Summit aims to influence governments to “recognize a set of ethics and values to guide international and domestic social compacts that promote a more humane world,” including “commitment to human rights, gender equity, an end to all forms of discrimination, the enhancement of environment, and the eradication of poverty” (Johnston and Melcher 1994, p. 12).

In Latin America, the emphasis on social reform has come after a period of regional growth stimulated by economic reforms that have not led to more equal distribution of wealth. The explosive potential of unmet social demands has led institutions such as the Interamerican Development Bank (IDB) and the World Bank to introduce more explicitly the notion of social development in their aid strategies and to target social lending as one of their priorities (The Economist, “Latin America: More for More,” April 1994, pp. 48–49). At a recent policy debate in Punta del Este, for example, the IDB agreed to increase “lending to ‘social policies’ (health, education, small-scale agriculture, etc.) up to 50% of all disbursement (from the present 28%)” (Bissio 1993, p. 14). The extent to which these concerns and the massive social investment that may follow can pave the way for new development conditionalities or, even worse, a new source of indebtedness is something that merits careful monitoring.

The issue of social reform is beginning to appear at the top of the agenda of many countries in Latin America. After emerging from a deep crisis, however, some will argue that the new face of adjustment confronting the region is to make the transition from closed to open economies while improving the conditions for human and social development. This is indeed a challenge. Sound, just, and comprehensive social policies and programs are difficult to achieve in societies driven by neoliberal economic reforms. The hard circumstances under which the new social development agenda is evolving in Latin America, however, are not only the outcome of economic liberalization or globalization. Poverty in the region is not a creation of the 1980s; it has coexisted with modernization for decades.

In the 1970s, 26% of urban families lived in poverty. By the end of the 1980s, the urban poor reached 57% of the population — a sharp increase from 37% in the 1970s. In the 1980s, per capita income fell about 10%, a quarter of the population earned less than US$2 a day, and more than 10 million children suffered from malnutrition (Preston 1993). By the end of the 1980s, 37% of Latin American families lived in poverty, and 17% were considered to be living in indigence. In urban areas, these percentages were 31% and 12%, respectively, in rural areas they reached 54% and 31%.
The "lost decade" of the 1980s, in which Latin America registered record negative growth for 5 years and transferred outside more capital that it received in the same period, has still to show the full dimensions of its impact. This, despite the fact that the flow of private capital entering Latin America in 1991 was more than twice that of 1990, that new foreign investment in 1991 increased by more than 150%, and that six of the fastest growing stock markets were in the region (Lowenthal 1993b, p. 75). Although market liberalization is escorted by improvements in macroeconomic indicators and a resurgence of democracy, the human development and social costs of the crisis have still to be dealt with.

Despite the voices of optimism, economic recovery in the region is fragile and has yet to allow most countries to regain the levels of per capita gross national product (GNP) reached in 1980. Latin America still remains the region with the widest inequalities in income distribution where the poorest 20% of the population shares only 4% of the gross domestic product (GDP) (Hicks 1993, p. 1). Nora Lusting from the Brooking Institution indicates in this regard that the worsening income distribution in Latin America aggravates a long present tendency. In the 1970s, for example, the share of income for the lowest 40 percent ... was equal to 10.1 percent as compared to 14.8 percent in Southeast and East Asian countries. The share of income of the highest 10 percent was 40.1 percent and 34.1 percent, respectively. Of all developing regions of the world, the share of income of the bottom 20 percent was lowest in Latin America where it equalled 2.9 percent compared to 6.2 percent in Sub-Saharan Africa, 5.3 percent in the Middle East and North Africa, 6.3 percent in East Asia and Pacific, 7.0 percent in South Asia and 5.0 percent in South Europe. (Lusting 1994, pp. 3–4)

Under these conditions, one of the challenges countries in the region face is to bring social and human development to the centre of their economic development agenda. This, however, is easier said than done.

Governments must implement integrated social and economic policies that afford the social costs of economic liberalization, distribute equitably the costs and benefits of the newly found economic recovery, and address social development needs in a sustainable manner while responding to current domestic demands. Social reform, however, remains a largely unexplored territory (IDB 1993). Social policies in the region remain sectoral in nature and heavily geared toward remedial rather than preventive goals, separated from the overall development policies. The absence of a new development model that places social and economic policies within the same strategic framework remains one of the main obstacles to achieving effective social reform.
The formulas for achieving social and human development goals are many and are applied quite differently across the region. One option for making social reforms viable is the restructuring of the tax systems to sustain social programs. Compared to industrialized countries that collect up to 24% of GDP through tax collection, Latin American countries barely reach 14%, one percent below the average for all developing countries and 5% below middle-income countries. Under such conditions, the prospects for implementing successful social reforms are slim. Other options are closely linked to economic reform packages that have been applied in the region, including the Baker Plan, the Brandy Plan, and the Washington Consensus (Latin American Special Report 1993).

