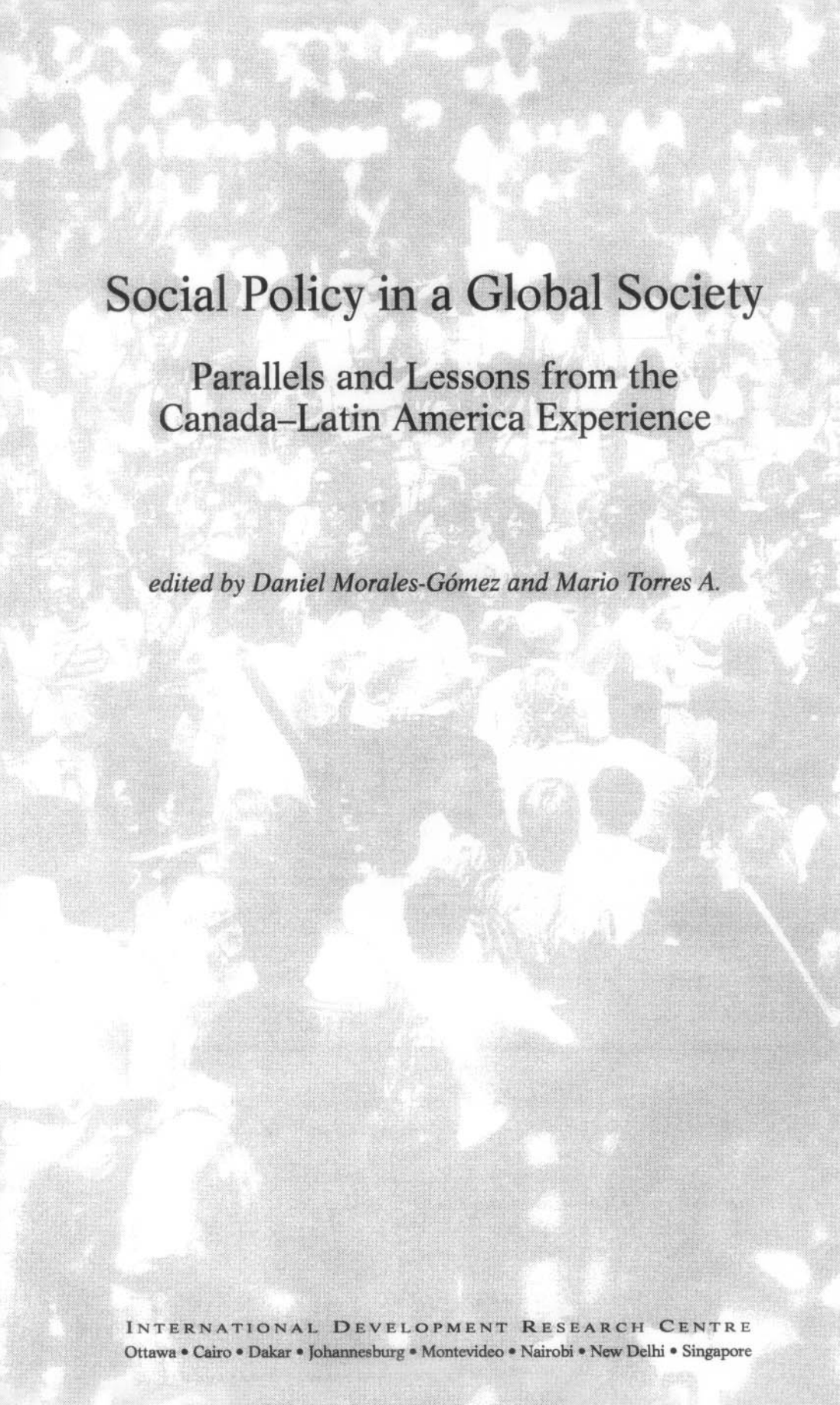

Social Policy in a Global Society

Parallels and Lessons from the
Canada-Latin America Experience



edited by Daniel Morales-Gómez and Mario Torres A.



Social Policy in a Global Society

Parallels and Lessons from the Canada–Latin America Experience

edited by Daniel Morales-Gómez and Mario Torres A.

INTERNATIONAL DEVELOPMENT RESEARCH CENTRE
Ottawa • Cairo • Dakar • Johannesburg • Montevideo • Nairobi • New Delhi • Singapore

Published by the International Development Research Centre
PO Box 8500, Ottawa, ON, Canada K1G 3H9

February 1995

Morales-Gómez, D.A.
Torres A., M.
IDRC, Ottawa, ON CA

Social policy in a global society : parallels and lessons from the Canada-Latin America experience. Ottawa, ON, IDRC, 1995. 250 p.

/Social policy/, /social development/, /social reform/, /Canada/, /Latin America/ — /Caribbean/, /policy making/, /economic resources/, /human resources/, /regional integration/, /social research/, /information technology/, /training/, /integrated development/, /comparative analysis/, /conference reports/, references.

UDC: 304 (71:8)

ISBN 0-88936-761-2

A microfiche edition is available.

Unless otherwise stated, copyright for material in this report is held by the authors. Mention of a proprietary name does not constitute endorsement of the product and is given only for information.

Our catalogue may be consulted online.

Gopher: gopher.idrc.ca

World Wide Web: <http://www.idrc.ca>

This book may be consulted online at <http://www.idrc.ca/books/focus.html>

CONTENTS

Foreword	v
Acknowledgments	ix
Introduction: Development and Social Reform in the Context of Globalization	
— <i>Daniel Morales-Gómez</i>	1

Part I. Social Policy Reform in Canada

Social Policy Challenges in a Global Society	
— <i>Keith Banting</i>	27
Establishing an Effective Social Policy Agenda with Constrained Resources	
— <i>Peter Hicks</i>	55
Social Policy Reform in Canada Under Regional Economic Integration	
— <i>Albert Berry</i>	73

Part II. Social Policy in Latin America 101

Social Policy in Latin America — <i>Carlos Filgueira and Mario Lombardi</i>	107
Role of Information in Social Policymaking: Latin America and the Caribbean	
— <i>Fay Durrant</i>	143
Training Requirements for Social Policy Making: Latin America	
— <i>Raúl Urzúa</i>	167
Role of Integrated Social Policy Advice	
— <i>Javier Abugattás and Jorge Chateau</i>	191

Conclusions
— *Mario Torres A.* 205

Appendix 1. Contributors 223

Appendix 2. Participants 229

Appendix 3. Acronyms and Abbreviations 235

FOREWORD

Over the last decade, most countries, both industrialized and developing, have adopted economic growth as their overriding objective and competitiveness as their slogan. Social policy to ensure that equitable human development accompanies economic development has had to take second place to economic policy. The results are leading many people to rethink this strategy. When the increasing inequality in earned income, which has characterized the Organization for Economic Cooperation and Development (OECD) countries over the decade, is not corrected, it saps social cohesion and ultimately undermines competitiveness itself. This appears to be happening in the United States and in the United Kingdom. The majority of European Union members see it as a serious threat, as do many of the developing countries. In fact, the situation is even more worrying for countries facing an unravelling of their social safety net even before it was able to provide universal coverage.

It is difficult, however, to reverse the trend and to adopt and maintain an appropriate social policy in a global society, as both the industrial and the middle-income developing countries are realizing. (Even to formulate a comprehensive social policy is a challenge for the less-developed countries.) Globalization limits some social policy options and threatens others.

Continual industrial restructuring to respond to the demands of the world market makes it harder for governments to shelter their citizens from unemployment and more expensive to provide them with a social safety net. At the same time, each country's tax system is being compared with that of its competitors. A poorly designed and badly administered tax system will not generate the revenue required. Raising personal, corporate, or payroll taxes higher than in competing countries may lead talented individuals and wealth-generating corporations to move away.

Globalization also limits social policy options by disseminating expectations and behaviours, many of them originating in the U.S., worldwide. These influence what people expect in terms of standards of living, often leading to disappointment and resentment, and change their behaviour in ways that make new demands on social policy. Urbanization and the narrowing of the basic social unit from the extended to the nuclear family and even to the single individual are

examples. Child care, support for the elderly, and managing the transition from school to employment are some of the responsibilities that are being transferred from the private to the public sphere in the industrialized countries. A similar transfer is starting to take place in the developing countries.

At the same time, the globalization of behaviour patterns and expectations provides new opportunities for social policy reform. The growing acceptance of family planning, the recognition of the role of nongovernmental organizations (NGOs) in formulating needs, finding solutions and delivering services, the increased respect for indigenous peoples, and the stronger demands for governments and bureaucracies to be accountable are all promising examples.

As the role of the state changes because of changed expectations, tighter constraints on revenue raising, and the encroachment of international forces, both public and private, its options are also changing. So are its potential partners. How can it continue to mediate between national and international pressures? Where is its "policy space" and how can it best use it? How can it widen its partnerships and work better with civil society?

The International Development Research Centre (IDRC) held a workshop in October 1994 focusing on "Social Policy in a Global Society" to explore these and related questions. It brought together Canadian and Latin American scholars and practitioners. They discovered that they have more in common than they expected. Canada and the major Latin American countries are having to rethink their national social policy systems at the end of the 20th century.

The ways in which these systems evolve will have a major impact on their respective societies in the next century. Many of the workshop participants see their countries as in between Europe and the United States on the social policy spectrum. Deciding where they want to be on this spectrum in the 21st century and identifying the policies to take them there is a major challenge for Canadians and Latin Americans. This rethinking of social policy coincides with growing economic integration in the Western Hemisphere. This will encourage and reinforce the links made during the workshop. IDRC looks forward to further exchanges and greater collaboration between the two groups.

IDRC has already supported joint Canadian-Latin American research on the transition from school to work. Maximizing opportunities for gainful and stable employment is a priority for social as for economic policy. Indeed, education and training are key links between the social and economic spheres. With competitiveness increasingly dependent on the acquisition and mobilization of knowledge, economic growth and development depend on the availability of "knowledge workers." At the same time, illiterate or semiliterate individuals will be increasingly marginalized in the global economy. They will become

permanently dependent on welfare payments or, if these are unavailable, live in poverty. An increasing gap between the expectations of different groups within a society threatens its cohesion and viability as well as causing individual suffering and hardship.

Canada has recently recognized the interdependence of social and economic policies by bringing its training, employment and income support policies (previously implemented by three different federal departments) under one roof: Human Resource Development, Canada (HRDC). IDRC was glad that HRDC participated actively in the workshop, providing both a speaker and a discussant. The publication of this volume is jointly financed by HRDC and IDRC and we look forward to other opportunities to collaborate with the Department on issues of common concern.

In closing, I remind readers that the United Nations has recognized the intersection of the social and economic spheres as the key to sustainable human development. In the 1990s, the U.N. is holding a series of world summits on human development issues: World Summit for Children (1990), United Nations Conference on Environment and Development, UNCED (1992), Human Rights (1993), Population and Development (1994), Social Development (1995), and Women and Development (1995). Taken together, we hope that they will redress the imbalance between social and economic development priorities.

The World Summit on Social Development, to be held in Copenhagen in March 1995, focuses on three issues: poverty alleviation, gainful employment, and social integration. They can only be tackled successfully by combining social and economic policies. The participants at the October 1994 workshop have begun to make an important contribution to this task and will continue to pursue it together.

Caroline Pestieau

Director General

Social Sciences Division, IDRC

This page intentionally left blank

ACKNOWLEDGMENTS

In view of the new challenges of social development in the 1990s, over the last 2 years, the International Development Research Centre (IDRC) has supported the development of a network of Latin American researchers to examine the processes of social reform in the region. The aim was to facilitate the strengthening of social policy research and to further the development of individual and institutional capacities for policy analysis and advice. Researchers from institutions in Argentina, Brazil, Chile, Colombia, Mexico, Peru, and Uruguay got together to identify a comprehensive research agenda on social policy from an intersectoral approach.

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

This book contains the papers presented at this workshop. It is the outcome of the combined effort of many people in Latin America and Canada, to whom we owe our sincere gratitude.

We would like to thank all the authors for sharing their experiences, expertise, and insights, as well as extending a word of thanks to all the participants for helping make the workshop a success. Our genuine appreciation and gratitude is given to all the members of the Latin American Network for investing their time and expertise in the project.

Special thanks are also given to those participants who reviewed and commented on the original papers and to those who stimulated the debate during the workshop: Javier Abugattás, Rolando Bahamonde, Keith Bezanson, Michael Cohen, Peter Hakim, Martha Luz Henao, Terrance Hunsley, André Jacob, Patrick Johnston, Jonathan Kesselman, Andrés Pérez, Caroline Pestieau, Alicia Pfund, Dagmar Raczynski, Gustavo Verduzco, Carlos Vergara, Cynthia Williams, and Maureen Wilson.

The workshop was a direct result of the hard work and expert assistance of several IDRC staff in Ottawa: Carmen Du Bois, H  lene Mongeon, Lise Saksangua, and Karen Tr  bert. Several weeks of dedicated effort by Veronica Suarez and Martha Melesse, who took care of the logistics and multiple details in the organization of the workshop, contributed to the success of the event. Our thanks also go to Darlene Tymo, who participated, at an earlier stage, in the preparation of the meeting.

In our regional office for Latin America and the Caribbean in Montevideo, Mar  a Dolores Monge, Jorge Papadopulos, Anthony D. Tillet, Rosina Saavedra, and Alicia Sande provided valuable assistance to bridge the geographical distance between Canadians and Latin Americans during the weeks preceding the workshop. Special thanks is extended to our colleagues in the Social Policy Program: Denise Deby, Anne Bernard, Jean-Michel Labatut, and Necla Tschirgi for their support and participation.

We are particularly grateful to Katherine M. Kealey, from International Publication Production, who assisted us with her expertise in putting this volume together. Finally, we would like to acknowledge the financial contribution of Human Resources Development Canada, which assisted IDRC in the publication of this book.

To all, we owe our gratitude. The final responsibility for the this book, however, is ours.

Daniel A. Morales-G  mez
Ottawa, Canada

Mario Torres A.
Montevideo, Uruguay

INTRODUCTION: DEVELOPMENT AND SOCIAL REFORM IN THE CONTEXT OF GLOBALIZATION

Daniel A. Morales-Gómez

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 (Freemant 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 restraint 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 than 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 uncharted territory that governments in the region must navigate in reforming their social policy systems. It is of primary importance to

broaden the discussion on the constraints 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 America, 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 Abugáttas 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.

References

- Amin, S. 1993. South letter. United Nations Research Institute for Social Development (UNRIDS), Geneva, Switzerland, (Spring/Summer, 1993). Published by the South Centre, no. 17.
- Barnet, R.; Cavanagh, J. 1994. *Global dreams: Imperial corporations and the new world order*. Simon and Schuster, New York, NY, USA.
- Bienefeld, M. 1994. The new world order: Echoes of a new imperialism. *Third World Quarterly*, 15(1), 31–48.
- Birdsall, N. 1993. Social development is economic development. The World Bank, Washington, D.C., WA, USA. Working Papers (March) HROWP 1.
- Bissio, R. 1993. IDB to focus on poverty, environment and private sector. *Third World Economics*, (16–31 July).
- Buarque, C. 1993. *The end of economics? Ethics and the disorder of progress*. Zed Books Ltd, London, UK.
- ECLAC/CEPAL (Economic Commission for Latin America and the Caribbean). 1994. Open regionalism. *CEPAL News*, XIV(5), May.
- 1994. Poverty in Latin America. *CEPAL News*, XIV(8), August.
- Freeman, C.; Soete, L. 1993. *Information technology and employment*. London, UK. (December).
- Ghai, D.; Hewitt, C. 1994. *Globalization and social integration: Patterns and processes*. United Nations Research Institute for Social Development (UNRISD), Geneva. Occasional Paper, World Summit for Social Development, 1(July).
- Goodin, R.E. 1993. Moral atrophy in the welfare state. *Policy Science*, (26), 63–78.
- Government of Canada. 1994. *Agenda: Jobs and growth. Improving social security in Canada*. Human Resources Development Canada, Ottawa, ON, Canada. Discussion Paper (October).
- Head, I.L. 1991. *On a hinge of history. The mutual vulnerability of South and North*. University of Toronto Press and the International Development Research Centre (IDRC), Ottawa, ON, Canada.
- 1993. What kind of world do we live in? National Defense College, Kingston, ON, Canada. Distinguished Lecture, (September).

- Haq, Mahbub ul. 1994. New imperatives of human security. Roundtable on global change. United Nations Development Programme (UNDP), Stockholm, Sweden, Social Conflict or Harmony? (22–24 July).
- Harris, R.G.; Richards, J.; Brown, D.M.; McCallum, J. 1994. Paying our way: The welfare state in hard times. C.D. Howe Institute, Toronto, ON, Canada.
- Hausman, D.H.; McPherson, M.S. 1993. Taking ethics seriously: Economics and contemporary moral philosophy. *Journal of Economic Literature*, 31(June), 671–731.
- Hicks, N.L. 1993. Poverty, social sector development and the role of the World Bank. Human Resources Development and Operations Policy, Washington, D.C., WA, USA. The World Bank, (May).
- Hirst, P.; Thompson, G. 1992. The problems of 'globalization': International economic relations, national economic management and the formation of trading blocs. *Economy and Society*, 1(21), no. 4 (November), 357–395.
- Hunsley, T.M. ed. 1992. Social policy in the global economy. Queen's university. School of Policy Studies, Kingston, ON, Canada.
- 1994. Discussion comments. Comments prepared at a meeting entitled Social policy in a global society: Parallels and lessons from the Canada–Latin America experience, held in Ottawa, Canada from 26 to 28 October 1994. International Development Research Centre (IDRC), Ottawa, ON, Canada. (Mimeo)
- IDB/UNDP (Interamerican Development Bank/United Nations Development Programme). 1993. Social reform and poverty. Towards an integrated development agenda. IDB/UNDP, Washington, D.C., WA, USA.
- Johnston, T.A.; Melcher, N. 1994. A new agenda for social development: Recommendations for the 1995 world summit on social development. Report on an Overseas Development Council (ODC) conference, 24–26 June 1994. ODC, Princeton, NJ, USA.
- Kaul, I. 1994. Human security: The need for a new security council. Roundtable on Global Change. Change: Social Conflict or Harmony? United Nations Development Programme (UNDP), Stockholm, Sweden. Participant Paper no. 32 (22–24 July).
- Khor, M. 1994. Why GATT and the WTO should not deal with labour standards. Third World Network, Penang, MY, (April).

- Kirdar, U. 1994. Ensuring peace in a changing world: From political to human security. Roundtable on Global Change. Change: Social Conflict or Harmony? United Nations Development Program (UNDP), Stockholm, Sweden, Overview Paper I (22–24 July).
- Klepak, H.P. ed 1993. Canada and Latin American security. Méeridien, Quebec, PQ, Canada.
- Korany, B. 1994. End of history, or its continuation and accentuation? The global South and the “new transformation” literature. *Third World Quarterly*, 15(1).
- Latin American Special Report. 1993. “Is neo-liberalism working?” Latin American Special Report (August). SR-93-04.
- Lowenthal, A. 1993a. “How much has the Left changed?” Latin American Weekly Report, Trends, 20 May.
- 1993b. Latin America: Ready for partnership? *Foreign Affairs, America and the World*, 72(1), 1992/93.
- Lusting, N. 1994. Coping with austerity: Poverty and inequality in Latin America. Paper presented at the Plenary Session of the Inter-American Dialogue, 8–10 April 1994, Washington, D.C., WA, USA.
- NFFS (National Forum on Family Security). 1993. Family security in insecure times. NFFS, Canadian Council on Social Development Publications, Ottawa, ON, Canada.
- North, D. 1994. Economic performance through time. *American Economic Review*, (June), 359–368.
- Petrella, R. 1991. Mondialisation de l’économie et contrat social — une même logique inégalitaire sur toute la planète. *Le Monde Diplomatique*, (January).
- Preston, L.T. 1993. Opening remarks by the President, World Bank. Interamerican Development Bank (IDB), Conference Social Reform and Poverty, 10 February 1993, Washington, D.C., WA, USA.
- PREALC (Programa Regional de Empleo para América Latina y el Caribe). 1993. Newsletter, 31(March).
- Raczynski, D. 1994. Discussion comments. Comments prepared at a meeting entitled Social policy in a global society: Parallels and lessons from the Canada–Latin America

experience, held in Ottawa, Canada from 26 to 28 October 1994. International Development Research Centre (IDRC), Ottawa, ON, Canada. (Mimeo)

Rice, J.J.; Prince, M.J. 1993. Life of brian: A social policy legacy. Canadian Council of Social Development (CCSD), Perception, 17(2).

Rochlin, J. 1994. Discovering the Americas: The evolution of Canadian foreign policy towards Latin America. UBC Press, Vancouver, BC, Canada.

Shaw, T.M. 1994. Beyond any new world order: The South in the 21st century. Third World Quarterly, 15(1), 139–146.

UNDP (United Nations Development Programme). 1994. Human development report 1994. Oxford University Press, New York, NY. USA.

1993. Human development report 1993. Oxford University Press, New York, NY. USA.

Wislon, M. 1994. Discussion comments. Comments prepared at a meeting entitled Social policy in a global society: Parallels and lessons from the Canada–Latin America experience, held in Ottawa, Canada from 26 to 28 October 1994. International Development Research Centre (IDRC), Ottawa, ON, Canada. (Mimeo)

World Bank, The. 1992. Governance and development. The World Bank, Washington, D.C., WA, USA.

Wood, A. 1994. North–South trade, employment and inequality: Changing fortunes in a skill-driven world. Clarendon Press, Oxford, UK.

PART I

Social Policy Reform in Canada

This page intentionally left blank

SOCIAL POLICY CHALLENGES IN A GLOBAL SOCIETY¹

Keith Banting

The intellectual frame of reference through which analysts and policymakers view the welfare state is undergoing a revolution in industrialized nations. Throughout the postwar era, when western nations were building the contemporary welfare state, social policy was thought of largely as a component of domestic policy, far distant from the high politics of international relations. Social programs were seen as a reflection of national political economies and shaped primarily by the internal configuration of each country's economy, culture, and politics. Analysts devoted considerable effort to understanding the domestic social and political factors associated with more or less expansive social policy systems through cross-national comparative analysis (Esping-Andersen 1990).

This paradigm understated the importance of the global economy to the evolution of social policy even in the postwar years, and is completely inadequate today. During the postwar period, the growth of international trade and the expansion of social programs were mutually reinforcing. The massive support for the reconstruction of Europe provided through the Marshall Plan, the progressive liberalization of trade under the General Agreement on Tariffs and Trade (GATT), and the improving terms of trade for western nations, especially in energy, all contributed to economic prosperity in the western world, which in turn helped to finance an impressive expansion of social spending (Ruggie 1983; Keohane 1984). In this context, countries that did not depend as heavily on foreign trade were particularly free to build their welfare state on the basis of domestic considerations. This was particularly the case for larger countries that did not depend as heavily on foreign trade. Smaller nations with comparatively open economies were inevitably more sensitive to the international context even then, and tended to adopt more expansive social programs in part in a larger attempt to cushion their

¹ I would like to thank Shelley Pilon for her able research assistance in this project.

societies from the economic shocks originating outside their borders (Cameron 1978; Katzenstein 1984).