The degree of success of social reform under these type of formulas has been poor. What has been apparent is the track of inequality that has persisted in the region. In the 1980s, 30% of the population lived in poverty and the long-term urban social debt represented more than a fifth of the regional GDP. By the end of the 1980s, close to 27% of all output was required to eradicate the social debt. In light of this, it is likely that, "during the nineties, the whole region should face an even larger distribution problem than in the immediate past. This includes countries that in the second half of the eighties managed substantial advances towards productive transformation and the reduction of social costs" (PREALC 1993). This is reaffirmed by the most recent estimates that placed "the percentage of the population living in poverty in the region in 1990 at 46%, which was an increase over the 43% level recorded midway through the preceding decade. Between 1980 and 1990 the total number of poor people in Latin America rose by 60 million, thereby wiping out the progress made in the 1970s" (ECLAC 1994).

To argue that the deterioration of the overall social well-being in the region was the result of a combination of internal factors, associated with state inefficiency, corruption, lack of democracy, or even externally imposed economic adjustment programs, is to consider only part of the picture. Historically, the region’s development was built on a weak foundation in which economic and political dependency, together with deeply entrenched class inequalities, provided fertile grounds for transnational political and economic trends of the 1980s. The world recession, changes in financial and commodity markets, and the "monopolization" of economic and political development characterizing the mid 1990s found favourable conditions in most Latin American countries.

The making of a social development agenda for the 1990s and beyond may represent greater challenges than those originally thought. The global society is indeed opening an unchartered territory that governments in the region must navigate in reforming their social policy systems. It is of primary importance to
INTRODUCTION

broaden the discussion on the constrains and opportunities ahead. The discussions that follow are a step in that direction.

Social policy debate in Canada and Latin America

In view of growing concerns about the nature and new directions of social development in the 1990s and beyond, the International Development Research Centre (IDRC) has supported the development of a network of Latin American researchers and research institutions to identify the new challenges of social reform in the region. The aim of this activity has been to strengthen social policy research and to develop further individual and institutional capacities for policy analysis and advice.

During this period, researchers from institutions in Argentina, Brazil, Chile, Colombia, Mexico, Peru, and Uruguay were brought together to study the processes of social policy development in the region and to identify a comprehensive research agenda on social policy. The issues addressed cover a wide range of areas. The development of social policy was examined in terms of existing frameworks for social policymaking using an intersectoral approach. The requirements to strengthening capacities for policy analysis were discussed from the perspective of the needs for human resources development and training. The urgent need to develop information mechanisms that feed more effectively into the policymaking process were studied. The need to identify and develop cost-effective methods for evaluating social policy impact and effectiveness were examined. As well, the need to develop and coordinate institutional capacities for providing policy advice for decision-making was explored.

The results of the work by the Latin American researchers were presented at the workshop on "Social Policy in a Global Society," organized by the Social Policy Program of the Social Sciences Division of IDRC, held in Ottawa, Canada, between 26 and 28 October 1994. This event offered a unique opportunity to bring together Latin American and Canadian researchers and policymakers to share views and experiences and to identify issues of common interest related to social development, social reform, and social policy.

Participants at the workshop included researchers, policymakers, government officials, academics, and representatives from various donor agencies from Latin American, Canada, and the U.S. Researchers from East and West Africa, and from Southeast Asia, working on IDRC-supported research were also invited to participate and to share their experiences in social policy research in their respective regions.

The purpose of this book is to examine the options countries like Canada and those in Latin America face when establishing and managing social
development strategies in a globalized environment. The various chapters of this book review a range of current trends and lessons learned in social policy development in Latin America and Canada and discuss the potential impact of globalization on social policy reform and on social development in these countries. Specifically, the book identifies and examines social policy issues of common interest to researchers, practitioners, and policymakers and contributes to improve the understanding of the role of social policy reform in Canadian and Latin American social development. The chapters reflect both the ongoing debates on social reform in Canada and in Latin America, particularly in relation to the directions, processes, and implications on social policies of globalization, and the need to identify key issues for more integrated and comprehensive policy research and analysis.

The articles contained in the following chapters, presented in two parts, portray the background papers submitted for the workshop. Part I, Social Policy Reform in Canada, presents three papers that examine the effects of globalization on the current social policy debate from the perspective of industrialized countries. Part II, Social Policy in Latin America, comprises four papers representing the work carried out by the Regional Latin American Network on Social Policy. It addresses the social policy scenario in Latin America from the point of view of the research, information, training, and policy advice issues that are emerging in the region.