Since the late 1970s, the postwar symbiosis between the global economy and the western welfare state has increasingly broken down. Economic integration on a global and regional basis, intense competition in the international trading system, rapid technological change, and a slowdown in productivity growth have generated a deep restructuring of domestic economies in the West.

This economic transformation has in turn created powerful forces that push the welfare state in contradictory directions. Pressures originating in important measure in the wider global economy simultaneously press for the expansion of social protection on one side and its fundamental redesign on the other.

Economic change creates victims. The signs of social stress are everywhere: high and persistent levels of unemployment, higher levels of poverty and inequality, the emergence of an underclass in some countries, a widespread sense of economic insecurity and anxiety about the future, and the possible erosion of the sense of social cohesion on which the welfare state ultimately rests. Governments quickly come under pressure to protect workers and industries that have been hurt and to insulate their societies as best they can from economic forces that are international in scope. Global economic restructuring, however, also limits the capacity of the state to protect the victims of change. Governments are under pressure to redesign social programs in ways that reduce rigidities in the labour market, enhance the flexibility of the domestic economy, and reduce the fiscal burdens on the public treasury. This emphasis on adaptation and flexibility stands in tension with the emphasis on security and protection that was embodied in the historic conception of the welfare state.

These contradictory pressures are pervasive throughout western nations, creating a powerful convergence in the agenda facing presidents, prime ministers, and chancellors. There is considerable controversy about whether global integration generates a powerful convergence in policy responses as well. Some commentators insist that governments are under pressures to harmonize their social and labour programs with those of their trading partners to avoid putting their own domestic producers at a competitive disadvantage. Even if full standardization is not inevitable, a process of convergence is seen as restricting the rich diversity of policy regimes that traditionally characterized western nations, largely by eroding the levels of social protection in countries that established more generous systems in the postwar era. Although capturing important dynamics in the contemporary context, such arguments tend to underestimate the power of domestic politics. Governments throughout the West are grappling with the social policy consequences of a changing economic order. In making their adjustments, however, they

are also heavily influenced by domestic social pressures and cultures, and often respond in different ways.

Whatever the remaining scope for independent national choice, however, the domestic process of social adjustment to global economic change is proving painful. It is not surprising, therefore, that some pressure is flowing back into the politics of the global trading regime. The side agreements to the North American Free Trade Agreement (NAFTA) and the statements of the United States and the European Commission before the final signing of the recent GATT suggest that western governments are committed to building a social component into international trade agreements, establishing minimum labour and social standards for nations wishing access to the markets in the West. Although this is likely to remain a secondary process of adjustment for western nations, it could well prove a significant challenge to the international trading system in the years ahead.

The nature of globalization

The economic changes that are reshaping the underpinnings of the welfare state in the West have been captured in the concept of "globalization." Although the term risks becoming a cliché, it does provide a useful label for the growing integration of international markets for goods, services and finance. (The literature on globalization is now monumental, see for example, Gill and Law (1988), Omhae (1990), Porter (1990), Courchene (1992a, b), and Reich (1991).) Several related economic trends, however, such as the pace of technological change and slowdown in productivity growth, are also critical to an understanding of the pressures on social protection programs.

The global economy

In part, the turbulence facing citizens in western nations originates in the speed of change in the global economy. The economic significance of national boundaries is declining dramatically. The extension of GATT to a wider range of nations, the development of regional trading blocks in Europe and North America, and closer economic ties among the nations of Asia have opened economic borders. Advances in communications and transportation have also linked local and global markets more tightly. Multinational enterprises increasingly organize production on the basis of global strategies, with the result that many corporations and the goods and services that they produce no longer have a clear nationality.

Modern manufacturing can incorporate the design and engineering skills of nationals of different countries, finance raised on international markets, parts sourced from around the world, assembly operations in different markets, and marketing on a global scale. Globalization is particularly evident in the world of

finance. The collapse of the Bretton Woods agreement, the dismantling of many restraints on the flow of capital, and the deregulation of financial institutions in many countries have integrated financial markets around the world. Every day, billions of dollars are transmitted between countries with a single keystroke; and flows of short-term capital are now many times larger than those of direct corporate investment.

The pace of globalization can be tracked in a number of ways. The volume of world trade grew more rapidly than world output during the 1970s and 1980s, especially in the manufacturing sector; and foreign direct investment rose much more rapidly than either foreign trade or domestic product, as multinational companies sought to position themselves effectively in an increasingly global economy (Economic Council of Canada 1992).

One other signpost is the growing proportion of trade that involves cross-flows of similar products or "intraindustry" trade, much of which is conducted through multinational corporations. In 1964, intraindustry trade accounted for 46% of total international trade among the 10 major countries of the Organization for Economic Cooperation and Development (OECD); by the mid-1980s, the figure had risen to 60% (Economic Council of Canada 1988).

Movements toward an integrated economic system at the global level have not gone uncontested. Although the Uruguay Round of the GATT has been completed, regional trade arrangements also play an increasing role. Trade within the emerging blocks represented by the European Community, North America, and the Asia/Pacific region has been growing more rapidly than trade between them. In part, this regionalization of economic activity reflects a natural tendency for trade and investment to flow most easily to contiguous areas because proximity and similarity of social systems lower the costs of transportation and information gathering.

To some extent, however, the emergence of regional trading blocks also reflects explicit political choices, as neighbours have combined economically to build a stronger sense of solidarity, to counter competitive pressures from outside the region, or to gain bargaining leverage vis-à-vis other blocks; and, in some cases, regional blocks may reflect the political dominance of a local hegemon (Fishlow and Haggard 1992).

The resulting trend toward regionalization is significant. Krugman, for example, predicts that during the 1990s world trade outside the trading blocks will grow more slowly than world output, and may even shrink in real terms; "at least as far as trade goes," he suggests, "the world economy is likely to be *less* unified in the year 2000 than it is today" (Krugman 1990, p. 194). As a result, regionalization rather than globalization may yet prove to be the predominant trend at

the world level, with a triad of powerful regional groupings shaping international economic relationships.

Whatever the eventual balance between the global economy and regional trading blocks, growing interdependence among individual nations is a core feature of the modern world. Moreover, the modern international economy is intensely competitive, as trade in manufactured products increasingly incorporates countries that offer employers dramatically lower wage, social security, and health and safety costs. Trade competition has placed intense pressures on firms in western nations, producing economic restructuring on a major scale, the decline of some traditional industries, and rust belts across parts of North America.

Traditionally, economic theory celebrates increased trade and open borders. Trade is seen to be advantageous to all parties, as production and investment move to areas with clear comparative advantage; consumers benefit from a wider choice of less expensive products. Although this may be true in the long run and on a global scale, it is more problematic within the particular countries and particular economic sectors that face wrenching adjustment. If economic theory can afford to be indifferent to where economic activity is located, that is not the case for workers and governments, for whom the answer must always be "here."

Technological change

Economic change and insecurity rooted in international trade and finance is accentuated by changing technology. New technologies are producing sweeping changes in the production and distribution of goods and services. New information systems, robotics, computer-aided design and manufacturing (CAD/CAM), and telecommunication technologies are transforming production processes and rapidly increasing the skill levels required of modern workers. Moreover, these technologies are intimately related to shifts in the nature of product markets.

In some sectors, mass markets for highly standardized products are giving way to more fragmented markets and shorter product cycles. For example, the number of distinct underbodies of cars being sold in the United States rose from 24 in 1955 to 91 in 1986, with annual sales per underbody dropping by more than half over the same period; and, according to Kodak, no camera today lasts more than 6 months before it is redesigned and new features are added (Wien 1991).

To compete effectively in such a world, firms must develop more flexible forms of production that operate efficiently with shorter production runs and are able to shift smoothly from one model or product to another. The character of the workplace is changing, with new production techniques replacing the assembly line model pioneered by Henry Ford in a number of sectors. It is important not to overstate this pattern. As Harris notes, "Fordism is not dead — there are a large

number of industries that still use mass production systems, and economics of scale are significant" (Harris 1993, p. 22). Fewer workers are needed, and those who remain require greater skills than before. The world is closing in for the traditional high school educated, semiskilled blue-collar workers. In the 1990s, white-collar managerial workers also began to feel the effects of international competition and technological change, as one after another large corporation shed employees.

Common challenges have prompted common debates. The embrace of technologies regularly advocated in western nations as the secret to sustaining the high-employment, high-wage pattern was characteristic of the postwar generation. Conventional wisdom insists that competition from low-wage workers in low-technology sectors in the newly industrializing world can be met with a shift to production of high-technology products. Whether this strategy can be successful is uncertain, given the ability of corporations to combine high technology with low wages in many countries, and the worrying levels of skill and education among western workers. Nevertheless, a high-technology economy remains at the heart of economic strategy in the West.

Productivity trends

A third major factor underpinning the economic prospects of citizens in western nations has been the pattern of productivity growth. Productivity within the industrialized world has reflected two powerful trends over the last 30 years: convergence and slowdown. Productivity growth among the OECD countries has reflected a pattern of convergence, as countries with initially lower productivity levels adopted the best-practice technologies of the most advanced economy, the United States. Moreover, this convergence in productivity has sustained a parallel convergence in wealth, as measured by gross domestic product (GDP) per capita (Helliwell 1994). For the last 20 years, however, convergence had coexisted with slowdown, as the rapid productivity growth of the postwar decades declined sharply throughout the industrialized world. Between 1960 and 1973, the average rate of growth in real GDP per capita for the OECD nations as a whole ranged between 3.5% and 4.0%; between 1973 and 1990, it fell below 2.0% (Denny and Wilson 1993).

The reasons for this stall are not well understood, despite an intensive hunt for the culprit or culprits. A variety of suspects have been named: a slower rate of capital accumulation; sectoral shifts, including the slowing of movement out of the low-productivity agricultural sector and the acceleration of movement from manufacturing to the service sector; increases in energy prices; and weak demand conditions, which lead to lower capacity utilization (Council of Economic

Advisors 1992; Economic Council of Canada 1992). Although there is no consensus on the relative importance of these factors, or others that could be named, they were clearly sufficient to offset productivity-enhancing factors such as growing international trade and technological innovation.

The particularly sharp slowdown in productivity growth in the West intensified the concern that economic leadership is slipping to other regions of the world. It has triggered a vigorous debate about the determinants of productivity growth and the potential contribution, if any, of industrial policy to economic performance in the contemporary era. The apparent return of more rapid productivity growth in North America in the aftermath of the recession of the mid-1990s has taken some of the steam out of these controversies, at least temporarily. Indeed, a wave of self-congratulation insists that the ruthless restructuring of North American firms has reinstated their global leadership. "Ready to Take on the World," trumpeted the *Economist* (15 January 1994); and the *New York Times* soon confirmed "The American Economy, Back on Top" (27 February 1994). Earlier, Canadian newspapers announced similar news, albeit in typically restrained cadence: "Productivity Growth Returns," and "Canada's Factories Catching Up" (*Globe and Mail*, 18 May and 17 June 1994).

Whether this optimism is warranted remains to be seen, as some economists are convinced that this productivity burst simply reflects enhanced utilization that normally occurs after a recession rather than a more significant increase in the underlying trend of productivity growth. (For a skeptical view from the OECD on U.S. productivity trends, see French and Jarret (1994). For conflicting views of the Canadian data, see Denny and Wilson (1993) and Fortin (1994).) Much depends on which of these views are correct. The cumulative effects of productivity trends are critical to the long-term sustainability of major welfare programs and the social well-being of citizens.

Globalization and social needs

The social aftershocks from the economic earthquakes triggered by globalization, technological change and slow productivity growth have been felt throughout western nations. The economic confidence and security of the postwar era is now a fading memory. Although some groups have prospered in recent years, new forms of inequality are emerging. Many families and individuals are struggling simply to preserve their existing living standards, high unemployment levels challenge the capacity for social cohesion in some countries, and the level of poverty and inequality has increased almost everywhere.

The most simple and compelling measure of growing social needs is unemployment. There has been a dramatic rise in unemployment throughout

OECD nations since the mid-1970s; by 1993, some 35 million persons were unemployed. This represents an unemployment rate of 7.8% for the OECD as a whole, but the numbers rise much higher in some countries. For example, the average rate for young people approached 30 and 40% in some European countries, blighting the prospects for a new generation. The depth of the employment crisis can also be seen in the growth of *long-term* unemployment; over a quarter of the unemployed throughout the OECD have been unemployed for more than a year (OECD 1994).

Some of the unemployment in western nations has been cyclical, reflecting the serious recessions of the early 1980s and early 1990s. The scale of the problem, however, is also a product of pervasive economic restructuring. Countless jobs have disappeared in the face of global trade competition, technological change, geographical movements in the location of production, and changes in employment practices within firms.

In North America, for example, the dislocation was initially concentrated among manual workers in heavy industry, but steadily spread throughout the fabric of the economy, affecting a wider and wider range of occupations and social groups, and reinforcing a deep sense of economic insecurity for much of the population as a whole.

The findings of a number of special surveys conducted in the 1980s tracked workers who were 20 years of age and over and who had at least 3 years experience in a job that disappeared because of plant closings, slack work, or the abolition of their position or shifts. The largest contingent of displaced workers consisted of men in their primary working years who lost blue-collar jobs in the manufacturing sector.

Many of these workers did find new employment, often at wages equal to or higher than in the original job. Nevertheless, almost half of displaced workers in the U.S. and Canada were out of work for long periods, accepted lower wages when they found work, or dropped out of the labour force altogether (OECD 1990, table 2.9).

The social pressures inherent in economic restructuring can also be seen in higher levels of inequality in earnings developing in western nations. The adjustment to the new global and technological economy sweeping through western nations favours highly educated workers, whom Reich (1991) calls "symbolic analysts," but undermines the position of other workers, especially unskilled and semi-skilled production workers, whose jobs are moving to newly industrializing countries. In the United States, the income premium for college-educated workers over those with only high school, which had actually declined

marginally during the 1970s, began to grow strongly during the 1980s for both men and women (Council of Economic Advisors 1992, p. 101).

This pattern, in more muted forms in some cases, is appearing more broadly throughout the western world. A recent survey by the OECD found a trend toward greater earnings inequality in 12 of 17 countries for which information was available, and concluded that "an important cause of the swing to increased dispersion of earnings in the 1980s was an increase in the relative demand for highly educated workers ... [which] appears to be associated with technological developments linked to shifts in the demand for products and services and linked to changes in trade and investment patterns" (OECD 1993a, p. 177).

Although economic restructuring has claimed victims throughout the western world, the distribution of the pain has varied from country to country, reflecting national differences in labour market institutions and social security programs. The most dramatic contrast is between Europe and the United States. Within the countries of the European Community, more extensive regulations of the labour market and stronger patterns of collective bargaining have protected workers who are employed. The trend toward greater inequality in earnings for those in employment has been more muted in these countries, except the United Kingdom. But Europe has also had dramatically weaker employment growth, and the incidence of long-term unemployment in Europe is very high; almost half of the unemployed in the EC countries have been unemployed for over a year (OECD 1994a).

North America, and especially the United States, has moved in another direction. Employment growth has been much more rapid, almost five times the rate in Europe, and unemployment rates in the United States are much lower. But these countries have not escaped without pain. The real earnings of the average worker have stood virtually still since the mid-1970s in both Canada and the United States; and there is now greater inequality in the incomes that North Americans derive from the operations of the marketplace.

Although restructuring has generated many good jobs with high incomes, it has also generated many poorly paid jobs, and has swollen the ranks of part-time and contract workers, who generally enjoy less secure benefit protection. Moreover, the real wages of low-paid workers declined in these countries in the 1980s, in contrast to most European countries (OECD). The result has been a polarization in earnings, with the relative loss of middle-wage jobs and the relative growth of jobs paying very low or very high wages. Polarization has been considerably stronger in the United States, but the direction has been similar on both sides of the border. A substantial literature on polarization has emerged in

recent years. (In addition to a special issue of the *Quarterly Journal of Economics* (1992, p. 107), see Harrison and Bluestone (1988), Krugman (1990), Levy and Murnane (1992), Danziger and Gottschalk (1993), Phillips (1993), Beach and Slotsve (1994), and Morrisette et al. (n.d.)).

Although the economic pain has been distributed differently across western nations, the psychological impact has been common. For almost a generation now, citizens in the West have struggled to come to terms with a new economic order. The sense of economic security of the postwar period is now a fading memory. Although some groups have prospered, the future prospects of most citizens are less secure, and the anxiety is palpable. The signs are everywhere, including in the dreams and aspirations of young people. Today's generation of young people may well be the first not to exceed the standard of living of their parents, and they know it. A survey of young Canadians aged 5–18 distilled the atmosphere: "Children live this. They have absorbed the feelings of insecurity, worry and fear that have come to characterize their parents' and families' world" (Insight Canada Research 1993).

Ideological responses to globalization

The economic and social consequences of globalization and the associated restructuring of the economies of the West have generated contradictory pressures on the welfare state. On one side, economic change creates pressures for greater flexibility in labour markets, and easing of expenditure pressures on governments. On the other side, economic dislocation has increased the numbers dependent on unemployment and social assistance benefits. Moreover, social support for the welfare state remains strong. Although high levels of unemployed have weakened organized labour in many countries, new social movements and organizations, representing women, the elderly, disabled, and other beneficiaries have become more active.

In most countries, social protection programs also retain strong public support. For example, when the Eurobarometer survey asked in the spring of 1992 whether the state should continue to offer everyone a wide range of social security benefits even if it meant increasing taxes and contributions, 66% of the population of the European Community answered "yes" and only 27% "no" (Commission of the European Communities 1994, p. 12).

The response to contradictory pressures is inevitably conditioned by the prevailing ideological trends in western nations. Major social transformations invariably trigger ideological debate. During periods of rapid change, long-established patterns of public policy are challenged, and a new political equilibrium is sought. That process of political adjustment brings forth conflicting

interpretations of the nature of the changes under way, and the appropriate response to them. In the case of globalization, there is considerable disagreement about how fundamental international economic changes really are, the extent to which they limit the room for manoeuvre of individual states, and the desirability of the new order that seems to be unfolding.

Figure 1 provides a simplified map of the complex ideological debate raging in western nations. (The section draw heavily on Brown (1994).) The horizontal axis reflects different views of the economic significance of globalization. Here the distinction is between those who believe that globalization represents a sharp and fundamental change from the past, and those who insist that current economic conditions simply represent the normal extension of trends that have been developing throughout the postwar era. The vertical axis taps normative views of the emerging global economy, asking whether or not policies that increase the integration of a country with the wider international economy are desirable. These two dimensions generate a useful classification of four ideological perspectives that currently contend for support in western nations. A closer look at these four clusters of opinion suggest that they have very different implications for the future of social policy.

Globalists

Globalists argue that international economic integration represents a sharp and fundamental change from the past, and that government policy should accept and complement the impulses implicit in this transition. The powerful competitive pressures inherent in the emerging global market are beneficial to the long-term

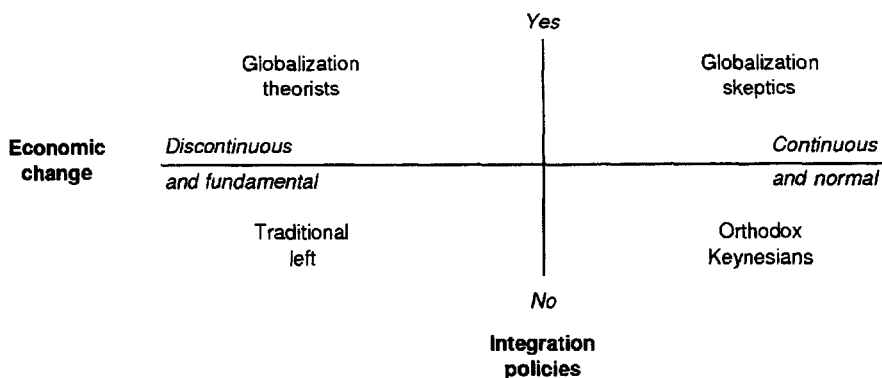


Figure 1. The globalization debate. Source: Brown (1994).

health of the economies of the West, sweeping away inefficient industries and occupations, and freeing up resources for new opportunities for high quality, high value-added industries that are competitive on the world level. The challenge for the West is thus to embrace the pain of change.

Globalists also tend to believe that the effective sovereignty of the nation state is now significantly constrained, and pressures for harmonization or at least convergence in the social programs is narrowing the room for manoeuvre enjoyed by governments. The message is particularly pointed for countries with more expansive welfare programs and labour market regulations than their trading competitors. If labour regulations, social expenditures, and associated taxes raise the costs of production above their competitors, investment levels will erode and production will shift to lower cost areas. In the long term, social policy that seeks to offset or delay adjustment can only lead to lower rates of economic growth, long-term unemployment, and growing budget deficits.

The state retains a social role in the globalist vision, but a clearly defined one. In an increasingly integrated world economy, governments cannot protect citizens from the pressures for economic restructuring indefinitely. Social policy should facilitate change by enhancing flexibility in labour markets and reducing the emphasis on passive income support programs. Priority should go to investments in human capital through education and training so that citizens are equipped to compete effectively in the world economy. Properly equipped, citizens in the West have no reason to fear the future.

The traditional left

The traditional left in western nations tends to agree that globalization represents a profound transformation of the economic order, but see it as a profound threat to equality, social justice, and the vibrancy of democratic life. The movement of investment and production to countries with low wages, weak labour market regulations, limited social benefits, and few environmental controls is seen as "social dumping," which generates high levels of unemployment in the West and facilitates the exploitation of workers in the third world. From this perspective, unrestrained global markets seem to offer little beyond economic insecurity, eroding social programs, and rising levels of inequality in the distribution of income and wealth. At some point, such trends could only undermine the wider sense of social solidarity within nations.

Critics from the left also tend to agree with globalists that international economic integration effectively constrains the sovereignty of the state. The enhanced mobility of capital inherent in globalization weakens the capacity of governments to tax corporate income, to engage in industrial policies and

economic planning, and to chart distinctive national approaches to social problems. These constraints on national choices have powerful implications for the quality of democratic life within individual nations. Governments that are less able to develop distinctive national policies are less able to respond to shifts in the preferences of their electorates. Domestic policies increasingly reflect international pressures rather than national political cultures, and the responsiveness and sensitivity of democratic governments to their own citizens is accordingly reduced.

Although critics from the left agree with much of the analysis of the globalists, they disagree strongly in their strategic response. The appropriate policy stance is not to facilitate and accentuate movements toward an unrestricted global market; rather governments should resist further integration into the global order on unrestricted terms, and insist that world trade proceeds on terms compatible with the preservation of social and democratic values. This strategy involves more careful management of trading relationships, the insertion of social requirements into international trading agreements, and the preservation of social programs that protect the victims of economic change.

Global skeptics

Global skeptics are less convinced that the world economy is undergoing a dramatic transformation. The expansion of world trade and the shift in western economies from manufacturing to the service sector have been continuous throughout the postwar period, they insist, and the contemporary pace of change is not exceptional. Indeed, the social consequences of technological innovation today are less dramatic than those generated by earlier waves of change, such as the mechanization of agriculture and the migration from the land to cities in the middle decades of this century, a process that truly transformed the social landscape of western nations. The strength of western economies is that they are always adapting to change, and the late 20th century is no exception.

Global skeptics also question the assumption that economic restructuring necessitates social convergence. History, they argue, provides ample evidence that closer economic integration is consistent with a rich variety in social programs from country to country. To take but one example, Canada and the United States built distinctive versions of the welfare state during the middle decades of the century at precisely the same time when the two economies were becoming more closely entwined.

Skeptics insist that nations retain the ability to design social contracts that reflect their domestic political economy. Programs financed by taxes that reduce net real incomes rather than increasing the costs of production create no competitive problems; and programs that do increase production costs simply

trigger a compensating change in exchange rates. There may be lots of reasons to redesign social programs to enhance the efficiency of labour markets, to target resources on those in real need, or to ease the burden on deficit-ridden governments. But the reform process can still reflect domestic choices. In the words of one analyst, "what really matters is whether the system provides what the citizens want, and in the most efficient manner. If the programs are right, then they can be as large and expensive as may be, and the exchange rate will adjust to keep trade and capital movements balanced without any need for Nordic and US values and programs to converge" (Helliwell 1994, p. 23).

Orthodox Keynesians

Orthodox Keynesians share many of the assumptions of global skeptics that the world is not moving toward a dramatically new economic order, and that the pressures for harmonization are seriously overstated by both globalists and the traditional left. Keynesians, however, are less convinced that the existing adjustment processes in the economy will work effectively and emphasize the need for more expansive macroeconomic policy to increase aggregate demand in the economies of the West and to reduce slack in labour markets. Without greater demand for labour, no amount of restructuring of social policies, and no number of retraining programs, will tackle the fundamental problems confronting western nations.

The debate over the future of social policy in western nations has been driven by these four perspectives. In general, globalist perspectives tend to be in the ascendancy, but the balance of views does differ from country to country, depending on the relative strength of contending political forces. As we shall see, the policy response has also varied as a result.

National responses to globalization

Governments in western nations face a common agenda that is driven by the contradictory pressures on the welfare state. They must cope with immense pressures on social expenditures that are generated by higher unemployment and inequality, and reinforced by demographic and other factors. But they must also cope with the pressures to adapt their social programs to a changing global economy. The response of national governments to these stresses can be seen by examining three dimensions of social policy: the overall scope of social protection; the restructuring of social policy, and the extent of convergence in the social programs of western nations.

Scope of social protection

The contradictory pressures facing western nations can be seen in the tortuous decisions about the scope of social policy over the last decade. Every government has had to struggle with powerful pressures on social expenditures: high levels of unemployment, growing public deficits, demographic pressures that threaten the funding basis of public pension schemes, and the explosion of health care costs. Every government has made painful changes in its benefit and tax systems.

The depth, speed, and configuration of the benefit reductions have varied with the political circumstances of each country. In some cases, retrenchment has had high visibility, as in the Reagan administration in the United States and the Thatcher government in the United Kingdom. Elsewhere the politics of social policy have dictated a more subtle approach, which in Canada has been dubbed "the politics of stealth." Whatever the political style, however, incremental benefit reductions have been widespread. Benefit levels have been reduced directly, or indirectly, by tightening the conditions for obtaining benefit.

In the case of unemployment insurance, governments have lowered replacement rates (Canada), extended the period over which contributions must be paid (Belgium, Canada, Denmark, France, Germany, and Spain), reduced extended benefit programs (United States), and strengthened the obligation to accept employment (Belgium, Denmark, France, and Italy). In the case of retirement benefits, many countries have raised the age at which benefits are paid. In addition, the rules for indexing benefits of all kinds have been adjusted. Indexing benefits to wages was abandoned in the United Kingdom; and indexing benefits to changes in retail prices has been suspended temporarily or limited in other ways in Belgium, Canada, Denmark, Germany, Greece, Luxembourg, the Netherlands, and the United States.

Yet, such incremental reductions in benefits have not reversed the historic upward trend in social expenditures. The period of rapid growth in social expenditure in the 1960s and 1970s is certainly over. Nevertheless, the share of GDP represented by total social expenditures continued to creep up during the 1980s. Public expenditure on social protection in OECD countries outside of the European Community rose from an average of 18.2% of GDP in 1980 to 21.2% in 1990; within the European Community, the level rose from 21.6% in 1980 to an estimated 24.3% in 1991 (OECD 1994c, tables 1b, 1c).

Although governments have been reluctant to raise taxes dramatically to meet these expenditure pressures, social security contribution rates have risen to some extent almost everywhere, and total tax revenues as a proportion of GDP also continued to creep upwards from an OECD average of 35.1% in 1980 to 38.7% in 1991. Underneath this apparent continuity in revenue systems, however,

have been changes driven by the dynamics of international economic competition. The capacity to tax depends heavily on the relative mobility of different factors of production. As the most mobile factor of production, capital is the most difficult to tax. Not surprisingly, the proportion of total government revenues raised from taxes on corporate income is small, and has declined throughout the OECD in recent decades (OECD 1993c). Moreover, many governments have reduced employers' social security contributions to enhance competitiveness and promote job creation. In comparison, individual workers and consumers are less mobile, and have had to bear a growing share of the cost of the welfare state through taxes on personal income and employee's social security contributions.

In this context, many governments have relied heavily on debt financing. The welfare state is not solely responsible for debt and deficit levels in western nations. Much of the explanation lies in low productivity growth, economic restructuring, high levels of unemployment, and high interest rates that increase the carrying costs associated with accumulated debts. Nevertheless, the political sensitivity of social programs means that western nations have not responded to deficit pressures through ruthless cuts in their benefit structures. The long-term consequences of debt financing are a dark spectre hanging over the welfare state in western nations.

Restructuring

Although the contradictory pressures on the social role of the state have not produced radical reductions in social programs, they have generated a new politics of restructuring. The prevailing discourse in policy debates in western nations emphasizes the importance of adjustment to a changing economic order, and favours a shift in emphasis from passive to active social programs, particularly in supporting the unemployed. Passive social programs such as unemployment insurance and social assistance, which simply provide income support, are seen as less desirable than programs that emphasize training and retraining, assistance with job searches, employment subsidies, and geographic mobility. With the disappearance of millions of low-skilled jobs and the expansion of more high-skilled positions, retraining in particular has taken on a symbolic importance in the politics of social policy far in excess of its capacity to improve the lot of the most vulnerable groups in western countries.

Organizations such as the OECD have long complained that the bulk of labour market expenditures is committed to passive unemployment support and have advocated a shift toward more active programs. The effectiveness of retraining and other active programs in a period of high employment has been questioned by many commentators, and formal evaluations of such programs have

been mixed. (For a review of such evaluation studies, see OECD (1993b).) Nevertheless, labour market expenditures in western nations did tilt more toward active programing during the late 1980s (OECD 1993b).

In some cases, the shift in spending was explicit. Canada, for example, reduced unemployment benefits and transferred the resources to training programs. Continued movement toward active programs has been constrained in the 1990s by the impact of the recession on overall levels of unemployment. As the European Commission noted, "although governments in the Community have generally tended to emphasize the importance of active measures in providing effective assistance to the unemployed in the long term, most have, in practice, found it difficult if not impossible to shift the balance of expenditure away from passive measures. As unemployment has increased, the sums required to provide income support to growing numbers of people have put pressure on other spending and have often led to expenditure on active policies being squeezed" (Commission of the European Communities 1994, p. 68).

Nevertheless, restructuring remains a central part of the agenda in western nations. The specific proposals debated reflect differences in the policy structures of different countries. In Europe, the pressure of high unemployment, especially long-term unemployment, is intense. Europe's failure to match American and Japanese levels of employment creation in recent years has generated a debate about structural unemployment with attention focusing on labour market regulations and social policies.

The OECD, for example, insists that greater flexibility in labour markets is critical: long-term unemployment is lower "in the countries where wages are flexible, unemployment benefits are not excessively generous and companies have relative freedom to hire and fire" (OECD 1994b, p. 13). The recent OECD Jobs Study echoed similar themes (OECD 1994a, pp. 29–30):

Motivated to protect people from the worst vicissitudes of economic life, governments, unions, and businesses have progressively introduced labour market and social policy measures and practices, which ... have decreased the economy's ability, and sometimes also society's will, to adapt ... High unemployment should be addressed not by seeking to slow the pace of change, but rather by restoring economies' and societies' capacity to adapt to it.

In late 1993, the European Commission struck a similar note in a White Paper entitled "Growth, Competitiveness, Employment" (Commission of the European Communities 1993), which called for a thoroughgoing reform of the labour market by reducing the regulation of employment relations, restructuring social protection programs, and reducing employers' taxes and social security

contributions. The strategy was aimed explicitly at reducing the price of unskilled and semiskilled labour to facilitate the creation of jobs at that end of the occupational structure. Clearly, the politics of restructuring remain intense in continental Europe.

Canada is also launching a major review of its systems of social protection, with proposals for a major overhaul of unemployment insurance, education and training programs. The Canadian debate also reflects the ethos of the age, with its emphasis on a shift from passive to active programs. The thrust of the federal government's recent discussion paper (Canada 1994) is to withdraw resources from income transfers to the unemployed, especially repeat beneficiaries such as seasonal workers, and to enhance training and child benefit programs, to reduce associated payroll taxes, and to ease the large government deficit.

In the United States, labour markets are much less constrained by employment regulations and social programs than in other western nations. As a result, the politics of restructuring has centred on welfare, especially the program Aid to Families with Dependent Children, which primarily provides support to single-mothers. The American debate takes on distinctive characteristics, reflecting the politics of race, a strongly individualist political culture, and concern about the proportion of inner-city children born to single mothers, especially in the black community.

Despite its distinctive features, however, the essentials of the reform debate reflect the broader international trend of shifting from passive income support to greater emphasis on education, training, and work incentives. In the first instance, President Clinton's campaign promise to "end welfare as we know it" was associated with a proposal to end all welfare support after 2 years. The administration's formal proposal of the summer of 1994 retreated from such draconian measures, but the direction of change is consistent with the broader trend throughout the western world.

Thus debate over the structure of social protection has been profoundly influenced by the pressures unleashed by economic restructuring, high levels of unemployment, and large government deficits. The contradictory nature of the pressures on the welfare state ensure that change is incremental in the main. Nevertheless, the direction of change is remarkably consistent across the western world.

Convergence and divergence in social protection

As noted earlier, many interpretations insist that globalization is unleashing powerful pressures for harmonization or at least convergence in the social policy

Table 1. Convergence in social expenditures among OECD countries, 1960–80.

	Public expenditure on social programs (% of GDP)					
	1960	1964	1968	1972	1974	1980
Average	10.1	11.9	13.1	15.1	18.6	19.6
Coefficient of variation	0.36	0.34	0.35	0.34	0.31	0.30
Highest/lowest (ratio)	4.47	3.51	3.70	3.76	3.28	2.75

Source: Calculated from data provided in OECD (1994c, table 1A).

Note: GDP, gross domestic product.

systems of western nations. On this dimension, however, the evidence of the 1980s and early 1990s is more mixed.

There are signs of convergence in expenditure levels among western nations, although the dynamics at work are complex. First, it is important to note that convergence in spending levels at least has been a long-standing trend, dating back to the postwar decades. As Table 1 indicates, the coefficient of variation in social expenditures in OECD nations as a whole fell from 0.36 to 0.30 between 1960 and 1980, with the ratio of the highest to the lowest expenditure levels falling from 4.47 to 2.75. Western nations were more similar at the end of that period of social policy expansion than at the beginning.

During the 1980s, however, different regions of the West moved in different ways. Within the European Community, a process of convergence in expenditure levels remained strong. As Table 2 indicates, the coefficient of variation and the ratio of highest to lowest expenditures levels fell steadily over the decade. A closer look at this process should allay some fears about the withering effects of a more competitive economic order. Convergence in expenditures within the European Community was driven as much by considerable increases in the spending of the southern countries of the Community, Greece, and Portugal, as by decreases in expenditures in high-spending northern countries such as Belgium and Denmark (Commission of the European Communities 1994).

Table 2. Convergence in social expenditures among EC countries, 1980–91.

	Public expenditure on social programs (% of GDP)				
	1980	1983	1986	1989	1991
Average	23.1	25.1	24.7	24.3	25.7
Coefficient of variation	0.25	0.21	0.18	0.17	0.15
Highest/lowest (ratio)	2.52	2.06	1.89	1.86	1.67

Source: Calculated from data in Commission of the European Communities (1994, table 1).

Note: GDP, gross domestic product.

Underneath this pattern of total social spending, however, lies continuing diversity in design of social programs, rooted in the historical traditions and political cultures of the member states. A study by the European Community could find no consistent pattern of convergence implicit in the program adjustments undertaken during the 1980s (OECD 1994a, pp. 39–40):

There has certainly been a convergence of the problems to be solved, partly because all countries have had to confront the social and financial problems posed by slow growth and higher unemployment, partly because of common demographic trends, and partly because of similar cost pressures ... [However], there is no clear evidence of convergence of social protection systems in the Community since 1980. While a number of changes have worked in the same direction in specific areas ... , others have worked in opposite directions.

At the end of the decade, the implications of a single market for social protection programs in the European Community became an intense part of the debate over the Maastricht Treaty. The powerful fear has been that social standards in the north would be eroded by a flight of capital to the south. The instruments adopted in response to these pressures have been limited: the Community Charter of the Fundamental Social Rights of Workers adopted in 1989 by 11 of the 12 member states; a formal, nonbinding recommendation in favour of convergence in social protection systems adopted by all member states in 1992; and related initiatives through the structural funds of the Commission itself. The subsequent breakdown of the exchange rate linkages in Europe will undoubtedly ease the pressure for convergence in the short term, but it is clear that finding a balance between a single economic market and social policy diversity remains a challenge for the European Community.

The pattern in North America during the 1980s provides less evidence of convergence. Total public expenditures on social programs in Canada and the United States diverged further over the decade. Both countries devoted comparable shares of the national resources to social programs at the beginning of the decade; but by 1990, the difference had grown sharply: 18.8% in Canada and 14.6% in the United States (OECD 1994c, table 1b). Once again, an examination beneath the levels of total expenditure reveals a complex pattern of convergence and divergence in specific programs.

In the case of a number of programs, including health care, pensions, and social assistance, the 1980s and early 1990s were marked by the incremental accentuation of traditional differences between the two systems. Convergence in program structure did occur in some fields, most dramatically in child benefits and more incrementally in unemployment insurance, although the reasons for

convergence in the case of child benefits at least had little to do with the dynamics of economic integration. It is possible, however, to argue that the two welfare states are more different today than they were in the mid-1970s, the high watermark of the postwar welfare state (Banting 1992).

In effect, Canada and the United States differed in the extent to which they sought to offset the social effects of market pressures through political choice. In the United States, the redistributive impulse faded during the 1980s, and government programs failed to offset the growing egalitarian pressures inherent in economic restructuring. As a result, the distribution of final income, which measures income derived both from the market and from government transfer programs, also became less equal over the decade. In Canada, however, the redistributive role of government continued to stabilize the level of income inequality. Its larger system of income security programs largely offset the changing pattern of market pressures, with the result that the overall distribution of final income remained essentially stable throughout this period. This pattern may not persist as strongly as Canada comes to grips with a fiscal crisis more severe than that in the United States. Nevertheless, the pattern of the 1980s and early 1990s reveals more divergence than convergence.

The experience of both the European Community and North America stands as a warning against an automatic assumption that economic integration necessarily requires policy harmonization. There has been powerful convergence in the problems that these nations face. The agenda facing presidents, prime ministers, and chancellors is strikingly similar. Moreover, the constraints they face are similar, including those rooted in globalization and economic restructuring.

Each nation must adjust to powerful pressures emanating from the international pressures, but the global economy does not dictate the precise ways in which each country responds. Policy is also shaped by domestic politics and cultures, and different countries are responding to a changing world with a different mix of program adjustments; this process is painful. The quality of social protection established in the postwar period is eroding. Nevertheless, each country is responding according to the rhythms of its internal politics, and the end result is unlikely to be a harmonized transnational model.

International responses: trade agreements and social policy

Since the dawn of the state system in the Europe of the 17th and 18th centuries, each state has existed at the point of intersection between the wider international system and its own domestic society. In the words of Theda Skocpol, "the state ... is fundamentally Janus-faced, with an intrinsically dual anchorage" in domestic society and the international system (Skocpol 1979, p. 32). Inevitably, the state

must mediate the pressures from these two domains. In this sense, contemporary governments serve two masters, each of which generates distinctive and often contradictory demands. One registers in ballots and organized interests; the other in exchange rates, investment patterns and international agreements (Banting et al., n.d.). Traditionally, the state has responded to this tension through a dual strategy. In part, the state seeks to protect domestic interests in the wider global context, seeking to nudge international developments in directions compatible with domestic concerns and preferences. In part, the state conveys to domestic society pressures emanating from the wider global context, adapting public policy and affected domestic interests to international conditions that it cannot alter.

The last decade has seen a shift in the balance between these two strategies. During the postwar years, the state often sought to insulate domestic society from international sources of instability, especially in smaller nations that even then were highly dependent on international trade and vulnerable to external shocks (Katzenstein 1984, 1985). In the contemporary period, however, the state is under increasing pressure to adapt domestic society to forces emerging from international economic change, a dynamic that has contributed immensely to a growing tension between governments and their electorates and a declining popular faith in the effectiveness of state action.

But governments in the West have not fully abandoned the other strategy for managing the tension between international and domestic pressures. They have also tried to press the international economy to adjust to the needs of the western welfare state, and thereby to transfer some of the burden of adjustment beyond their own borders. The costs of social dislocation clearly influence the trade policies of western states; the continued reliance on managed trade, countervail, and antidumping measures undoubtedly reflects domestic social costs with which social programs would otherwise have to cope. In addition, western governments seem to be demanding increasingly that the international trading regime incorporate a social dimension. Under pressure from labour unions and the political left, governments have sought to expand the agenda in international negotiations, and to use trade agreements to establish minimum social benefits. The drive for a social charter in the European Community reflected an attempt to establish a minimum set of social obligations for member states, and limit the scope for "social dumping" within the integrated market. More recently, NAFTA, which incorporated Mexico into that trading block, included two side agreements dealing with labour standards and environmental protection.

Many advocates of "social" trade agreements dismiss the NAFTA side deals as largely symbolic. Nonetheless, they remain harbingers of the future. NAFTA has entrenched environmental and labour issues in the trading regime, and

established formal machinery to respond to complaints. These structures will undoubtedly legitimate and stimulate trade-related conflict over environmental and labour issues, especially in the case of the environment. Unlike the labour accord, the environmental deal calls for the creation of a Joint Public Advisory Committee, which has the potential to become a forum for promoting environmental concerns on a NAFTA-wide basis, and explicitly allows third parties to initiate formal complaints against one of the countries through the environmental Secretariat.

Admittedly, the complex dispute resolution mechanisms set out in both the labour and the environmental agreements were designed to minimize the extent to which trade sanctions or fines actually result. Nevertheless, Canadian experience with NAFTA suggests that private interests in the United States will seek to employ fully all of the possibilities inherent in the formal agreements. (It was the experience of NAFTA that made Canada especially opposed to the inclusion of trade sanctions, which could be used by American domestic interests to harass Canadian exporters. In the end, both side agreements to the NAFTA exempted Canada completely from the possibility of trade sanctions being imposed. For a Canadian assessment of the NAFTA, see Cadsby and Woodside (1993).) Official trade politics now have a social component in the United States, and the precedent is unlikely simply to fade away.

Western nations gave another signal of future intentions before the final signing of the Uruguay Round of the GATT in Marrakesh in April, 1994. The United States and the European Commission (supported strongly by France), demanded inclusion of a specific reference to labour standards in the GATT agreement. Strong objections from Asian nations prevented a last-minute addition. There was agreement, however, that the relationship between the trading system and internationally recognized labour standards would be taken up by the new World Trade Organization. In effect, a number of western governments placed labour issues firmly on the agenda for future trade negotiations.

The use of trade agreements to enforce human rights, labour standards and social protection generates strong debate, even within western nations. (As the German economics minister made clear in Marrakesh, the European Commission and the 12 member states remain divided on the issues (*Financial Times*, 15 April 1994, p. 8). See also the *Economist* (9 April 1994, p. 13–14), and the conflicting views in a recent issue of *Foreign Affairs* (Collingsworth et al. 1994; Steil 1994).) Western advocates of such “social clauses” in the trading regime insist that access to western markets should depend on the protection of fundamental worker rights and minimum international labour standards. Critics in developing nations suspect that such proposals really represent a new form of protectionism, designed to

reduce their comparative advantage in the global trading system. The brief clash before Marrakesh was striking for its passionate tone, and many commentators worry about the capacity of the trading system to accommodate such a debate.

Conclusions

Globalization and the associated technological and economic restructuring have transformed the politics of the welfare state in the West. Domestic and international policy can no longer be separated, and the future of social protection can no longer be contemplated except in a global context. The pressures on the welfare state are intense. There has been a strong convergence in the problems facing western governments; and the politics of restructuring generates a similar agenda in most countries. Nevertheless, the welfare state remains deeply embedded in the political economy of the West. Social programs continue to absorb a substantial — indeed growing — portion of the resources of western nations, and each nation retains considerable capacity to fashion its response to global pressures in light of its domestic politics and culture. As long as social protection systems in western nations is under intense strain, some of the pressure will undoubtedly flow into the international negotiations over the future of the global trading regime itself.

This is a challenging context for policymakers. At the broadest level, the challenge is to shift from a welfare state premised on separate *national* economies to one consistent with the dynamics of a *global* economy, and to do so in ways that preserve the historic commitment to social justice and social solidarity inherent in the postwar model. This broad challenge inevitably spawns an infinite number of subsidiary challenges, the most important of which are to

- Find a balance between the social needs of the population and the fiscal pressures on the state;
- Devise educational and training systems that will equip citizens for a new economic order;
- Use the remaining scope for distinctive national choices to ensure that social policies continue to reflect the rich diversity of culture and needs among western nations; and
- Develop a broader consensus on the role of the social rights and benefits in international trade agreements, a consensus in which both the industrialized North and the industrializing South can participate.