In the first chapter, Keith Banting presents a comprehensive overview of the social policy challenges brought about by economic globalization and economic restructuring forces in Western nations that pull the welfare state in contradictory directions. In particular, he examines the nature of economic globalization in the Organization for Economic Cooperation and Development (OECD) countries and its effects on social needs and social protection programs, focusing on issues of unemployment and inequality. The discussion on the new challenges regarding the scope and design of social protection programs and the various domestic responses of Western countries is framed by the examination of the contemporary ideological debate about the implications of globalization. His analysis concludes that domestic and international policies are inseparable and that the future of social protection must be understood in a global context.

Peter Hicks, in the second chapter, addresses the complex issue of developing effective social policy agendas in an environment of constrained resources that governments face today. Using the recent experience of Canada in developing a social policy reform agenda, Hicks examines the potential for social policy reform as a means for strengthening a country’s capacity to sustain social protection over the long term while responding to the prerequisites of fiscal
balance and competing social demands. He analyzes and discusses both the specific options for social policy reform currently under consideration in Canada and the possibilities that may exist across social policy discussions around the world to find issues of common concern. The chapter concludes by examining how flexible and well-informed social policies can better support a country's competitiveness and provide security through the development of sound human resources development strategies that address social and economic objectives simultaneously.

The third chapter examines social policy reform in Canada in the context of globalization and regional economic integration, particularly the Canada–U.S. and NAFTA. In this chapter, Albert Berry discusses the Canadian case, identifying commonalities with social policy reform processes in other industrialized countries and its implications for countries in Latin America and the Caribbean. Berry raises a series of critical points in his analysis, including the greater international influence on fiscal, taxation and industrial policy, the centrality of the crisis of the welfare state and its effects on social policies, the crisis of Canada's socialist left in adjusting to an era of fiscal constraint and the global economy, the lack of flexibility of welfare institutions to achieve social policy improvements without spending increases, and the need to integrate economic and noneconomic data on lessons learned (Hunsley 1994).

In the fourth chapter, Carlos Filgueira and Mario Lombardi review the current social policy situation in Latin America and the major challenges faced by countries in the region. This chapter presents a synthesis of the critical social policy debate in Latin America based on a series of comparative national studies carried out between 1992 and 1993 as part of the activities of the Latin American Network. Filgueira and Lombardi highlight both the heterogeneity of the social policy debate across the countries studied as well as the existence of a core of common issues and concerns that require further analysis. The review characterizes the social policy debate across the region as lacking a systematic accumulation of research results. It also points out the lack of a comprehensive conceptual framework to examine social and economic policies from an integrated perspective. It concludes by suggesting that there is an urgent need to undertake strategic analyses of social policies in light of the new model of society that countries in the region are attempting to build in the context of globalization and a new development model not yet well defined (Raczynski 1994).

In the fifth chapter, Fay Durrant examines the role of information technology in the process of social policymaking, reflecting the results of a series of consultations among specialists in Latin America. The chapter raises fundamental questions about the information requirements of social policymaking
in environments where policy demands and information technology are rapidly changing. Durrant looks at questions such as: who are the intended beneficiaries of social policy information, for what purposes is it generated, and how social policy information can be made most accessible and useful to its potential users. She emphasizes the importance of understanding the use of information and of involving the users in developing and piloting information systems and stresses the need to develop “information literacy” skills, making use of available technology to improve access to information and ease of delivery (Wilson 1994).

The sixth chapter discusses the changing requirements that current social policy reform processes in Latin America present in terms of training the new generations of social policymakers, analysts, and practitioners. In this chapter, Raúl Urzúa looks at the educational challenges and training implications of the current evolution of social policies in the context of market-oriented economies and attempts to reduce poverty. He argues that there is a need to review the role, content, and objectives of the existing academic and training programs in the region and the ways in which they can better respond to the human resources development needs of the various actors involved in the social policymaking processes at the levels of governments and the civil society. The chapter concludes by suggesting a multitargeted approach requiring coordination between universities, government departments, and nongovernmental organizations, and the integration of research, information, and training.

In the seventh chapter, Javier Abugattas and Jorge Chateau explore the implications of integrated policy advice as a means to strengthen the links between research and policymaking processes in social policies. The authors argue that this is a field that remains relatively unexplored as a systematic effort to make research more policy oriented and to make policies more research based. Social policy advice, in their view, could become an effective interactive process and support mechanism for the integration of research results into actual decision-making processes. The authors conclude by stating that there are significant challenges in rethinking the ways and the means by which societies generate and use knowledge for policy purposes.

In the last chapter, Mario Torres outlines the main implications for a comprehensive social policy research agenda for the 1990s and beyond as suggested throughout the book. From an integrated and comparative perspective, he presents a synthesis of the main issues for social policy research and their relationships to changes in information and training that are required to improve the ways in which social policies are designed, implemented, and evaluated in Latin America as it increasingly becomes an integral part of the global society.
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