References

- Banting, K. 1992. Economic integration and social policy: Canada and the United States. *In* Social policy in the global economy. Hunsley, T., ed., School of Policy Studies, Queen's University, Kingston, ON, Canada. pp. 21–43.
- Banting, K.; Hoberg, G.; Simeon, R. ed. n.d. Canada and the United States in a changing world. Unpublished manuscript. (Forthcoming)
- Beach, C.; Slotsve, G. 1994. Polarization of earnings in the Canadian labour market. *In* Stabilization, growth and distribution: Linkages in the knowledge era. John Deutsch Institute for the Study of Economic Policy, Queen's University, Kingston, ON, Canada. pp. 299–347.
- Brown, D. 1994. Economic change and new social policies. *In* The case for change: Reinventing the welfare state. Watson, W.; Richards, J.; Brown, D., ed., C.D. Howe Institute, Toronto, ON, Canada. pp. 98–128.
- Cadsby, C.; Woodside, K. 1993. The effects of the North American Free Trade Agreement on the Canada–United States trade relationship. *Canadian Public Policy*, 19(4), 450–462.
- Cameron, D.R. 1978. The expansion of the public economy: A comparative analysis. *American Political Science Review*, (72), 1243–1261.
- Canada. 1994. Improving social security in Canada. Ministry of Supply and Services Canada, ON, Canada. 89 pp.
- Commission of the European Communities. 1993. Growth, competitiveness, employment: The challenges and ways forward into the 21st century. Office for Official Publications of the European Commission, Luxembourg, 151 pp.
- 1994. Social protection in Europe. Office for Official Publications of the European Commission, Luxembourg, 134 pp.
- Collingsworth, T.; Goold, J.; Harvey, P. 1994. Time for a global new deal. *Foreign Affairs*, January/February, 8–13.
- Council of Economic Advisors. 1992. Economic report of the President. United States Government Printing Office, Washington, D.C., WA, USA. 423 pp.
- Courchene, T. 1992a. Rearrangements: The Courchene papers. Mosaic Press, Oakville, ON, Canada. 235 pp.

- 1992b. Mon pays, c'est l'hiver, reflections of a market populist. *Canadian Journal of Economics*, (25), 759–791.
- Danziger, G.; Gottschalk, P., ed. 1993. Uneven tides: Rising inequality in America. Russell Sage Foundation, New York, NY, USA. 287 pp.
- Denny, M.; Wilson, T. 1993. Productivity and growth. *In* Productivity, growth and Canada's international competitiveness. Courchene, T; Purvis, D., ed., John Deutsch Institute for the Study of Economic Policy, Queen's University, Kingston, ON, Canada. pp. 7–57.
- Economic Council of Canada. 1988. Back to basics: Twenty-fifth annual review. Ministry of Supply and Services, Ottawa, ON, Canada. 84 pp.
- 1992. Pulling together: Productivity, innovation and trade. Ministry of Supply and Services, Ottawa, ON, Canada. 60 pp.
- Esping-Andersen, G. 1990. The three worlds of welfare capitalism. Princeton University Press, Princeton, NJ, USA. 248 pp.
- Fishlow, A.; Haggard, S. 1992. The United States and the regionalisation of the world economy. Organization for Economic Cooperation and Development (OECD), Paris, France. 48 pp.
- Fortin, P. 1994. Slow growth, unemployment and debt: What happened? What can we do? *In* Courchene, T., ed., Stabilization, growth and distribution: Linkages in the knowledge era. John Deutsch Institute for the Study of Economic Policy, Queen's University, Kingston, ON, Canada. pp. 67–108.
- French, M; Jarret, P. 1994. The United States: Restoring productivity growth. *OECD Observer*, (185), 46–48.
- Gill, S.; Law, D. 1988. The global political economy. Harvester-Wheatsheaf, New York, NY, USA. 394 pp.
- Harris, R. 1993. Trade, money, and wealth in the Canadian economy. C.D. Howe Institute, Toronto, ON, Canada. 59 pp.
- Harrison, B.; Bluestone, B. 1988. The great u-turn: Corporate restructuring and the polarizing of America. Basic Books, New York, NY, USA. 242 pp.
- Helliwell, J. 1994. What can governments do? *Policy Options*, 15(6), 22–26.

- Insight Canada Research. 1993. Aspirations project. Qualitative research report. Premier's Council on Health, Well-Being and Social Justice, Government of Ontario, Toronto, ON, Canada. 42 pp.
- Katzenstein, P. 1984. The small European states in the international economy: Economic dependence and corporatist politics. *In* Ruggie, J., ed., *The antimonies of interdependence: National welfare and the international division of labour*. Columbia University Press, New York, NY, USA.
- 1985. *Small states in world markets: Industrial policy in Europe*. Cornell University Press, Ithaca, NY, USA. 268 pp.
- Keohane, R. 1984. The world political economy and the crisis of embedded liberalism. *In* Goldthorpe, J.H., ed., *Order and conflict in contemporary capitalism*. Oxford University Press, Oxford, UK. pp. 15–38.
- Krugman, A. 1990. *The age of diminished expectations*. MIT Press, Cambridge, MA, USA. 204 pp.
- Levy, F.; Murnane, R. 1992. U.S. earnings levels and earnings inequality: A review of recent trends and proposed explanations. *Journal of Economic Literature*, (30), 1333–1381.
- Morrisette, R; Myles, J.; Picot, G. n.d. What is happening to earnings inequality in Canada? *In* Banting, K; Beach, C., ed., *Labour market polarization and social policy reform*. School of Policy Studies, Queen's University, Kingston, ON, Canada. (Forthcoming)
- Omhae, K. 1990. *The borderless world: Power and strategy in the interlinked economy*. Harper's, New York, NY, USA. 223 pp.
- OECD (Organization for Economic Cooperation and Development). 1990. *Report. Employment Outlook*, OECD, Paris, France. pp. 43–75.
- 1993a. *Earnings inequality: Changes in the 1980s*. *Employment Outlook*, OECD, Paris, France. July, pp. 157–184.
- 1993b. *Active labour market policies: Assessing macroeconomic and microeconomic effects*. *Employment Outlook*, OECD, Paris, France. July, pp. 39–80.
- 1993c. *Revenue statistics of OECD member countries, 1965–1992*. OECD, Paris, France. 267 pp.

- 1994a. *The OECD jobs study: Facts, analysis, strategies*. OECD, Paris, France. 50 pp.
- 1994b. *Assessing structural reform: Lessons for the future*. OECD, Paris, France. 176 pp.
- 1994c. *New orientations for social policy*. OECD, Paris, France. 129 pp.
- Phillips, K. 1993. *Boiling point*. Random House, New York, NY, USA. 307 pp.
- Porter, M. 1990. *The competitive advantage of nations*. Free Press, New York, NY, USA. 855 pp.
- Reich, R. 1991. *The work of nations: Preparing ourselves for 21st century capitalism*. Alfred A. Knopf, New York, NY, USA. 339 pp.
- Ruggie, J. 1983. International regimes, transactions and change: Embedded liberalism in the postwar economic order. *In* Krasner, S., ed., *International regimes*. Cornell University Press, Ithaca, NY, USA.
- Skocpol, T. 1979. *States and social revolutions*. Cambridge University Press, Cambridge, UK. 407 pp.
- Steil, B. 1994. 'Social correctness' is the new protectionism. *Foreign Affairs*, (January/February), 14–20.
- Wein, F. 1991. *The role of social policy in economic restructuring*. Institute for Research in Public Policy, Halifax, NS, Canada. 134 pp.

ESTABLISHING AN EFFECTIVE SOCIAL POLICY AGENDA WITH CONSTRAINED RESOURCES¹

Peter Hicks

Canada is launching a reform of many of its social policies. Some of these may have broader international applicability. The risk is that specific reforms take place at the margin. They propose changes at the edge of an existing infrastructure of social programs. They reflect changing needs in the social structure of the country.

Unless one understands the existing social structure and the existing infrastructure of programing, it is difficult to understand the real meaning of the proposed reform. This is a difficulty that the author has often encountered in comparisons among industrialized OECD (Organization for Economic Cooperation and Development) countries. It is also likely to be a concern in discussions among people from Canada and Latin America.

Risks, however, are also encountered with the alternative approach of dealing with reforms at a more general level of principles, priorities, or general directions for change. The same words may not always have the same meaning. Social policy discussions around the world tend to use the same language and catch phrases. There are reasons for this. Individual needs and basic social structures — families and work — are similar around the world. We are all impacted by common environmental, technological, and trade pressures. Nevertheless, there is also reason to wonder about the substantive meaning of terminology that can, with apparent ease, be used to describe social policy reforms in countries where social problems and social security programing are so different.

¹ The views expressed here are those of the author and do not necessarily represent those of the Department of Human Resources Development Canada.

Social security system in Canada

Recent trends

The social security system in Canada today was shaped by initiatives taken between 1964 and 1971. During this period, surrounding its centennial year, Canada introduced a number of separate initiatives that, when taken as a whole, established the Canadian version of the welfare state. The ground was laid for a huge expansion of postsecondary education. Helped by federal financing, the provinces set about doubling the university capacity and creating a new system of colleges. The framework for adult training was also put in place at this time. The structure of today's social assistance system was set with the passage of the Canada Assistance Plan (CAP), which provided federal, cost-shared financing for provincial social assistance of CAPs. Extensive reforms were introduced in the area of health and income security for seniors.

"Active manpower policy" was also introduced in Canada at this time. This involved a stronger government role in labour market adjustment, including counselling, training, support for mobility, and community economic development. The Royal Commission on the Status of Women put a new focus on equity in social security programing. Language and multicultural issues moved to centre stage.

At the end of this period, in 1971, there was a major expansion of unemployment insurance. Since then, there has been a paring back in some areas and additions like developmental uses, but the unemployment insurance system today is still fundamentally based on the 1971 reform. In many ways, unemployment insurance became and remains the defining Canadian social security program for adults, going well beyond the usual scope of insurance and into matters like regional development, training, and special benefits like maternity leave. Unemployment insurance represents both the strengths and vulnerabilities of social security in Canada.

The result of these reforms was a mature welfare state. It provided Canada with the kind of safety net that had been the goal of social policy since the Great Depression, and it made sense for the society and economy that had emerged in postwar Canada.

This was a period where, at least in a stereotyped, middle-class version, children grew up in a stable family environment, with a father at work in a steady job and most mothers at home raising children. Children got their learning at school, graduated, and found reasonably stable jobs themselves. Layoffs occurred during economic down-turns but the jobs would still be there when the economy recovered. If people were unable to participate in the labour market for reasons of serious disability, institutional care would be available. Real incomes were

rising and people could plan based on optimistic assumptions, with strong incentives to work. People saved for retirement and employees stopped working about the age of 65.

Although a stereotype, this vision of “normal” society was widely supported by popular culture. Its assumptions were at the heart of the new Canadian social security system. Some of these assumptions never did apply to large segments of the population. Hardly any elements of this vision remain valid today.

The changes in the structure of Canadian society since the 1960s are very large on many dimensions. The examples that follow show that, in case after case, indicators of fundamental social change have doubled, or halved, in a period of less than 30 years:

- The number of one-parent families has *doubled* from about 8 to 16%;
- Average unemployment rates *doubled* from around 5% to 10%;
- The duration of unemployment jumped from about 17 to 25 weeks;
- Although the average schooling among young people grew considerably, youth unemployment rates jumped from about 10 to about 18%;
- The annual rate of growth in real family incomes fell from about 4 to about 2%, whereas the annual rate of growth of real individual incomes in constant dollars plummeted from around 9% to practically zero;
- The percentage of families with both parents working has almost *doubled* from about 32 to 61%;
- Women’s participation in the labour force *doubled* from 34 to 68%;
- Average age of retirement for men *fell dramatically*. In the 1960s, about 26% of men over age 65 were still working. This has fallen to about 10%;
- The share of immigration from outside of Europe and the United States *doubled* from about 37 to about 76%; and

- Social security spending (not counting seniors benefits) *doubled* as a percent of gross domestic product (GDP) from about 7 to 14%.

Government social policies support and help overcome the weakness of the social structures of a country. Given the changes in the underlying social arrangements and structures, including markets and families, just described, equally radical changes in social policies should be anticipated. It is well understood in Canada that government deficits must come down and that social programming, which makes up an increasing portion of government spending, must be part of that equation. The deficit situation reflects a deeper problem in social programming. Existing social trends are simply not sustainable.

As a society, Canadians spend less time in paid work. This is happening at both ends of life. Canadians are spending more of their early years in school and more of their older years in retirement. In our middle years, there is more unemployment, unstable work, and work in the underground economy. In the hours that are worked, productivity trends have been stagnating, as have real individual earnings.

It is a simple matter of arithmetic that the people in a society cannot continue to work and earn less and, at the same time, be able to support themselves at the same, or more generous, levels during the growing periods when they are not working. Either taxes or earnings or total hours spent working must increase, or social spending for those not working must fall or become more effective. Immigration and demographic patterns can accelerate or slow the relentless path of this logic, but the logic remains. Under constrained resources, something must give. There is no magic formula.

Existing arrangements in Canada

The best choices from those listed in the foregoing will involve some combination of increased earnings through productivity growth, increases in the amount of time spent working (at least as it results from reduced unemployment) and more effective social policies. This section will address the latter but, before doing so, it is necessary to define what is meant by social policy in this context and to review existing arrangements in Canada.

In Canada, the terms social policy, social security policy, and, more recently, human resource development policy have often been used interchangeably. For purposes of this paper, this term can be defined broadly to include income support like seniors' benefits, unemployment insurance and tax credits, employment and labour programming, education, health and social housing, and social services. In practice, however, the paper is mainly limited to those areas

of social policy that are currently under review in Canada: those related to employability programing, income security, and learning.

In Canada, the federal department of Human Resource Development administers or contributes to the financing of most of the programs within the scope of the current review. This includes unemployment insurance, student loans, transfers to the provinces to share the cost of social assistance and postsecondary education, and a wide range of employment and social development programs. Programing is administered through a decentralized network of regional and local offices. Human Resource Development Canada also administers programs that provide benefits to seniors and a number of programs related to equity and to labour legislation in areas of federal jurisdiction.

Federal tax policy also influences social policy in a variety of direct and indirect ways. The child tax credit is a particularly important element. Options relating to it are included in the Discussion Paper (Government of Canada 1994). Other federal departments have responsibilities for related programing in areas like health, public safety, and social housing. Statistics Canada produces information about most dimensions of the social system.

The various provincial governments are responsible for education, social assistance, and social services — key areas that are within the scope of the social security review. They too have student assistance programs, their own income taxes, and, to varying degrees, employment development programs. Depending on the program, provincial decision-making is also decentralized to local areas, in some cases, more decentralized than is the case at the federal level, sometimes less.

In recent years, Canada has begun to move toward an integrated approach to social policies, which implies thinking of income support and services like training and education as part of the same human resource development package. In 1993, at the federal level, the creation of Human Resource Development Canada, was a big step forward. The new department brought together responsibilities that were formerly in four separate departments. The scope of the current reform exercise is another manifestation of a broader, more integrated approach. Provinces have similarly been active in integrating and rationalizing their programing, although not always following the same path.

The particular split of social security policy across the two orders of government, i.e., federal and provincial, is of course unique to Canada. Finding good working arrangements is an important dimension of the social security reform process.

In terms of partnership with nongovernment players, Canada is perhaps less developed than some other countries. For example, the machinery is not yet in

place for governments, labour, and business to act in full partnership in labour market policies, an area of direct interest to all parties. This, however, is changing. At the federal level, business and labour are playing an increasing role through organizations like the Canadian Labour Market and Productivity Centre and, more recently, the Canadian Labour Force Development Board, which provides advice on matters relating to training and other labour market programming. Similar boards exist or are being planned at the provincial and local levels. Some industry sectors are also becoming more organized in their approach to human resource development.

In terms of program structures, programming in Canada tends to follow traditional models. That is, a fixed set of products — a cheque, service, or some information — is offered to people who are eligible. Each set of products is administered separately with relatively little cross linkage — even though the same individual may have need of support from more than one source. There has been some progress, however, in breaking down these program boundaries in recent years. The local staff of Human Resource Development Canada have good experience in flexible, responsive delivery, but generally only in the use of tools that are within the departmental tool kit. There have been experiments, however, that combine unemployment insurance, social assistance, and employability measures into an integrated package. Often these have been used to help welfare recipients gain the skills and the self-esteem needed to prepare for work, together with help in finding real jobs. There have also been pilot programs that have involved the joint federal and provincial delivery of service.

As in other countries, relatively little attention is paid to effectiveness and results, and relatively more attention is paid to meeting eligibility criteria and to quality of service to the public. There have been many improvements, however, in program design and management in recent years. Overall, the Canadian record here is good compared with other countries, particularly in the areas of local decision-making, program evaluation, and experimentation.

The policy context

Canadians are addressing social policy reform within a context or intellectual framework that is quite familiar, at least among OECD countries. It may be useful to review this received wisdom before turning to the specific reform proposals.

Perhaps the fundamental policy direction characteristic is a greater focus on individual citizen's needs and abilities. This can be seen in the commonly used themes of investing in people, mutual obligations, caring, social integration, and in the emphasis on active supports to help people to learn and find jobs. The

underlying argument is that social security policy must help individuals adapt to a rapidly changing world. It must go beyond passive safety nets.

There is an increasing recognition that social policy must be rooted in a deeper understanding of human complexity and of human development. It requires an understanding that events at one stage of a person's life can have important consequences later on and it recognizes a continuum of need and opportunity. Most people, most of the time, are near the self-sufficient end of this continuum of need and opportunity. At the other end of the spectrum, perhaps one person in five faces multiple or severe barriers. They require more assistance to participate on a level playing field. In general, most people need some assistance at some stage of their lives. Often these are at the big transition points that cross the main institutions of society — from school to work, leaving the parental family and starting a new family, family breakup, work to retirement, or finding work after a period of joblessness.

Compared with their counterparts in many other countries, however, most Canadians are near the self-reliant end of the spectrum. The basic supports — family, community, jobs, learning — are there. The following are some observations about policy trends as they relate to these social institutions.

Families provide the main support for individuals throughout life, especially for children. The nature of the family is changing rapidly. Social security policies in support of families, including child care and child benefits, need to catch up with the new realities. More "flexible" labour markets — where some people work fewer hours than they would like and others work more — often create inflexibilities in families, like time deficits and the need for both parents to be working and some supports like affordable child care are missing. In this regard, there is growing recognition that we do not know enough about what is happening inside families and how families and communities are evolving. Future policy should be supported by better data and research on these issues.

The economy and the labour market is the second dominant social institution that supports individuals, especially in their middle years. It provides income and opportunities for productive activities. The nature of work, however, is changing rapidly, mainly because of changes in trade and technology. There has been a long-run upward trend in unemployment that is bad in itself and creates other social problems.

Increasingly, the key social policy objective in this context is to help people find jobs and to encourage the development of human resources in terms of the skills and abilities that are available to the work force. Much greater attention is paid now to human resource development on the job, including the role of employers and unions in shaping jobs and in providing learning

opportunities. This attention to "internal labour markets" is a new policy direction for Canada.

Some Canadian observers are also concerned about trends toward a polarized labour force and the split between good jobs and bad jobs. Although there is evidence that there is such a trend, more recent emphasis has been simply on employment growth based on the idea that any job is better than no job. This has not, however, resulted in the kind of proposals that could lead to greater wage flexibility to increase employment that is sometimes seen in other countries. Perhaps the main discussions in Canada in this area are related to the impact of payroll taxes on employment growth. Relatively more attention has been paid to labour market flexibility with respect to hours, but even here there have not been the kinds of debate around the length of the work week or work-sharing schemes that have been seen in some European countries.

Education, health care, and a range of other established social services are the third of the main ways that society supports individuals. Common policy themes are more prevention and hence less need for remedial care; learning to learn as opposed to learning specific skills; measurement of outcomes; more market-based incentives and freedom of choice; better counselling, case management, and assessment and referral processes; and more community-based action and less reliance on big institutions.

Jobs, learning, health, crime, early childhood development, and social well-being are intimately linked, and their combined impact is important for social policy. It is recognized that more needs to be known about these impacts and about the consequences of interventions at different stages of an individual's life. In Canada, perhaps more than in most advanced countries, child care and early childhood development is seen as a particularly important priority, as are transitions from school to work.

Governments are the fourth in this list of the big institutions in society that support individuals. They do this as employers in their own right, in the financing of services like education and health care, in the direct provision of other services including employment development services, in income support and taxation, and in regulation, and the setting of standards. It is this support from governments that is the prime focus of the current social security reform.

The fast pace of change in the role of individuals, families, jobs, and services requires changes in *what* governments do and *how* they do it. Jobs and employment growth become a dominant priority of governments, both in economic and in social policy terms. There are perhaps three trends in much recent thinking in Canada about the role of government in social policy.

First, much commentary suggests that there should be a shift in the relative balance of programing toward services, especially learning. This is based on policy trends that favour prevention rather than remedial interventions and active interventions rather than passive income support alone. The result is a major change in the central issues that define social policy. In the 1960s and 1970s, the heavy focus was on matters of equality, particularly in income distribution. To this has been added a new focus on meaningful work and learning and on human development issues generally.

Second, there is a trend toward solutions that involve cost savings, greater rationality across categories of social programing, and more effective interventions like those that are community-based as opposed to relying on big institutions. In this regard, much attention is placed on the cost and disincentive effects of income security programs like unemployment insurance and social assistance. A newer, and potentially even more powerful trend, has been to look to effectiveness issues, particularly moving service-based programing to a more evidence-driven "what works" approach.

Third, there is a greater recognition of the continuum of individual needs and opportunities described earlier. This means more and better use of information, less expensive interventions, and encouragement of market forces for the great majority of people who have the ability and opportunity to adapt by themselves. It also means more costly, tailor-made interventions for those in most need, nearer the other end of the continuum.

The current social security review

On 18 September 1994, the Prime Minister of Canada announced a jobs and growth agenda. Its components are improving social security, ensuring a healthy fiscal climate that supports economic and job growth, reviewing government programs, and strengthening the performance of the Canadian economy in investment, innovation, and trade.

On 5 October 1994, the Minister of Human Resources Development released a discussion paper on the first of these components, social security. The paper, "Improving Social Security in Canada," sets directions for change and offers a range of options for redesigning federal programs in the areas of working, learning, and security. These programs include unemployment insurance, employment services, and federal support for postsecondary education and social assistance.

The discussion paper was issued to provide a framework for a consultative process. A parliamentary committee will hold public hearings and will generally be the focal point of the consultations.

The discussion paper set three objectives for a renewed set of social programs: helping Canadians to get and keep jobs; supporting those most vulnerable, especially children living in poverty; and ensuring affordability. A number of guiding principles are also proposed. These include creating opportunity, investing in people, sharing mutual responsibility, preventing future problems, putting people first, and ensuring greater fairness and affordability.

In the section on working, the discussion paper proposes ways of improving employment development services. These include better counselling, better information, improving basic skills, classroom and workplace training, and incentives for hiring unemployed people. It stresses the importance of better management including measuring results, community leadership, and better ways for the federal and provincial governments to work with each other.

Two basic approaches are proposed in the area of unemployment insurance. The first involves creating a new "employment insurance" program. The second would tighten rules of the existing unemployment insurance program, for example, by making it harder to qualify for unemployment insurance and reducing the periods during which a person could draw benefits. Both approaches could be used.

A new employment insurance program could have two components: basic insurance and adjustment insurance. Basic insurance would be for occasional unemployment insurance claimants, i.e., people who use the program infrequently. For them, the unemployment insurance program would work much the same as it does now — income support while looking for another job. It would also include current sickness, parental, maternity, and adoption benefits. Adjustment insurance would be for frequent unemployment insurance claimants, i.e., people who experience recurring unemployment problems. These benefits might be lower than basic insurance, but frequent claimants would also get more active assistance in finding a job. Other changes proposed relate to the coverage for nonstandard work.

In the section on working, the discussion paper also deals with the financing of unemployment insurance and employment development services, including options relating to the level of payroll taxes, counter-cyclical financing and experience rating. Other options deal with better ways of meeting the needs of working parents.

The section dealing with learning mainly concentrates on the financing of postsecondary education. It raises issues around greater use of loans to students, particularly those that can be repaid later in life based on current income. The discussion has particular relevance in Canada at this time. The existing formula by which the federal government transfers funds and tax points to the provinces

for postsecondary education is such that cash transfers will disappear within a decade. The exploration of alternative uses of that cash is, therefore, timely. Another option discussed relates to the possible use of registered retirement savings plans to pay for education and training.

The section dealing with security discusses alternatives to the existing federal mechanisms for financing provincial social assistance programs. Existing arrangements are inflexible. They do not support provincial efforts in areas like active programing and child development services. They make it hard to overcome welfare traps. Much attention is paid to options that address child poverty, including the use of tax credits. At the time this paper was being written, the consultation process was only beginning, so it was too early to report on its progress.

Concluding observations

How can social policy better support a country's competitiveness and provide security?

The traditional economic answer to this question involves keeping social payments, particularly income support, as low as possible within the acceptable norm for a country to avoid disincentives to work and to lower government expenditures and hence taxes. The economy will grow. More jobs will be created and the need for social programs will be thereby reduced. In Canada, for example, unemployment insurance has been tightened up in a series of reform measures in recent years. But there are clearly limits to this tightening up process. Few people believe that this traditional solution is enough.

Unemployment insurance was a relatively easy target because many Canadians, although certainly not all, felt that it was too generous and caused too much distortion in the economy. There would be little public appetite in Canada for deeper cuts to programs that would undermine social equity or basic income security.

Although further tightening up certainly continues to be one avenue of reform, more radical approaches are needed for the long term. These include shifting toward human resource development strategies, greater flexibility and integration across the big institutions of society, and information as a product of the social policy system.

Human resource development strategies

Future reform should make programs more effective, not only less costly. This means looking at the benefit as well as the cost side. With a focus on benefits, it is increasingly clear that many programs, particularly income support programs,

simply do not make sense. They are aimed at the wrong objective. In particular, programs that simply support people through long periods of joblessness, without helping to prepare them to find new jobs, are simply out of touch with the realities of the changing job market. People need new skills, and a competitive, good jobs economy depends on a skilled labour force. A human resource development strategy based on building skills can address key social and economic objectives simultaneously.

A shift toward a human resource development approach is a move in the right direction, but is no panacea. Solutions are not easy to implement. First, they involve more upfront cost. They can be defended in investment terms in light of their subsequent payoffs. But government accounting in this area is traditionally not done on an investment basis and the information to support accurate calculation of costs and benefits is not available.

Indeed, evaluations in Canada and other countries have shown quite mixed results. Programs like adult training have worked on balance, but often not by much and not in all cases. In Canada, we believe we know the reasons for this and how to introduce programing that will work far better. They involve much greater tailoring of programing to individual needs and they involve a shift to an output oriented set of incentives.

These solutions are not quick or easy. This requires upfront investments, not only in the design of the interventions themselves, but in developing the information and knowledge required by results-oriented programing.

On the positive side, now is a good time to make a shift in the human resource development direction. The economic recovery in Canada is beginning to lessen the pressure on existing social programs, at least a little, and a major shift to active measures like training is easiest when the economy is improving and there is at least potential for job growth. In downturns, the question of "why train, if there are no jobs" is often raised. It is interesting to note, however, that people who ask this question seldom ask the seemingly corollary question "why stay in school, if there are no jobs." Presumably, people have more faith in the long-term payoffs from initial education than from adult training. They may be right. Unfortunately, empirical evidence in this area is not strong. We cannot yet base strategies for lifelong learning on hard data about what works best.

Flexibility and integration across social institutions

A second, long-run approach to effective social policy may involve using social policy to increase flexibility across social institutions — work, community service, schools, and family. One example is better integration of learning and work. Certainly, this involves more flexibility in the transition from school to work along

the lines of extended apprenticeship, internship, and cooperative education models. But it also applies throughout life with more structured approaches to lifelong learning, including possibly the development of skill and occupational standards.

More flexibility in work arrangements is another example, involving more flexibility in hours, work-sharing, leave, and so on. But this must be done carefully to avoid simply offloading rigidities in one system to another equally important system. Currently, all too often, work flexibility means that some people work more than they want (often creating time pressures that decrease family flexibility) and others work less (resulting in a different set of pressures on family life).

More flexibility is needed in the transition between work and retirement. When unemployment is high, trends toward early retirement provide relief in the labour market. Over the longer term, however, flexibility should include more choice in the paths from work to retirement. One of the most dramatic features of society in the coming decades will be the growing numbers of healthy, skilled people who are over the current retirement age.

Social policy does not yet give enough weight to the role of community service and nonmarket activities in terms of their intrinsic value and their role in learning and providing meaningful activity at different stages of life. Examples include work in the home and in the volunteer sector, particularly in the care of children and the elderly, and in a wide range of environmental, community, and charitable undertakings.

It is sometimes claimed that government social services can undermine individual initiative and the roles of the family and community. These impacts are rarely taken into account in estimating the costs and benefits of programs. The data and research to determine the magnitude of these impacts simply do not exist. Nor is there good data and research that show how intervention at one stage of life impacts on later stages or their intergenerational impact.

Governments have many social policy levers that could be mobilized to increase flexibility and integration across the big institutions of society — from labour standards, to parental benefits, to promotional stay-in-school campaigns, to apprenticeship certification, to age of entitlement to seniors benefits. They have not, however, been used in a concerted fashion. There is a lack of policy-oriented research to guide policymakers in this complex area. This appears to be an area of considerable potential for policy research and, later, action.

Information as a product

A final, long-term push toward greater effectiveness may be in the greater use of information as a product of the social policy system, along with income security

and services. Information is relatively inexpensive, and it has potential for getting good results. It fits in with a strategy of prevention, taking action that will prevent problems from arising.

Better information can, in principle, help individuals, families, employers, unions, community groups, and a whole range of service providers make better decisions. There are a number of quite different categories of public information under discussion. Different trends apply in each.

First, as a consequence of the use of better technology, there is likely to be a great increase, soon, in the amount of readily accessible, integrated information that will help match individual and family needs with available services — like social services, or learning opportunities like evening courses offered by schools, or employability services. This information will in turn encourage the growth of more market-based incentives in the provision of social services, with some gains in efficiency. There is also growing use of techniques to help people assess their needs in light of available services.

Second, there will likely be a steady increase in accessible information that will allow self-learning and the development of new skills. This is an extension of distance learning that is already well-advanced in Canada and that builds on new communication and computer technology. It goes well beyond the scope of the social security system and links social security with the worlds of telecommunications and education. The challenge lies not so much with the information technology, but with the content — including matters of standards and certification. The pace of development will be driven by the ability to make progress on these substantive topics.

Third, there is likely to be a rethinking of the role of promotional or social marketing information. Marketing has many purposes. It can promote awareness of problems — like children at risk or discrimination or illiteracy. It can help raise funds for service providers. It can promote certain behaviours like the Canadian “Stay in School” media campaign. It can support concerted action and cooperation — often by designating years or days that recognize something of value, like the International Year of the Family.

The stronger focus on prevention suggests a larger future role for promotional activities. Yet, in the area of social security, not enough attention has been paid to issues like costs and benefits, uses and potential misuses, and priorities for action. More discussion and study are warranted.

Fourth, is a likely trend toward major new investment in gathering general intelligence about the operation of the labour market, the learning systems, the family, information about the changing nature of social problems, and information on best practices. These include the basic data collected by national statistical

agencies and more research-oriented longitudinal surveys. General intelligence information can improve the overall performance of the social security system. It can also help individuals make better educational or job search decisions.

Fifth, and at the other end of the spectrum from general intelligence data, is an automation of the very specific "micro" information needed to help many thousands of job seekers and employers get together. These are proposals for an "electronic hiring hall" — an automated means whereby individuals can enter their qualifications and employers can enter their job vacancies into a system that allows for highly automated screening and matching of people's skills and job openings.

How can a substantive reform agenda be formulated in a time of restraint?

How can a practical reform agenda be formulated that will save money and move in these longer run directions? There are no easy answers. Balancing winners and losers and balancing competing objectives is never easy. It is especially hard in a time of overall restraint. In Canada, it is a particularly difficult task because of a strong regional dimension to social programing. Policy changes can result in winners and losers among the provinces as well as among people. Large-scale reform in Canada has often failed in the past because of an inability to reconcile place-based and people-based reform agendas.

There are both process considerations and substantive considerations in developing a reform agenda. First, a process point of view, incremental change can be successfully carried out on a program-by-program basis. Larger scale reform, however, may be more successful if there are a large number of programs on the reform table to allow more latitude for balancing winners and losers and competing objectives. Comprehensive reform of unemployment insurance in Canada failed in the past because people could see only the proposed cuts to the program, not the design of better replacement programs. This implies of course that tradeoffs are possible. It implies that cuts in some program areas are large enough to allow reallocation both to deficit reduction and to the kind of longer-run policy priorities described in the foregoing.

Second, the success of reform initiatives often depends on finding the right balance between consultation and consensus building and taking leadership in quickly implementing reforms that are needed but may be unpopular with some groups. The right balance will be unique to a particular country and a particular time. Communications, however, based on good knowledge, including information about program effectiveness, can always be a powerful tool to support a reform

agenda. No one will lobby hard in favour of programs that demonstrably do not work.

A third consideration is the use of flexible reform strategies based around pilots, experiments, strategic initiatives, encouraging creativity among front-line staff in developing new approaches, and so on. These can complement bigger changes in the program building blocks and financing arrangements, thereby reducing the risk of large mistakes, and allowing for early action.

On the substantive side, it is often possible to get savings, without undermining the basic purposes of the program, by more careful targeting of programs on areas of greatest need. At least this is the Canadian experience. One way is to use the income tax system either to deliver cheques only to those who most need them, as in tax credits, or to tax back universal benefits to high-income families. Use of new technology is allowing for more precise targeting of this sort.

Targeting can also be accomplished by more closely tailoring programs to individual needs, so that those in less need do not get more than they require. (This is also likely to mean those in greater need will receive more support and more effective support.) This kind of targeting can happen at the level of individual interventions. It can also aim programs at more specific audiences — unlike the Canadian unemployment insurance system that has very broad eligibility.

Another approach to targeting is to examine need over a life cycle. In some cases, individuals can contribute a greater amount to their own income security through social programs that spread costs and benefits over different stages of life. Examples are income contingent repayment loans for students and various forms of registered savings plans.

Still another approach to savings without endangering basic objectives is through efficiency in delivery. There is growing experience with the kind of social service interventions that work far better. These are programs that are individually tailored, community based, and knowledge driven. Other candidates include reduction of overhead costs, overlaps and duplication, better control over abuse, and more joint work with other partners. Although these are hardly new ideas, there is new potential for savings in the next several years as a result of the use of computer and communications technology that is becoming increasingly accessible.

One way of getting savings — moving to low unit cost, one-size-fits-all programing — is a mistake. This kind of programing is cheap but it does not work. Cutting back on information technology and research overheads is another bad idea that will cost more in the end.

Should there be international cooperation in social policy research agenda?

Clearly there should. Much of what has been said in the foregoing implies an ambitious research agenda. The move toward a human resource development strategy and empirically based programing implies a quantum leap in the importance attached to knowledge generation through means ranging from social policy research, to evaluation and experimentation, to the collection of basic statistics.

These matters are not unique to a particular country and it only makes sense to coordinate efforts when dealing with such difficult and costly undertakings. Work emerging from Latin America shows impressing similarities with the social policy agendas found in developed countries (Torres 1993).

References

- Government of Canada. 1994. Agenda: Jobs and growth. Improving social security in Canada. A discussion paper. Human Resources Development Canada, Ottawa, ON, Canada. 102 pp.
- Torres, M. 1993. Research on social policy: Proposals for a future agenda. International Development Research Centre (IDRC), Ottawa, ON, Canada.

This page intentionally left blank

SOCIAL POLICY REFORM IN CANADA UNDER REGIONAL ECONOMIC INTEGRATION

Albert Berry

Current social policy review process

The setting for the current debate on social policy reform in Canada (including what some refer to as the crisis of the welfare state) parallels that of other industrialized countries in many respects. Common features include a secular growth slowdown topped by a recession in the early 1990s, an aging population requiring higher transfer and health-care expenditures, rising needs and costs associated with the increasing prevalence of the single-parent family, and public pressure to widen the coverage of various social services to new categories of recipients.

These factors, affecting the demand for, and availability of, public funds, have contributed to the near-universal fiscal crises in which industrialized countries find themselves. By the end of the 1980s, despite some austerity measures, budget deficits remained high, with Canada one of the more extreme cases. Policy reform is not just a matter of controlling social spending while maintaining a high level and quality of services. It is also a redesigning of the system to meet the changing needs of the new prevalence of temporary and insecure work from more frequent job and career changes, more self-employment, the single-parent family, and the more complicated family earning patterns associated with the multiple-earner family. These features all present serious challenges to the traditional social security structures.

Other common contextual factors are the rapid technological change, especially in the information area, and the related pattern of increasing globalization. Most of the industrialized countries are also involved in economic blocks, which imply regional economic integration going beyond the world trend in that direction. For Canada, the major event was the signing of the Canada-U.S. free trade agreement of 1989 (CAFTA), followed soon by the creation of the

North American free trade agreement (NAFTA) in 1993. Although for Canada, the free trade agreements do not represent as drastic a change as they would, or will, for many countries of Latin America and the Caribbean (LAC), they are certainly important enough for its lessons to be potentially instructive. Will they produce gains from trade that translate quickly into fuller and better employment of the labour force, or will they lead to widespread downscaling of work forces, wider earnings differentials, and jobs that are less secure because of the flexibility required to compete effectively in the international market?

Several features are special to Canada's social policy crisis/challenge. A number of these relate to its being small compared to the U.S., its main trading partner, although relatively open (high export and import to gross domestic product (GDP) ratios) and integrated with that partner, but having social goals, as revealed by past and current policies and structures, which differ significantly from those of the U.S. No other member of a major trading block is in such a delicate situation. To none is it likely to be so important that social policymaking be kept "national" even as the economy becomes increasingly international or intertwined with that of the U.S. Available data seem to confirm that the widening income disparities that afflicted the U.S. and some other industrialized countries in the 1980s were significantly less marked in Canada (Berry and Stewart n.d.), and this difference is often interpreted as a result of the different social policy systems.

There has been widespread fear in Canada that competitive pressures implicit in a closer economic integration with the U.S. will undermine Canada's social programs (Banting 1992, p. 22). Social programs that raise the costs of production would push economic activity to the south, whereas ones that lower business costs by socializing some of them might be interpreted in the U.S. as subsidies and subjected to countervail or other trade reprisal.

Optimists on this count argue that our distinctive social programs evolved during a period of increasing integration, that taxes reducing net incomes would be no problem, whereas those that raised costs would simply trigger an offsetting exchange rate adjustment. Regional development grants to industry might be challenged but generally available social programs would not.

Two other features of Canada's political landscape warrant attention: the importance of the provinces and the presence of a significant socialist party impact on social policy. Although the socialist New Democratic Party (NDP) has never achieved power at the national level, it has at one time or another governed four provinces and, over the years, has made major policy innovations in areas of provincial responsibility (like health) and introduced policy issues into the national political discourse. The current experience of governing at the provincial level

under conditions of a serious recession and severe fiscal limits, has led to conflict (especially within the Ontario party) around the difficult question of unconditional support for traditional union/labour positions and has forced the beginning (or continuation) of what may be the ideological modernization of Canada's socialist party in the light of the more difficult fiscal constraints and the more open economy of today.

The regional and provincial dimensions of Canada's social, political, and economic structure have historically been very important. The relatively flexible federation has been a response to the large geographic dimensions of the country, the cultural division between Quebec and English-speaking Canada, and the varying economic conditions and structures across the four main regions: the Atlantic provinces, Quebec, Ontario, and the West.

During the last two decades, regional strains have been intense, both because of the secessionist movement in Quebec (where a second referendum on this issue is expected in 1995) and because of the resentment from the West, especially felt in Alberta because of the National Energy Policy that, during the years of high oil prices, transferred much of the associated rents from producing to consuming provinces.

In important areas of social policy like health and education, the role of the national government in Canada's federalist system has been to participate in the design of systems and to use federal-provincial transfers in such a way as to induce the provinces to create what is in effect a national system. In the early stages of this process, the federal government used open-ended cost sharing arrangements with the provinces, thus creating strong incentives for the poorer ones to improve their systems in these areas, but also failing to build in strong cost-control incentives. Because the growth of deceleration was less marked in Canada than in some other industrialized countries and because military spending was low, it was fiscally easier to expand social spending than would otherwise have been the case.

In the heartland province of Ontario, provincial spending grew at 13.3% per year in nominal terms and more than 6% in real terms over 1981-91, with an increasing share going to the social side, especially community and social services (Graham and Lightman 1992, p. 88). Earlier, the province had seen a major burst of spending on education.

In recent years, each element of the social spending package has come under scrutiny. This scrutiny has involved the recognition that

- Policy effectiveness cannot be taken for granted and spending programs should not be judged by their size but by their product — hence, new monitoring and evaluation instruments need to be brought into play;
- There are too many negative incentives and lack of internal coherence built into elements of, or the overall system of, social policy;
- It is important to take account of the economic efficiency and growth implications of social policy, especially in the area of education/training but also in that of health, child-care, and others;
- With the scarcity of financial resources it is always necessary to ask how the costs should and can effectively be shared by the public sector and by private individuals or groups;
- Targeting may be the most efficient way to handle some services previously provided on a universal basis; and
- It may be efficient to separate the funding and the delivery of certain services, with the private sector more often an effective delivery mechanism than an appropriate financier.

Evolution of the social support system

Nearly all the elements of the current structure of Canada's social support system have been put in place during the postwar period. Beginning with the unemployment insurance program in 1941, the federal government took the lead in redesigning and extending the system of social security. It is less complete than those of many European countries but more extensive than the American one. Most comparisons with other industrial countries put Canada toward the low end in public sector social spending.

The Organization for Economic Cooperation and Development (OECD) figures for 1990 on what they refer to as "public social-protection expenditures," including health care, unemployment insurance, family transfers, disability pensions and services, and old age pensions, but excluding education (in which Canada is a relatively high spender) show expenditures of 18.8% of GDP. This significantly exceeds only those of Japan (11.8%), Australia (13.0%), and the U.S. (14.8%), and puts Canada in the same range as such low-income European countries as Greece, Ireland, and Spain. This falls substantially short of the higher

income European countries, where the figures range from 23.4% (Italy) to 33.9% (Sweden).

Total social spending by Canadian governments shows a sharp upward trend between 1966 (when it was 14.9% of GDP) and a peak in the early 1980s (over 24% in 1982 and 1983), after which it fluctuated in the 22–24% range over the rest of the 1980s (Hunsley 1992, p. 106).

To these figures should be added indirect “costs,” which take the form of tax rebates and the like and the subsidization or direct delivery of goods and services. Hunsley (1992, p. 109) estimates tax subsidies for 1988 of 53.8 billion. Together with direct expenditures of 140.8 billion in that year, this implies total direct plus indirect public spending in this area of about 30% of GDP, still without taking account of private expenditures not fully reflected in the tax rebates. After declining a bit from the peak in 1982–83, direct social spending rose again with the recession of the early 1990s and, barring major policy changes (which may be in the works), would seem likely to settle at a level several percentage points above that of the 1980s. In the narrower category of social security expenditures, there has been an increase from about 9% of GDP in 1989 to 13% in 1993 (*Globe and Mail*, 19 January 1994, p. A4, citing Statistics Canada).

Over the 1980s, social security costs for the elderly and health costs rose, whereas expenditures on education, unemployment insurance, and federal family benefits decreased. During the recent recession, social security and unemployment insurance expenditures rose rapidly (Hunsley 1992, p. 107).

As of the late 1980s, health and education accounted for about half of total public direct spending, and for 10.6% of GDP. Social security accounted for 43%, the chief elements being the old-age pension (8.4%), other pension plans (8.8%), and unemployment insurance (8.4%). Welfare (5.3%) and worker’s compensation (2.7%) were smaller and the other categories relatively unimportant (Table 1).

As noted in the foregoing, the federal government encouraged expansion of various social programs in the 1960s and 1970s. The Canada Assistance Plan (CAP), put in place in 1966–67, replaced a group of categorical programs for people in need. Provinces were required to define in legislation what “need” meant, could no longer impose a period of residency as requirement, and were required to establish an objective appeal system for anyone denied assistance. As of 1989–90 these expenditures accounted for about 5.3% of total government spending in the social sector (Hunsley 1992, pp. 107–108). Although no upper limits were set on cost sharing, a team reviewing CAP in 1985 for the new Conservative government concluded that provincial government determination to

Table 1. Total government direct spending in social policy fields, 1988, by program area.

Program area	Spending (millions) ^a	Percentage of total social spending ^a	Percentage of GDP
Health	36 558	25.97	5.71
Education	31 295	22.23	4.89
Recreation and culture	5 341	3.79	0.83
Housing	2 947	2.09	0.46
Labour	3 765	2.67	0.59
Social security	60 891	43.25	9.52
Income supplements	16 154 ^b	11.47	2.52
Pension plans	12 419	8.82	1.94
Unemployment insurance	11 818	8.39	1.85
Social assistance (welfare)	7 481	5.31	1.17
Workers' compensation	3 857	2.74	0.60
Family allowances	2 654	1.88	0.41
Child tax credit	2 064	1.47	0.32
Other	4 444	3.17	0.71
Total	140 797	100.00	22.00

^a Based on Hunsley (1992, pp. 107–108).

^b Of which the old-age pension is \$11 804 million.

Note: GDP, gross domestic product.

keep welfare entitlements well below minimum wages (and to keep these latter low) had effectively controlled spending, better than the federal government could have achieved by itself.

The fiscal equalization system, begun in 1957 and later extended and constitutionally entrenched in 1982, supports the weaker provinces by providing unconditional cash transfers designed to allow all provinces to provide comparable levels of public services at comparable levels of taxation. The overall social support system has become highly redistributive across regions through the fiscal equalization, unemployment insurance and other federal income security/support programs (Leslie 1992, p. 48). The cost-sharing apparatus implied that federal payments would continue to expand as long as the provincial programs did and would also rise if interprovincial disparities did.

When the federally operated unemployment insurance program underwent a de facto conversion to a scheme of income support for the intermittently employed in 1971, outlays rose from \$542 million in 1970 to more than \$11 billion in 1985. Beginning in 1974, basic exemptions, including those for children and

other dependents, were indexed, thus removing a source of elasticity in the government revenue system.

When the upward pressure on spending came against the economic downturn of the 1970s, the federal government began to look for ways to limit its fiscal obligations to the provinces. In 1977 the Established Programs Financing (EPF) system was set up. Under it the federal government agreed to make an annual fiscal transfer consisting of "tax points" (the estimated yield of a part of the income tax) and cash transfers, whose level was based on 1976 levels of cost sharing, adjusted for increases in GDP (Leslie 1992, p. 49). The EPF was the first of a long series of federal actions to transfer fiscal and program responsibility to the provinces, to limit federal fiscal responsibilities and to make the transfers more redistributive. In 1990 Parliament amended the original law such that cost-sharing payments under the CAP could not increase faster than 5% per year for provinces not receiving equalization. As of 1992, only 28% of social assistance outlays came from the federal government, compared to 50% in 1989-90. The third major form of fiscal transfer, the equalization payments, has also moved from an open-ended to a capped program, and is likely to shrink in future.

As noted in the foregoing, the pull-back of federal funding does not appear to have led directly to a deceleration of overall social spending, although it may be necessary to wait a few years until the dust has settled after the early 1990s recession to see how much of the growth in those years is attributable to spending caused by the recession. As awareness of resource stringency became greater in the 1980s, governments tried to target benefits with greater precision. This resulted in a number of deductions that had benefited people in higher tax brackets being converted to tax credits of equal value to anyone paying taxes but of no value to those not doing so. Hence, distribution impacts were not predictable in the absence of detailed information on where in the distribution the impact is felt.

There has been a tendency for the total social spending ratio, and some significant elements of it like unemployment insurance, to rise sharply in recessions (especially the last two) but not to fall significantly during the booms. Such a pattern could simply reflect the superimposing of cyclical movements on a positive secular trend, or it could reflect an asymmetric downward rigidity of certain types of expenditures. Certainly, the pull-back has put the provinces under intense fiscal strain, contributed to mounting budget deficits, and forced the onus onto the provinces for making hard decisions in the social area.

Amid the obvious need for fiscal restraint and care, new needs and social demands continue to appear. Gender pay equity, pioneered by the province of Ontario, has had a significant impact on both private and public costs, as the equalizing has tended to be in the upward direction. The "spouse-in-the-house"

rule of eligibility for social assistance was dropped following a legislative review to determine which rules were contrary to the Charter of Rights and Freedoms (the constitution promulgated in 1982). The province adopted the spouse definition current in the common law and in use by Revenue Canada (Hunsley 1992, p. 123). This change substantially widened eligibility. The province has also expanded community based services (especially in-home care and home support services) and financial assistance to top up incomes for the working poor. These changes led to rapid growth in expenditures and caseloads. When the recession and industrial dislocation followed and the federal government limited growth in CAP contributions to Ontario to 5% per year in 1990, a sharp fiscal scissors effect was felt.

Under current circumstances, virtually all provinces are unhappy for one reason or another. Quebec has traditionally insisted on comprehensive responsibility for social policy, with federal involvement in this field viewed as inappropriate and inconsistent with the original terms of Confederation. As long as the federal transfers were being expanded and the associated objectives were largely consistent with the province's preferences, the system was tolerable to Quebec. Under retrenchment, however, and with the federal government withdrawing from previous commitments, there has been pressure for change (Leslie 1992, p. 51). The western provinces that would gain from a transfer of fiscal responsibilities have also been pushing for decentralization. Ontario's position on continued heavy federal involvement has been ambivalent, but the province has suffered severely during the recession and is quite unhappy about recent federal pullbacks. The Atlantic provinces are worried that a dismantling of the transfer mechanisms will harm them.

The opting out clause in the stillborn Meech Lake Accord (whose purpose was to redefine the Canadian constitution in a way satisfactory to all of the provinces as well as to the federal government) drew much attention, mostly negative. The idea is that provinces would undertake their own programs in a variety of areas, including those under discussion here, consistent with "the national objectives." This concept, although implicit in many earlier arrangements for, and discussions of, elements of social policy (e.g., the setting of minimum wages) was, at least in this very explicit sense, new to the federal-provincial forum and never clearly defined during the Meech Lake discussion. It could be the peg on which a useful concept of responsibility sharing might be hung.

Implications of globalization and regional integration

Canada has been a relatively open economy, with export/GDP and import/GDP ratios in the 25% range for several decades. Trade has been concentrated, with the

U.S. share accounting for about 75% of the total. Tariffs and quantitative restrictions on trade between the two countries have been on the low side.

Canada's main motives for initiating a free trade agreement (FTA) with the U.S., which perhaps were not self-evident, included: (a) concern that the world was evolving in the direction of major trading blocks and fear of being left outside, and (b) a desire to avoid the uncertainty and risks created for Canadian exporters by unilateral and unpredictable imposition of trade sanctions by the U.S. on Canadian industries whose incursions in the U.S. market led to complaints and political pressure there.

Because expected trade creation from the FTA was not particularly large, some estimates of the static gains to Canada were on the low side, say 1–2% of GDP. Estimates that included gains from rationalization to take full advantage of assumed economies of scale but disregarded possible losses through firm migration to the U.S. (like Wonnacott 1975; Harris 1984) could be substantially greater (e.g., in the range 5–10% of GDP). If losses from firm emigration, for whatever reasons, including lower taxes, lower labour costs, etc., were large and gains from economies of scale were small, it appeared (to this author at least, although I did not see such calculations) that a net overall loss to Canada was a possible outcome.

Many of the structural changes showing up in the Canadian economy over the last decade or so appear to have come primarily from the nature of technological progress. This has destroyed middle-income, middle-skill jobs while creating high-skill, high-income jobs in smaller numbers and from the massive entry of the low-income (mainly Asian) countries into the world trading system to a degree that destroys the competitiveness of many industrial country industries in the more labour-intensive segment of the economy. It is evident that no plausible level of barriers to trade and investment flows would isolate Canada from these effects entirely, nor would the country wish to eschew the benefits that those processes bring. But it is probable, both for Canada and for other countries of the hemisphere, that the degree of integration into world markets is a determinant of the size of both the benefits and the costs of those phenomena.

Another general concern with integration into the world economy is that it increases the relative role of large firms, whether multinational companies or large national firms. Given that large firms tend to employ atypically capital intensive technologies, a shrinking role for small and medium enterprise could be expected to decrease the number of "good" jobs and worsen income distribution (Berry 1992).

Many Canadians believe that tighter economic integration with the U.S. implies an inevitable shift toward the U.S.-preferred market system, with its

limited role for government planning and direction of the economy, loss of instruments for regional policy, and so on. Some (including many economists) view this with approval, whereas, for others (probably the majority), it is a source of concern.

Labour in both Canada and the U.S. tended to attack CAFTA and NAFTA on the grounds that it would reduce wages, union power, and worker welfare. In effect, it represented a victory of capital over labour. How valid this fear will turn out to be remains unclear, partly because it has naturally been hard to sort out the effects of the early 1990s recession in Canada from those of the Canada-U.S. free trade agreement. In a recent econometric study, Gaston and Trefler (1994, pp. 21-23) conclude that the FTA "does appear to have contributed" to job loss. Their estimates imply that, when fully implemented, the FTA tariff cuts will ultimately reduce Canadian employment by 3.3%. Other important factors contributing to what they describe as the "devastating" labour market experience of 1989-91 were the recession, the strong Canadian dollar and the high interest rates associated with the fight against inflation. The authors note with some surprise that in the midst of dramatic job losses real wages were virtually stable. Thus the full response to the labour market disequilibrium took the form of job loss.

Social policy reform process

Because the provinces are responsible for most of the spending areas on the social side, including education and health, they have historically had considerable scope for innovation. (Thus, the now national health system originated in the province of Saskatchewan under the administration of the socialist government of Premier Douglas. A burst of spending on education was undertaken in Ontario in the 1960s-70s under a centrist Conservative government.) This is a policy space that is likely to be increasingly ceded to them again, although now in the context of very serious financial limitations and with some continuing constraints on decoupling from the national patterns. Experiments considered successful have tended to be copied by other provinces or to work their way into a national system encouraged by the federal government through its conditional transfers.

Background analyses undertaken by academics, Royal Commissions, interest groups and others make an important contribution to policy discussion. Before the signing of CAFTA a massive and in many ways in-depth study of its likely impacts on Canada was undertaken under the leadership of former Liberal Minister of Finance, Donald McDonald, commissioned by the Conservative government of Brian Mulroney.

In the social area, at least a half dozen important and usually influential studies of this sort have been undertaken in recent years, including the Task Force

on Child Care (1986), the Program Review Task Force on the Canadian Assistance Plan (1985), and others. Private institutions organize policy research covering a wide range of the political and ideological spectrum, from the left-of-centre advocacy groups to the more conservative C.D. Howe Institute (publishing a range of policy studies in the social area this year) and the right-wing Fraser Institute. Currently, the Human Resources Minister, Lloyd Axworthy, is struggling with the task of reforming the country's social programs and substantially reducing their cost (the objective is to save \$1.5 billion in federal government transfers for social spending, in line with the government's pledge to cut the budget deficit to \$25 billion within 3 years), a difficult challenge that, however, appears to be high on the list of policy priorities of the current Liberal government. Axworthy's social policy reform group confronts, among other political problems, the risks involved in producing a harsh-looking reform proposal just as the Quebec sovereignty referendum campaign is getting under way.

Under the Canadian parliamentary system, decision-making power is less widely shared than in a congressional system like the U.S. and civil servants (as in the "Ottawa mandarins") have traditionally been quite important. The last word tends to rest with a fairly narrow circle of politicians: the prime minister, the responsible cabinet minister, the minister of finance, and a few other influential cabinet members. Whatever its weaknesses, this system is in some ways less vulnerable to incoherent policy design caused by pressures from too many different directions.

Social policy under regional integration

The broad challenge for social policy at this time is simultaneously to meet both the social goals and the associated economic goals and constraints. Meeting this challenge will call for a more effective and subtle decision-making process than before. One element is that social welfare institutions may be particularly inflexible and resistant to change, because their past experience is one of growth, they provide what the citizenry gradually comes to think of as "rights," and some of the providers also see it that way.

The following would seem to be current consensus or near-consensus on the performance of the main components of the social system:

- The health system is effective both in the results it achieves and in the security it provides, but is becoming excessively expensive. Cost-saving modifications will be necessary if it is to retain the current broad outlines.

- The formal educational/training system, although reasonably strong in certain respects is unnecessarily expensive at some levels and is weak in responding to rapidly changing market demand and in facilitating the education/work transition.
- The unemployment insurance system has evolved into an income maintenance system. It is partly for individuals and partly for regions, with negative incentive effects on job search, no significant capacity to foster retraining or effective job search, and little or no integration with the social assistance programs. The system has become part of Canada's permanent interregional redistribution system. The 1991 figure of unemployment insurance payments amounts to about \$1 500 per employed Canadian (Courchene and Stewart 1992, p. 146).
- Social assistance, mainly in the form of income support, has been quite successful in reducing poverty rates for the aged, but less successful for other groups. Although poverty has been reduced over the last quarter-century, CAP seems not to have been a major factor, in comparison with the establishment and improvement of national standards for senior's benefits and the shift of married women into the labour force (Hunsley 1992, p. 122). Child poverty and poverty in single parent families remains high by comparison with European countries. The Luxembourg income studies put the rate of child poverty in Canada at 16.8% in 1981 compared to 24.1% in the United States, and 5–6% in each of Norway and Sweden. The differences are even bigger with respect to child poverty in one-parent families: 60% in the U.S., 51.2% in Canada, 13.7% in Norway, and 9.8% in Sweden (Ross and Shillington 1989, p. 85). Child-care funding has changed little since 1970 (Baker 1992, p. 68). More people, especially women, are taking more time off from work (absenteeism) at considerable cost to their employers (Akyeampong 1992).
- The ineffective interface between social assistance, insurance against short-term unemployment, and reentry into employment (including retraining activities, assistance with job search, etc.) remains a major flaw in the system. Too many elements of the system create antiadjustment entitlements that exacerbate the adverse shocks; the substantial spending in the areas of welfare, unemployment insurance, and training contributes little if any benefit to the country's long-run

development prospects. The changing character of the labour market and the shrinking points of easy entry make the challenge in this area especially difficult.

The internal incentives among the welfare, unemployment insurance, and training programs are very bad. Welfare is provincial, unemployment insurance is federal (although the federal government has backed out of financing except on an interim basis). Training has typically been federally financed, but provided, and sometimes guided, at the provincial level with policy decisions frequently driven politically. The average tax rate on the transition from welfare to work at the minimum wage is generally above 100% (Courchene and Stewart 1992, p. 147).

The same goes for the step function that links unemployment insurance benefits and earnings. Provinces are induced to create 10–12 week jobs to shift people from provincial welfare to federal unemployment insurance. Meanwhile, exit from both welfare and unemployment insurance is also discouraged because procedures for getting back on welfare or unemployment insurance are time-consuming and complex (Baker 1992, p. 75). The transition from school to the workforce is also clearly inadequate. One possible approach is the European apprenticeship system, but its merits in the Canadian context remain to be tested, and other options should receive serious thought as well.

- On matters of discrimination, by gender, race, age, etc., there has been considerable advance, especially in some provinces, although here too change in the labour market has made the job in some ways harder, especially for older people and the poorly educated. For women, however, the information technologies may have been a boon.
- Although a major increase in spending in the social areas will not be possible in the foreseeable future, this does not necessarily imply that major improvements cannot be made. Some past spending has probably had a low payoff, so major improvements in overall performance are not impossible.

The competitiveness question

The widespread argument that an increased need to focus on international competitiveness constrains what a country can do in the social area is based on two propositions:

- A country must invest to achieve competitiveness, and such investment (e.g., in physical infrastructure, human capital, etc.) competes for funds with more "social" uses; and
- High taxes, which might otherwise be the way to achieve both objectives simultaneously, may be ruled out by the needs of harmonization under tighter economic integration.

The first argument seems to contradict the theory of comparative advantage, and it is important to look carefully at what proponents actually mean. The main mechanism that keeps a country's industries competitive is the exchange rate. It is true, however, that Canada has often felt constrained in its use for this purpose out of fear that undesirable capital flows would result, a fear related among other things to the country's high foreign debt. The other natural mechanisms to maintain competitiveness in the face of lower productivity than that of one's competitors is lower factor prices, including wages. Many commentators have emphasized the importance of shifting welfare costs from the firm to the household, where possible.

The harmonization/convergence question

Tax harmonization could oblige Canada to adopt lower rates and a lower level of progressivity than would otherwise be chosen. This will increase post tax and transfer inequality, putting downward pressure on the availability of public resources, and possibly forcing Canada's health and educational systems toward the substantially private and high-quality variance systems that characterize the U.S. Such a sequence would contrast sharply with the pattern in the European economic community, where the European social charter reflects to some extent, the preferences of Germany, which has used its political power to impose elements of its costly high welfare system on such entrants as Portugal and Greece (O'Higgins 1992, p. 4).

Two related issues fall within this convergence/harmonization area. First, how much convergence of economic outcomes can be expected from a tighter degree of economic integration, *policies held constant*, i.e., with such policy differences as currently exist more or less continuing on into the future. The answer to this question involves both the extent of factor mobility and whether it increases as a natural correlate of integration, and the impact on economic outcomes of the trade and investment integration itself.

Where factor mobility is high, convergence of wages (more precisely of labour costs) and returns to capital is almost a foregone conclusion. Where it is

not high, the issue is more complicated, since trade and some degree of capital movement can also produce that result but are less guaranteed to do so. Where the nature of the convergence is undesirable, e.g., a fall in the wages of unskilled workers or a widening of earnings gaps to socially undesirable levels, the next question is whether policy interventions, allowable under the new agreements, can be used to offset such effects. Looking toward a future in which Mexico and probably other countries of the hemisphere will be part of the same economic bloc, the key problem for both Canada and the U.S. is the extent to which there will be wage convergence in which our wages adjust downward significantly. It must be assumed that both will attempt to impose some labour market restrictions if they become concerned that such downward pressures might become too strong.

The second issue is to what degree policy harmonization will be necessitated as a defense against factor mobility or other negative impacts, even when the nature of the harmonization goes against the preference of the policy-adjusting country, in this case Canada. (Policy harmonization that unequivocally benefits both countries need not be discussed further.) Where harmonization is resisted, new costs can arise.

Much convergence may already have occurred between Canada and the U.S. over their long period of close economic ties. It is unclear whether CAFTA will lead to a significant further convergence, but the possibility warrants consideration. The economic integration implied by both CAFTA and NAFTA relates to goods and services markets and to capital markets but not to the labour market. Even the already existing mobility of certain occupational categories, however, is high enough to imply significant costs if Canada loses a lot of expensively trained people to the U.S. as a result of holding earnings differentials lower (as with doctors, for example) than their high, and in some cases, rising levels in that country. There is a general and continuing risk of losing the most talented people because of smaller intraoccupational category differentials.

Capital mobility between Canada and the U.S. is also high enough to contribute to convergence. The lower labour costs in some parts of the U.S., due sometimes to lower base wages, but more systematically to lower nonwage costs associated with weaker unions and less payroll taxes, have induced some Canada-based firms to move to the U.S.

Some movement of this sort would be expected independently of any new trade deal, but one effect of CAFTA was to ensure continued access to the Canadian market even for a firm based in the U.S. Such access no longer constituted a significant reason for location in Canada. Firms planning to sell substantially in both markets were now more likely to want to locate in the U.S. because, as the usually larger market, the advantage of proximity would be

significant in some industries. The issue under debate is whether these effects have been or will be quantitatively significant.

Harmonization has been discussed in several contexts including the tax system and the extent of proactive policy and nonmarket incentive systems. It has been viewed as most essential in the areas of corporate and personal income taxes. It is widely felt that higher corporate taxes could lead to quick loss of firms. Higher personal income rates run the risk mainly at the upper end, especially if our system is also more progressive. There are at least two arguments suggesting a shift to more indirect taxes.

The first, is that the system may be able to achieve greater overall tax/expenditure progressivity if more financing is done that way. The second is that consumption taxes may have less impact on plant or enterprise location and on mobile skills than do direct taxes. On this second point, however, Canada may be an exception because such a high share of the population lives near the U.S. border (O'Higgins 1992, p. 18). Property taxes might appear to have potential but some recent moves to the U.S. seem to have been influenced by these (Courchene and Stewart 1992, p. 141). A value added tax (VAT) seems the best bet as it is competitively neutral, exports being exempt and imports covered.

The record on harmonization and convergence

The existing similarities in economic structure, average income, occupation-specific earnings, and income distribution between Canada and the U.S. might be taken as evidence of convergence over past decades, during which the two countries became more closely entwined economically. But the broad similarities in factor proportions, in particular the large endowments of natural resources per capita, undoubtedly account for the bulk of the similarity making it hard to judge whether economic integration is responsible for a significant part of it or not. It is generally accepted that convergence has occurred in Europe during the European Economic Community period, although the mechanisms remain to be worked out and a significant competing hypothesis is simply that middle-income countries often grow faster than high-income ones whether in such trading arrangements or not. One of the important questions to be answered in the next couple of decades is the extent of convergence between Mexico and Canada—U.S.

On harmonization, Banting makes a persuasive case that, so far at least, the record suggests considerable continuing independence of Canadian social policy from that of the U.S. in spite of convergence in some elements of the tax system. The history of tax reform in the 1980s demonstrates a conviction within the Canadian government that to impose higher corporate taxes than the U.S. would risk serious erosion of its tax base and revenues (Alpert et al. 1992). It is not

clear, however, whether the new FTAs will have a greater effect in the direction of harmonization than did the gradual process of economic integration in the past.

As of the early 1970s, comprehensiveness of social programs was generally wider in Canada. Harrington (1984, p. 85) described the welfare state in the United States as "primarily for people over sixty-five"; pension payments were similar in the two countries. Canada has also had a stronger set of targeted programs. Despite the rhetoric of the War on Poverty in the U.S., political support for vertical redistribution through selective programs has been weak (Banting 1992, p. 25), benefits of the programs are low and limited resources move through them. Canada has had a wider set of income supplements and a stronger system of social assistance at the provincial and local levels.

Although in 1960 selective programs were a little over 20% of all total income security expenditures in both countries, in Canada they rose to 37.4% by 1980 and stayed around 35% through 1987, whereas in the U.S. they remained constant to 1980, then fell to 17.5%. As of 1979–81, the impact of the system on poverty (defined as 50% of median disposable income in each country) was quite a bit larger in Canada (52.7%) than in the U.S. (38.1%) (Banting 1992, p. 27).

Over the last couple of decades, the debates on education, training and child care have been quite similar in the two countries. Canadian concern, however, focuses especially on health care, where the gap between the two has been widening. In Canada, private expenditure represents about a quarter of the total. In the U.S. Medicare provides insurance for the elderly and Medicaid, a means-tested program delivered by state governments provides care to 42% of the nation's poor.

The rest of the system mainly relies on the private sector. About 13% (mostly low-income workers and their families) are uninsured and another 8% seriously underinsured (Banting 1992, p. 28). In 1971, the two nations devoted similar shares of GDP to health care but, by 1989, the American system was considerably more expensive at 13% of GDP. In the U.S., health insurance coverage has eroded over the last decade as employers have pushed more of the burden onto employees and, in many small firms, the coverage has collapsed, exacerbated by the trend from manufacturing to services and by the recession (Banting 1992, p. 28). Despite federal initiatives to expand the coverage of Medicaid (e.g., to pregnant women and children), increasingly restrictive state rules seem to be reducing its overall reach, and sharp limits on reimbursement rates lower the willingness of doctors and hospitals to accept large numbers of such patients.

The pattern of public spending on the elderly is similar in the two countries, with the biggest difference lying in the more redistributive character of

the Canadian program. In the 1980s and 1990s, although political attacks on major benefits were generally turned back in both countries, the changes that did result heightened the contrast on that front as the low-income groups in the U.S. suffered more from the cuts, whereas the Canadian program became more redistributive than before.

In the U.S., unemployment insurance is a federal-state program, funded by both federal and state payroll taxes, federal legislation generally determining the employment covered but the states determining the qualification periods and the level and duration of benefits. Canada's program has been exclusively federal, with contributions supplemented until 1991 by general federal revenues. There are regional differences in the qualification periods and the duration of benefits, leading to a substantial regional redistribution to the poorer parts of the country. It has provided greater income protection, and consumed a large 3.2% of GDP, versus only 0.4% in the U.S. (Banting 1992, p. 30). Although the Canadian system saw little change in the 1980s, the Reagan administration substantially remodelled the American one; this, however, tended to go unnoticed in the early part of the decade.

The 1991 Canadian reform brought the two closer again and the U.S., after long battles between the President and Congress, temporarily relaxed some of the harsher steps taken in the 1980s by extending benefits for victims of the recent recession (Banting 1992, p. 31). The gaps remain large, however, both in terms of the ratio of unemployment insurance payments to average weekly earnings (in 1991 about 45% in Canada and 35% in the U.S.) and especially in terms of the share of unemployed who are unemployment insurance recipients (around 90% versus around 40%).

Convergence is clearest in the child benefits area. The gap was large in the mid-1970s when Canada had a universal system of family allowances as well as the tax exemption for dependent children, and the U.S. was the only industrial nation with no general child allowance program other than such tax exemptions (Banting 1992, p. 31). Since then, both countries have moved toward more targeted systems. In Canada, beginning in 1993, the system is one single income-tested child benefit of \$1 020 per child plus certain supplements (Banting 1992, p. 33). Differences will erode further in future, although Canada's system remains substantially more redistributive, and initiatives in the U.S. seem not to have fared well.

The pattern of stronger redistribution toward the poor in Canada is repeated in the area of public assistance. Although support to single individuals is pretty limited in some provinces, support is provided at some level to all persons in need. In the U.S., AFDC (Aid to Families with Dependant Children) was

traditionally restricted to single-parent families, although, by the late 1980s, about half of the states had extended it to two-parent families when the principal wage earner was unemployed. Since 1990, all states must do this but only for 6 months of the year (Banting 1992, p. 34).

Levels of assistance are generally considerably higher in Canada. The fact that 49 states are not allowed to have fiscal deficits resulted in a wave of assistance reductions in 1991. Canada does not seem to be experiencing the wave of cuts like the U.S. in the early 1990s.

The difference between the two countries in the redistributive role of the state increased in the 1980s and probably the early 1990s, with the tax/transfer system's impact on child poverty rising in Canada between 1981 and 1987 from 34% to 41%, whereas that in the U.S. fell from 24% to 8.5% (Banting 1992, p. 37). The weakened redistributive role of government in the U.S. contributed to increasing pre tax/transfer inequality, whereas in Canada that role remained strong enough to largely offset that trend (Banting 1992, p. 38).

Overall, the pattern is one of divergence, with increased gaps in health care, pensions, public assistance, and the redistributive impact of state activity in general, resulting mainly from the erosion of coverage and benefits during the Reagan-Bush years. Convergence appeared in the case of child benefits (especially) and of unemployment insurance. It did not flow unambiguously from closer integration of the two economies, however, but rather from changes occurring in both countries but not apparently driven by the process of integration. On the child benefits front, the explanation seems to be common ideological trends.

In the unemployment insurance case, the changes in the early 1990s narrow the differences. The Canadian changes seem to flow from Canadian conservatism, with the focus on deficit control and shifting from income support to retraining (Banting 1992, p. 39). This agenda is also rooted in a view of Canada's position in the international economy and the pressures on Canadian labour markets and educational policy. The apparently limited harmonization impact of NAFTA at this time may be misleading because most of its effects may yet to be felt.

Rationalization, privatization, and cost saving

Maintenance and strengthening of Canada's social sectors will require significant efficiency improvements in all of the major ones. It appears inevitable that provinces will begin to privatize various parts of the delivery system for social programs.

Although provincial experimentation is already ongoing, many Canadians express concern that as soon as completely free access to medical attention is

compromised, a central feature of the *health* system is changed. This view is mirrored in the federal Ministry of Health's announcement that Quebec was in violation of the underlying principles of Medicare when it introduced very small user fees for hospitals when clinics are free nearby (Courchene and Stewart 1992, p. 144). More seriously, Quebec has proposed a user fee where a record would be kept of the value of medical services rendered to each person, and higher income individuals would pay something for services. This system could be quite progressive in its distribution impact, and the private risk it entails might be handled by putting some sort of ceiling on the charge over one or a few years.

Others suspect that free access is the source of much waste of services, but evidence from Canada and cross-country comparisons suggest that modest fees do not contribute importantly to cost control. The main sources of the cost explosion, apart from the aging of the population, are the high cost of modern medical technology and the high earnings levels of most medical personnel. The British and Japanese systems, for example, warrant attention as positive examples of achieving adequate to very good performance at much lower cost than either the Canadian or the American systems.

During periods of easy funding, either in the form of the open-ended, cost-sharing federal-provincial system or of access to natural resource rents (oil in Alberta, phosphates in Saskatchewan, etc.), provincial governments have tended to expand the hospital system to rather small communities. Several provinces (most notably Alberta, but also Ontario and others) have moved to close a number of these facilities. Rational management of the hospital system can doubtless be improved, but community interests and needs should also be weighed in the balance. Communities willing to raise enough money locally to support hospitals, presumably should have them. My own suspicion is that much of the economic analysis undertaken around this issue is of doubtful quality and does not thoroughly probe the costing and interface options with larger hospitals.

Tensions around the question of the earnings levels of medical personnel are inevitable in Canada, given the proximity to the U.S., the history of high physician incomes with origins in a time when their supply was very scarce, and the imperfect market which exists in medical services. (During the recent shift back toward the central role for family doctors in the U.S. system, the lack of output there has been made up by wholesale hiring from Canadian medical schools.)

The extra-billing question has been debated for several years in Canada. The main intent of the proposal was to raise doctors' incomes and to allow the market to remunerate differently according to the skills or reputation of the physician. It creates two major dangers. First, the more widely recognized was that

it could lead to a two-tier (higher and lower quality) health system. Second, it could also raise the total social cost of medical services, even to the point of exceeding those of a purely market system because, at the limit, it could lead to substantial market-set markups over and above a large subsidy from the state. The argument that universality is the only guarantee that the poor will get decent quality is not straightforward. O'Higgins (1992, p. 9) points out that affluence leads to a demand for more individually differentiated services and higher quality.

Universal provision might tend to diminish rather than increase equity if it subsidizes the rich by freeing resources for discretionary spending and places a quality limit on the poor. O'Higgins notes that the British National Health Service has been a remarkably effective way of holding down health costs, with tight controls on spending, probably suppressing consumer choice, and with rigid patterns of service provision, heavily dictated by medical consultants. Some indication of how high such costs could go is provided by current dental fees, clearly buoyed by the prevalence of insurance systems that make cost largely irrelevant to the buyer. The main intent of the Canada Health Act of 1984 was to eliminate extra billing by physicians and user fees, viewed as an impediment to access for lower income Canadians. But if the federal government does not continue to provide cash payments it will lose its capacity to enforce national health standards. The federal government has announced its intention to withhold other transfers if provinces contravene the Canada Health Act (Graham and Lightman 1992, p. 96).

It is clear that Canada's health system will have to struggle with cost control for many years. There will be no easy answers, and the quality of analysis around the issue will be very important. The American Health Management Organisations (HMOs) will no doubt provide relevant insights. The United Kingdom, has made innovations that also deserve study. There, some elements of the public service have been transformed into executive agencies with performance contracts and business plans, and the purchase of services has been separated from their provision, so purchasers could switch providers for cost or quality reasons (O'Higgins 1992, p. 7).

Policy issues in the *education* field are even more complicated, partly because the measurement of performance is harder and because there is on balance less public confidence in the quality of the people managing this system or, at least, the public component of it. Public concerns are fuelled by Canada's very expensive educational system failing to produce students who do well in internationally standardized tests of mathematics, science, or other fields. Some blame the curriculum. Many blame a complacent, ineffectively managed public

education system in which, as in the health field, it is arguable that some employees are paid excessively.

There is a disconcerting amount of evidence that the well-funded public school system of Ontario has high rents that attract many individuals with limited interest or skills in the field of education. They control too many important administrative positions, in which they constitute an impediment to innovation, progress, and general performance. The Ontario system seems to demonstrate the adage that quality education cannot be produced by throwing money at a system, and may even demonstrate that too much money is an ingredient in a recipe for failure. The system appears to have many high-quality, dedicated teachers, but some are frustrated and ineffectively used.

The issue of the appropriate level of subsidy for private education has naturally surfaced. For many years, in provinces like Ontario, much of the nonpublic primary and secondary education was for a long time that of the Roman Catholic schools. In the early 1980s, the province agreed to help finance these schools.

Proponents of a freer market system would argue that the playing field should be levelled further with parents receiving vouchers usable in the schools of their choice, with the per student transfer equal to or near the average cost per student in the public system. This would raise the range of educational options available to parents, within some prescribed limits of curriculum, etc.

The slippery slope leading to the underfunded and neglected public schools of the American urban slums is a stark cautionary. Yet, in an age where considerable innovative capacity seems important, and where the sort of discipline and emphasis on learning that the public schools have had difficulty instilling, the potential value of a fairly widely accessible system of private schools is clear.

It will be difficult to put in place an effective regulatory apparatus capable of identifying the sins profit-oriented private schools are most likely to commit (taking advantage of uninformed parents through unprofessional, high-pressure sales techniques, excessive cost cutting in some areas of the curriculum, etc.), while matching respect for innovation with clarity of rules, etc. How difficult this job can be is well exemplified by the rancorous debate around the success or failure of new approaches to inner-city schooling in the U.S.

With respect to curriculum, there are many calls for a more vigorous response to the technological society that is increasingly dominating our lives. Some have highlighted the need for greater focus on the training and use of "para-technicians" (Economic Council of Canada 1990). Like the U.S., we have given too little respect to para-medics, -lawyers, and -engineers or technologists. (One of the sources of the high cost and low efficiency of the American health system

is the lack of family doctors and the tendency for people to go directly to, or quickly be referred to, specialists, an advantage of the Canadian system where there are more family doctors.)

As Courchene and Stewart (1992, p. 145) put it, we have been rich enough to be a professional society, while abandoning the middle-skills range and skill-upgrading. Especially for small, medium, and fledgling firms the problem of underemploying engineers to do things that in Europe would be handled by technologists can be serious. One source of the problem is the tendency for the high-skill professions to cut the para's out of the market by limiting their functions through legislation. The recent revival of midwifery involved a battle on this front. But the more open the market is to alternative service providers the more society must worry about the control of quackery and incompetence.

Providing effective *assistance to working-age people* involves helping people with long-run causes of nonemployment or low income, or both; helping people with usually short-duration unemployment; and assisting reentry for both by retraining where necessary and by incentives to reenter. The distribution of the responsibilities for social assistance, unemployment insurance, and training/retraining among different institutions, different levels of government, and persons with different economic perspectives has, in most countries, led to incoherence in the responses to these needs. When inertia is added to the list of causes, a formidable challenge to effective reform is present. Canada's system has serious problems in each of the three areas.

Although there has been reasonable professional input in the design of the social assistance and unemployment insurance systems, the latter has been dangerously broad in the context of Canada's economic and political structure, whereas the training system has never been adequate, and its nonintegration with the other two systems has been striking. In some, perhaps all of these areas, the current design was better suited to the conditions of an earlier period, when a higher share of unemployment was indeed cyclical and essentially short term (making the concept of "insurance" the relevant one), and when most families had one earner with a permanent job as contrasted to today where many have more than one earner but many more jobs are part time or temporary. A system that worked fairly well under those earlier circumstances could not be expected to work well now.

An issue of some importance in the area of *social assistance* is whether people should have the right to a reasonable level of income even if they opt not to work. Some incline to say yes partly out of fear that the process of technological change is pushing the marginal product of unskilled labour very low leading to a permanent job shortage for the unskilled. Perhaps the only way to

match high levels of labour force participation for the unskilled with reasonable income levels is to provide a guaranteed minimum income. Many of the problems of designing an effective combination of income security, incentive to work, and training would be simplified by such a step. But most estimates of the tax levels required to create this option at a clearly adequate income level put them significantly above those currently observed in OECD countries (O'Higgins 1992, p. 16).

Federal-provincial interaction

An important aspect of the success of the Canadian federation in the social area has been the linking of provincial programs into national programs via the federal spending power. The typical social contract in continental Europe has emerged from class politics, whereas an important part of Canada's social contract has involved the quest for interregional equality through the federal-provincial transfer system. The interregional connectors are the portability and lack of residence requirements of the welfare programs and the absence (in contrast, for example, to the U.S.) of out-of-province surcharges for postsecondary education (Courchene and Stewart 1992, p. 138). To date, there have been no national standards but rather national "principles," supplemented by an implicit expectation on the part of many citizens that the provinces will mount very similar programs and some continuing explicit pressure for "standards."

Although many Canadians, perhaps a majority of non-Quebecers, believe that social programs are already too decentralized (Courchene and Stewart 1992, p. 137), that process has continued because of the fiscal dynamic and the troubled state of the economy. If the provinces keep up social spending levels, they will increasingly own the programs because they finance so much of them. If they retrench and redesign the programs they will again "own" them. In either case, it must be expected that regional variations in programs and standards will widen.

Given the differing needs across the regions of the country, it is not unreasonable that much of the responsibility for integrating social and economic policy be lodged with the provinces. Increasing pressure from many Canadians for stronger federalism is not inconsistent with such provincial initiative and responsibility. Some politicians (e.g., Conservative Party leader Jean Charest) are pushing for a redefinition of federalism away from its traditional territorial focus to a more pan-Canadian one. Ontario Premier Rae's 1992 proposed Social Charter focuses on entrenching principles rather than standards, incorporating them into the constitution, and monitoring them by a national body (Courchene and Stewart 1992, p. 139). Provincial responsibility, combined with continuing financial pressure, will produce useful experimentation and innovation. One sort of

rationalization is exemplified by New Brunswick Premier McKenna's initiation of the Maritime Economic Union (Courchene and Stewart 1992, p. 142). Led by the West the provinces will insist on rate and bracket freedom under the shared personal income tax system, a possibility floated by Ottawa in a recent budget.

Quebec is in the lead in asserting provincial control in the social areas. It already has the means to do so more coherently than other provinces because it can combine the spending side with its own in-place income tax system and its income-related wage supplementation system (a version of a negative income tax). Ontario could proceed along this path also. Smaller provinces would neither want nor be able to handle as many of the levers of policy. Courchene (1992, Chap. 3) prefers concurrency with provincial paramountcy, i.e., both levels of government can legislate but conflicts are resolved in favour of the provinces. Quebec would clearly assert paramountcy and Ontario would as well unless the federal system evolved into something more coherent than it is now. Other groups might get together to assert paramountcy. Courchene and Stewart (1992, p. 144) feel that, given its record, the federal government cannot be counted on to improve the integration of education and social policy with the economic base. So Ontario must move in this direction on its own. The federal government could aid the process by offering a flexible approach. Leslie (1992, p. 46) argues for a greater federal role, in the form of a joint federal-provincial approach to the redesign and refinancing of Canadian social programs.

It was unfortunate that most of the federal government moves to lower transfers were "surprises," hence, traumatic for the provinces. A more efficient process would have been gradual and involved more consultation. This unsatisfactory aspect of the federal-provincial funding arrangements has been highlighted in Ontario by the combination of skyrocketing social expenditures due to the severity of the recent recession and the sudden federal withdrawal from responsibility in this area. There were huge fiscal deficits in 1991-92 and 1992-93 and social assistance caseloads grew by over 40% in two consecutive years (Graham and Lightman 1992, p. 86). Interestingly, there was limited public reaction to the federal policies, partly because of their technical character and partly because Ontario was able, temporarily at least, to keep expenditures growing.

Possible lessons for Latin America

Canada's experience in the area of social policy is of interest to other countries both for the positive lessons it may provide and for the cautionaries. Relevance clearly varies with the policy area and the country searching for leads. My own, inevitably somewhat subjective, possible lessons follow.

Canada's *health system provides a generally positive model*, from which positive lessons may be learned. Its socialized character has led to (or at least been consistent with) very good quality and accessibility, while keeping "worry" levels about the financial implications of health costs low. But the total societal costs are becoming excessive, and incautious policy response could lower its performance level. Canada's system should be studied in conjunction with those of other countries where costs have been kept lower but quality high, as in Britain and Japan. Worthy of careful attention in all of these countries is the extent to which feasible policy options are a function of where the system is at the time, i.e., the extent of policy irreversibility. Currently, the widely voiced concern in Canada that medical attention should be completely free to the user has made it difficult to explore apparently interesting policy options. In the U.S., the recent policy debate made it clear that once a powerful profit-oriented insurance system is in place any reform that would diminish its role will be very hard to achieve.

Perhaps the most difficult challenge in the social area is to provide an *adequate level of income security while assisting and encouraging the acquisition of human capital (where relevant) and the return to work (where relevant)*. With respect to the effective interface among the social assistance, unemployment insurance, and training/retraining systems, Canada's record provides mainly negative lessons. The unemployment insurance system has functioned as an ill-designed income-maintenance program, coupling standard incentive problems of such systems with a division of responsibility between the provinces (social assistance) and the nation (unemployment insurance), which leads to deliberate attempts to shift financial responsibility for assistance to the federal level.

The system to assist entry and reentry into employment has never been handled in a competent way in Canada. It remains to be seen what sort of system would produce the best results in this area, but it is clear that it would have to differ in several important ways from the current one. First, the incentives to get a job would have to be better. Second, the assistance in making good decisions with respect to skill acquisition would need to be better and, for that to be the case, the assisters would probably have to base their advice on a much more professional system of analysis and monitoring than is currently available. In the case of women especially, or more generally single parents, a better child care system might also be a prerequisite.

A number of Latin American and Caribbean countries will consider unemployment systems in the next decade or so. As they become more industrialized and if their economies suffer increasingly from cyclical variations, the same logic that led industrialized countries to introduce their systems will be relevant. The experience of countries like Canada suggests caution. Potential

merits should be compared with those of existing work-for-income programs and the nature of unemployment should be analyzed carefully, because it may be rather different from common perceptions of it.

Many *social programs* function less well than might be hoped for administrative or process-related reasons. One is that they *presume too favourable a view of human nature* and are, therefore, too vulnerable to those willing to subvert their purpose. It is important to recognize that a system can seriously malfunction even if only a small percentage of the population would actually abuse it. This does not, however, come easily to many of the socially conscious designers of programs in this area. Second is the importance in all programs where cost can become an issue of solid benefit-cost analysis and realistic prediction of costs. It is surprising how few serious analyses have been undertaken for important elements of the Canadian program and how questionable the quality has often been. Third is the importance of looking ahead to the political implications of the creation of expensive entitlements, whose removal or scaling down may be very difficult even when they have outlived their social usefulness.

The challenge of achieving the *right balance of local and national responsibility*, financial and executive, for social programs is not an easy one. Canada's federal system has functioned well in many respects and confirms that such a framework has much to be said for it in large diverse countries. The combination of contributions from both the federal and provincial levels to social policy innovation, together with the federal assistance and support role, has helped to create a good national system in areas like health.

This structure has probably also contributed to rising costs, and substantial modifications are now likely. Canada, at this late date, must rethink the ways in which the two levels of government can interact effectively with each other. Several Latin American and Caribbean countries are currently transferring responsibilities to lower levels of government. The Canadian experience holds out promise for benefits but highlights associated risks, especially lack of attention to the cost side and the difficulties of divided responsibilities.

Canada's *lack of policy space with respect to the exchange rate and its integration with U.S. capital markets* have left it unable or unwilling to use the exchange rate as an effective tool for growth and full employment. If the parallel loss of policy space occurs in Latin American and Caribbean countries, as they become more integrated into the U.S.-dominated market system, they will face similar problems (as Mexico is now). This will accentuate periodic unemployment, income fluctuations, etc. In that case, the social support system must be the better prepared to deal with the social effects of such fluctuations. In addition, loss of control of the exchange rate could have serious growth consequences as that

variable seems to be the key single correlate of strong export and growth performance in developing countries over recent decades (Helleiner 1994, chap. 1).

Canada's past *experience with respect to convergence of social policy (vis à vis that of the U.S)* suggests considerable policy space. It may, however, take considerable innovation and subtlety to retain the policy freedom desired.

The last quarter-century or more in Canada has seen the state take over many functions from the family. Old-age pensions, welfare, unemployment insurance and other elements of the system have removed (explicit or implicit) responsibility from the nuclear or sometimes the extended family in each of these areas, with much resulting poverty alleviation as well as psychological benefit as peoples' dependency on others is lessened. Although on balance this transfer of responsibility has probably been healthy, several possibly negative effects should be borne in mind in the hope of achieving a socially healthier sharing of responsibility. Ease of economic independence may lead to premature departure of children (to independent life) or the elderly (to old-age homes).

Most of the evolution of Canada's system could be said to have followed a pattern of honest attempts to address obvious problems. These attempts, however, have not devoted a great deal of attention to or reflected an appreciation of the associated costs and, hence, are made without much capacity to judge just how far the policies should be taken. Latin American and Caribbean countries are moving and will continue to move in this same direction. It would be in their best interests to use more balanced forethought than Canada has used. Where it is possible to address a given problem of living standards without losing the positive support provided by the family context, this might be the best solution. Sometimes alternative families are a better solution than institutional ones, as seems to be the message of comparisons of the treatment of orphans and children with disabilities. *A justiciable social charter raises problems.* Most economists feel the constitution is a place for principle but not for the details of economic policy. The final product of a series of court rulings might have little or no internal coherence, partly because of the piecemeal procedure and because some areas could not be taken account of anyway because there is no existing legislation to work from (as in the case of day-care).

Canada's *inadequate attention to training in the middle skills* category has a more extreme parallel in Latin America, where it has traditionally been a source of serious inefficiency. The prestige advantage of higher ranking occupations is especially important and educational attainment is often almost the sole route to social and economic mobility.

A major challenge to analysis of many social spending issues is the effective integration of economic and noneconomic data and perspectives. Good

analysis also requires use of a range of types of information to help understand the effects of alternative policies. For example, microlevel data are crucial to understanding detailed causal links between a policy option and the outcomes of interest; ex post outcomes (like life expectancy, poverty levels, nutrition levels, etc.) need to be compared to the changes in policies over time in Canada; and comparisons must be made with other countries whose policy packages are different but essential to effective assessment of alternatives. Probably the least successfully implemented of these approaches are the cross-country comparisons and the economic–noneconomic integration. Proximity to and familiarity with the U.S. leads to greater comparison with that country than with Europe. Canadians tend to know pretty well what is right and wrong with the American health system, but they know too little about the British health system, or the Swedish training system, for example.

References

- Akyeampong, E. 1992. Absences from work revisited. *Perspectives on Labour and Income*, 4(1), 44–51.
- Alpert, W. T.; Shoven, J.; Whalley, J. 1992. *Canada–U.S. tax comparisons*. University of Chicago Press, Chicago, IL, USA.
- Baker, M. 1992. The adequacy of existing social programs for Canadian families: Trends and emerging needs. *In* Hunsley, T.M., *Social policy in the global economy*. Queens University, School of Social Policy Studies, Kingston, ON, Canada.
- Banting, K.G. 1992. Economic integration and social policy: Canada and the United States. *In* Hunsley, T.M., *Social policy in the global economy*. Queens University, School of Social Policy Studies, Kingston, ON, Canada.
- Berry, A. 1992. Firm or plant size in the analysis of trade and development. *In* Helleiner, G., ed., *Trade policy, industrialization and development: New perspectives*. Clarendon Press, Oxford, UK.
- Berry, A.; Stewart, F. n.d. Market liberalisation and income distribution: The experience of the 1980s. *In* Berry, A.; Culpeper, R.; Stewart, F., *Global development 50 years after Bretton-Woods*. (Forthcoming)
- Canada, Department of Health and Welfare. 1990. *Inventory of income security programs in Canada*. Ministry of Supply and Services, Ottawa, ON, Canada.

- Courchene, T.J.; Stewart, A.E. 1992. Financing social policy: Observations and challenges. *In* Hunsley, T.M., Social policy in the global economy. Queens University, School of Social Policy Studies, Kingston, ON, Canada.
- Gaston, N.; Trefler, D. 1994. The labour market consequences of the Canada-U.S. Free Trade Agreement. Paper presented at the conference *El Impacto del Ajuste Estructural en los Mercados de Trabajo y en la Distribución del Ingreso en América Latina*, San José, Costa Rica, September, 1994. San José, CR.
- Graham, B.; Lightman, E. 1992. The crunch: Financing Ontario's social programs. *In* Hunsley, T.M., Social policy in the global economy. Queens University, School of Social Policy Studies, Kingston, ON, Canada.
- Harrington, M. 1984. *The new American poverty*. Holt, Rinehart and Winston, New York, NY, USA.
- Harris, R.G. 1984. Applied general equilibrium analysis of small open economies with scale economies and imperfect competition. *American Economic Review*, (74).
- Helleiner, G.K., ed. 1994. *Trade policy and industrialization in turbulent times*. Routledge, London and New York, NY, USA.
- Hunsley, T.M. 1992. Social policy in the global economy. Queens University, School of Social Policy Studies, Kingston, ON, Canada. 184 pp.
- Hunsley, T.M. 1992. Fiscal dimensions of the Canadian welfare state. *In* Hunsley, T.M., Social policy in the global economy. Queens University, School of Social Policy Studies, Kingston, ON, Canada.
- Leslie, P.M. 1992. Financing Canadian social programs: The end of the line. *In* Hunsley, T.M., Social policy in the global economy. Queens University, School of Social Policy Studies, Kingston, ON, Canada.
- OECD (Organization for Economic Cooperation and Development) 1989. OECD in figures: 1989 edition. Supplement to the OECD Observer, no. 158, Paris, FR.
- O'Higgins, M. 1992. Social policy in the global economy. *In* Hunsley, T.M., Social policy in the global economy. Queens University, School of Social Policy Studies, Kingston, ON, Canada.
- Powell, L.M. 1992. Toward child-care policy development in Canada. *In* Hunsley, T.M., Social policy in the global economy. Queens University, School of Social Policy Studies, Kingston, ON, Canada.

Ross, D.P.; Shillington, R.1989. The Canadian fact book on poverty 1989. Canadian Council on Social Development, Ottawa, ON, Canada.

Skoepol, T. 1991, Targeting within universalism: Politically viable policies to combat poverty in the United States in the urban underclass. The Brookings Institution, Washington, D.C., WA, USA.

Wonnacott, R.J. 1975. Canada's trade options. Supply and Services Canada, Ottawa, ON, Canada.

This page intentionally left blank

PART II

Social Policy in Latin America

This page intentionally left blank

SOCIAL POLICY IN LATIN AMERICA

Carlos Filgueira and Mario Lombardi

The project was conceived more as a collaborative study than as comparative research in the strict sense. The emphasis was on the national studies, not on a comparison among countries. Given the exploratory nature of the research, each national study had great freedom to define, conceptually and empirically, the "field" of social policy, thus acknowledging the complexity and ubiquity of the concept of social policies.

The knowledge specialists from one country of the region have regarding another country is not necessarily sufficient to guarantee a common ground of shared understanding. Most of the studies provided a scant and uneven treatment of, or intentionally omitted references to, the historical trends, social structure, and state of the art of social protection systems. It was assumed that such information was relatively well known.

The results of the national studies and, in particular, the debate resulting from the last seminar, held in Montevideo in September of 1994, showed that, despite the great heterogeneity among countries, a core of common problems warrants careful analysis. These can be summarized as follows:

- The Latin American countries are undergoing profound and accelerated transformations induced by changes in the international system. In light of a process of globalization and virtual "shrinking" of the world, and compelled to find a new place in an increasingly competitive international system, the countries of Latin America had to internalize external processes of change and respond to new challenges. Scientific and technological change are integral parts of the globalization process affecting international trade patterns, the relationships between firms, the organization of work, and the structure of labour markets. An expanding process of economic blocks (i.e., the North American Free Trade Agreement (NAFTA) and Mercado Comun del Sur (MERCOSUR)) is redefining old scenarios. The degrees of freedom for domestic decision-

making have shrunk, and the traditional concept of sovereignty is losing meaning.

The old order in which the "developmentalist" ideology took place is questioned by the new realities. The traditional criteria of stratification and mobility of nations in the international system lose applicability in the light of an entirely new development path (as in the case of the newly industrialized countries).

- As a consequence of the change in the development model, a recomposition is under way in the relationships between the state and civil society. The relationships between public and private spaces are also changing and being restructured in a mix that permits multiple arrangements. Similarly, adjustment and production reconversion policies produce new forms of social vulnerability, while reinforcing, or at least not eliminating, the existing ones.
- The region's traditional social protection systems, in themselves weak, are proving to be ineffective in dealing with the emerging problems. The equity and redistribution instruments and institutions that prevailed in the 1960s do not adapt to the new circumstances. Some of the expectations set on full employment and formalization of the labour market as guarantees for sustaining stable, long-term protection systems, are a good example of this. Today, they are questioned by the global reality. The systems for social protection and for the provision of social goods and services are at a crossroads requiring a proposal for social reform as the main focus. Partial and disperse measures of a compensatory nature are not sufficient in light of the consequences of economic adjustment and production reconversion policies.

Two major approaches to the question of social reform can be identified. One is centred on the social policies that give precedence to "improvement" of income redistribution and provision of goods and services. The other deals with more general social policy functions, both manifest and latent, in shaping society. Such functions are not purely economic: they include citizenship building (especially in countries where problems of constitutionalism persist), social integration, formation of shared cultural identities, participation, and consolidation of democracy in the nonminimalist sense of the term.

Countries have been implementing a series of reforms in social security, health, education, housing, and social assistance and anti-

poverty programs. Nevertheless, some questions remain as to the actual role social policies can play in a broader approach. To what extent are assistance and anti-poverty policies transitory and to what extent are they part of a system reform? What happens after postadjustment economic policies? How are social policies expected to impact on the shaping of a country's social structure and social stratification? What kind of society is being shaped by the new social policies implemented in the region? These are some of the main issues on which there are no clear answers.

- The state of the art in research indicates that the economy and growth have been reasonably well studied. Yet little is known regarding the social field and its relationship with the economy and politics. Social policy studies in the region have multiplied and have made contributions in two directions: (a) research of a sectoral nature, and (b) studies geared to short-run analysis and specific demands for diagnosis, execution, and evaluation of projects and programs. Empirical studies, providing a comprehensive view of a country's entire social policy and its interrelations with the political and economic system or with social structure, are lacking.

In sum, little research has been done on subjects such as the conceptualization of social policy, different forms of state intervention, political processes and actors involved in decision-making, the combined results of social and economic policy and their consequences for social organization and integration. There is a need to take distance from the most immediate demands for applied knowledge, and to open up spaces for research and dissemination of ideas on social reform and the role of social policies in the new development model.

Finally, there is full consensus in the national reports in pointing out the insufficiency of the existing information systems to feed into the processes of social policy and social reform. These systems are incomplete, discontinuous, nonstandardized and, above all, fail to incorporate the modern potentials generated by the information and communication revolution. There is also a consensus in pointing out the gaps and shortcomings in terms of education and training. Today, academic training in the social area as well as the specific know-how required for formulation, implementation, and follow-up and evaluation of social policies and programs are inadequate.

Social development in Latin America

Comparative social development

Social development trends in Latin America and the Caribbean place the region in an intermediate situation between developed countries and other regions of the world such as Africa and Asia. As a result of an earlier process of decolonization and incorporation into the world market and the West, Latin America has historically shown certain typical traits of "modernization," along with profound social inequalities.

This feature is relevant for various reasons. It helps to understand the particular configuration of most of the countries, as well as the problems that relate to certain "Third World" societies. Under the "import substitution" and "inward development" models, the region had two major moments of industrial growth: the first during the initial decades of this century, and the second in the 1950s and 1960s. The social structure was modernized by expansion of the tertiary sector and the state, growth of the middle classes, and the spread of education and urbanization. The population's expectations and aspirations had as a reference the lifestyles and consumer practices of more developed societies. At the political level, the region's countries, in varying degrees, had experiences with organization of labour into union sectors, more or less stable political party systems, and an institutional and constitutional framework that formally reflected certain characteristics of the countries of Western Europe.

These characteristics have consequences on the structure of social needs and demands. The region's countries are "mobilized societies," politically complex because of the pressures generated by expectations for improvement in standards of living, as well as by the establishment of social agencies that organized and directed demands. In contrast, a feature common to all countries has been their difficulty in shaping egalitarian societies and ensuring standards of living sufficient to cover the basic needs of the entire population. Historically, the predominant development model corresponded to an approach of "excluding modernization." The region's high degree of political instability throughout this century is explained by this peculiar configuration of structural and political-institutional factors.

Compared to the more developed countries, the region shows population patterns proper to the intermediate stage of demographic transition. The indicators of mortality, birth, fertility, population growth, dependence rate and life expectancy at birth confirm this view. The Latin American population grows four times faster than in developed countries (annual growth rate 1.9 versus 0.5%). The gross fertility and birth rates double those of developed countries (3.3 versus 1.7 and 27.0 versus 13.0, respectively). But the most pronounced negative differences

are in infant mortality (47.2 in Latin America and the Caribbean versus 8.0 in the developed countries), and in life expectancy at birth: 13 years less in the region than in developed countries. As a consequence of the age structure and the behaviour of demographic factors, the proportion of the dependent population is much higher: 68% as compared to 49% in the developed countries. This high dependency is determined by the prevalence of the young over the older population. Nevertheless, that age structure has been changing because of the increased aging of the population. In "younger" countries the consequences of these changes are already being felt, for example, in the difficulties in maintaining social security systems.

Despite advances in the demographic transition process, therefore, the region will continue growing at an accelerated rate over the coming years. Projections for the year 2000 indicate that another 82 million inhabitants will be added to the population, totalling 515 million. This means an approximate increase of 22%. In spite of the drop in fertility, the relative young age structure will cushion the drop in birth rate. Moreover, population growth as a cause of fertility differentials among various social strata will be increasingly concentrated in lower, marginal, and poor social sectors.

In terms of the rural-urban composition of the population and education levels over the last two decades, Latin America has become predominantly urban and more educated. The values of indicators for both dimensions are approaching those of developed countries. Nevertheless, there are significant quantitative and qualitative differences.

Rapid urbanization from rural-urban migration has given rise to large urban concentrations and to the well-known phenomenon of urban "macrocephaly," or "megacities." Urbanization is characterized by low absorption of productive employment in the urban formal sector, weak social integration capacity, and increasing poverty. The high percentage of urbanization, only slightly less than in developed countries (73.5% and 78.3%) has not been accompanied by a growing incorporation into the formal sector of the labour market. One of the historical features of the region until the mid-1980s was the net prevalence of rural poverty over urban poverty. Since then, the ratio has inverted to a point where poverty is now a predominantly urban phenomenon.

Much of the adult population's educational improvement during the 1980s was a result of the growth in coverage over the two preceding decades, while the retention capacity of the education system also improved. The average number of years of schooling tended to increase in most countries, although it showed signs of regression or stagnation in some urban areas of Chile, Brazil, Mexico, and certain rural areas of other countries. Despite these advances, educational coverage

continues to be considerably lower than in developed countries. This is most marked at the level of secondary education. In developed countries the coverage practically doubles that of the region (91.6% and 47.2%, respectively).

The similarity of coverage indexes among countries at the primary education level hide significant differences in the learning achievements among social strata. The cultural level of the home, the family's material resources, the household structure, and the sociocultural environment in which the school operates show that the levels of educational inequity have not dropped. In some cases, the inequalities have increased, giving rise to dissimilar patterns of educational achievements, growth of diverse forms of discrimination, and unequal development of socializing skills and abilities.

To the extent that the new sectors incorporated into the educational system belong to the lower levels of the social structure, inequity has grown as a consequence of their sociocultural disadvantage. Over the last decade, the progress in educational coverage was accompanied by an increase in inequity among social strata: the higher social strata advanced more than the rest of the population. Moreover, educational coverage has faced another kind of problem: its relative coverage has expanded, but it has done so under the strong pressure of absolute demographic growth.

Finally, participation in the labour force measured as a percentage of the population is 42% higher in the developed countries than in the region. Taking total population as a reference, slightly more than one third (35.2%) participates in the labour market. Likewise, female participation in the economically active population does not exceed 18.6%. Comparatively, in Latin America the proportion of the female economically active population is half that of developed countries. Nevertheless, in dynamic terms, women participate increasingly in the labour market. Employment of both spouses and of female heads of incomplete households grew in many of the region's countries. With that, new problems and challenges are posed for social assistance programs.

According to the Economic Commission for Latin America and the Caribbean (ECLAC 1993a, b), one of the features of the structure of urban employment is the high employment rate in low productivity sectors. Such jobs involve non-professional, non-specialized workers, employees of microenterprises, and unskilled independent or "self-employed" workers. The percentage of such workers in the economically active population varies approximately from 30% in the countries having a lower incidence of this phenomenon to 50% in the smaller and poorer countries.

An analysis of the employment structure generated in recent years shows an increasing trend toward employment in low-productivity sectors. In 1990-92,

8 out of every 10 new, nonagricultural jobs were concentrated in the informal sector and in small enterprises. From 1980 to 1990, the trend was similar: large enterprises and the public sector absorbed only 2 out of every 10 employed workers (PREALC 1993). During the last 3-year period, the formal employment structure of new occupations also underwent relevant changes; as a result of adjustment policies, the relative share of public employment dropped and that of large enterprises increased.

The region's social security systems have been seriously affected by these changes. The Latin American model is based on participation of the insured in the formal labour market. (Strictly speaking, it is not a social *security* system but a social *insurance* system.) The falling level of employment in the formal sector, combined with labour market deregulation and unemployment, contribute to weakening the social security systems in the countries that reach high coverage rates and hinder their expansion in countries with social security systems that are less developed or "lagging."

Social security coverage was never high in the region, compared to the countries that have developed a mature welfare state. Argentina, Chile, Uruguay, and Brazil were early creators of social security systems. Today, the first three have the highest relative levels of coverage (from 86% to 73% of the working population). Brazil covers about 50%, whereas coverage in Mexico, Colombia, and Peru is estimated to range from 30% to 40%. The pioneer countries "began to face serious disequilibrium problems (at first actuarial and later financial) during the 1960s and 1970s" (Mesa-Lago 1994). Thereafter, the nonviability of the social security model became evident, along with the need for its reform.

The causes of the crisis in these pioneer countries were: (i) the growing cost of providing virtually universal coverage of the population; (ii) excessively liberal conditions in the granting of benefits, as well as generous benefits per se; (iii) diversity of coverage institutions, with conditions, benefits and diverse sources of financing, which produced unjustifiable inequities among insured groups and high administrative costs; (iv) maturing of pension programs and increased health program costs which rapidly increased the expenses allocated to benefits; (v) growing payroll contributions to finance the system (which nevertheless were insufficient) combined with growing evasion and delays in payment (default) by employers; (vi) decreased reserves and very low or negative yields on investments; (vii) growing financial (and obviously actuarial) deficits which forced an increase in state subsidies; (viii) the heavy financial load of the system on GDP and payrolls, which caused negative effects on the generation of employment and national savings; and (ix) demographic changes that resulted in the aging of the population and

increased life expectancy, which reduced the contributor per pensioner ratio and increased the cost of pensions. (Mesa-Lago 1994)

Among the other countries, delaying program implementation, offering lower coverage and stricter allocation of benefits, coupled with a younger population that favoured the contributor-pensioner ratio put off problems and kept them from reaching the point of financial crisis. But the basic matrix of their social protection systems, as Mesa-Lago indicates, is similar to that of the pioneer countries, and they currently face the same problems. Social security underwent multiple partial reforms over the last decade, but more profound attempts were made only in the 1990s. Chile was the exception in introducing a new privatized system in the 1980s. In the other cases, the public system was reformed, or public and private programs were combined in different ways.

Intraregional discontinuities

According to the World Bank (1994), the region's average gross domestic product (GDP) per capita is US\$2,690 in 1992. This figure is roughly 10 times lower than for more-developed economies who average US\$22,160. This reflects a range from US\$12,210 to US\$36,080 per capita, i.e., a ratio of 1:3. The differences among Latin American nations are extreme, with a ratio of 1:20. Available information on a significant number of countries shows that only one country is moving away from the rest and has reached US\$6,050 (Argentina), followed by a small number of countries whose levels vary from US\$3,340 to 2,500, whereas the majority are extremely low. Honduras and Nicaragua, for example, do not exceed US\$580 or US\$340 in per capita income, respectively (World Bank 1994).

Among the seven countries studied, these three situations are found. According to GDP per capita, first place is held by Argentina; second place by Mexico, Uruguay, Brazil, and Chile; and third place, at the poorest extreme, by Peru and Colombia (Table 1). Between 1980 and 1992, the distance between countries in the region and the more-developed countries increased. Annual percentage growth of GDP per capita for Latin America and the Caribbean was negative (-0.2%). In the economies with high income levels it grew at an annual average of 2.3%.

Social development and income distribution equity levels do not correspond, or do so only partially, to the relative wealth of each country measured in terms of GDP per capita. This is not surprising, given that a society's overall wealth is not an indicator of its internal redistribution patterns. The latter is affected by endogenous political, social, and cultural factors: the distribution of power, the degree of organization and legitimation of political actors, the forms

of intermediation of interests, and the type of social protection and security system.

The Brazilian Social Protection system, born in the 1930s and 1940s during the "Estado Novo" dictatorship, was consolidated in the new authoritarian period that began in 1964. This authoritarian genesis and its consolidation left their marks on the conservative pattern of these policies. That pattern, closely linked to scandalous income concentration and low salaries, was based on the conception of social security and on the political strength of organized social interests to get their professional categories included among the protected ones, or to obtain specific privileges in relation to the rest of the covered population. In this way, access is fragmented by the need to contribute and by the corporate organization capacity achieved (from the Brazil report, CEBRAP 1993).

Table 1 shows highly dissimilar patterns of redistribution of the benefits of economic growth in countries with similar wealth levels. In recent decades, Mexico and Brazil saw sustained growth of per capita GDP, placing them above Uruguay and Chile. Nevertheless, the relative social development and the degree of social inequity in the first two countries correspond to structural patterns of extreme inequality, similar to those of the poorest nations in the region.

Another way of understanding these apparent incongruities is to distinguish between early and late modernization. Argentina, Chile, and Uruguay started the process of demographic transition, modernization of their production structure, and social development early.

This was not the case in Brazil, Colombia, Mexico, and Peru. The demographic indicators for fertility, birth rates, and life expectancy at birth show Uruguay as a society that has completed the cycle of demographic transition — its population hardly grows at all and does so at the same rate as developed countries — and has initiated the post-transition stage (from the Uruguay report, Filgueira and Lombardi 1994). Argentina and Chile are approaching Uruguay, as they go through the final stages of demographic transition. In other aspects, such as education (coverage of secondary education), urbanization (percentage of urban population), health (causes of morbidity and mortality), and the rate of labour participation, Argentina, Chile, and Uruguay have more favourable social levels than the rest.

The incidence of poverty and of recent indigence in those same countries, however, does not maintain a similarly clear relationship with per capita GDP or with development level.

Table 1. Social indicators for Latin America (selected countries).

	Population (thousands)	Population growth (%)	Urban population (%)	Dependence rate	Gross birth rate	Gross fertility rate	Infant mortality rate	Life expectancy at birth	GNP per capita (US\$, 1992)	Labour force (%)	Female labour force (%)	Persons per physician	Primary school repetition rate	Illiteracy rate (age 15 & over)	Secondary school coverage	Poor urban households (%, 1990) ^a
Argentina	32 293	1.3	86.3	0.64	20.1	2.82	29.1	71.2	6 050	35.1	19.5	374	08.7	04.7	74.0	25
Brazil	150 368	2.1	74.9	0.66	26.7	3.20	57.5	66.2	2 770	36.6	20.0	1.080	19.4	18.9	39.0	39
Chile	13 173	1.7	85.9	0.57	21.9	2.52	16.5	72.0	2 730	36.6	20.7	1.230	12.5	06.6	75.0	34
Colombia	32 345	1.7	70.0	0.65	24.1	2.66	37.4	68.8	1 330	32.7	14.4	1.228	12.3	13.3	52.0	35
Mexico	86 154	1.9	72.6	0.69	27.4	3.30	39.2	69.7	3 470	34.3	18.6	1.240 ^b	09.4	12.7	53.0	34
Peru	21 663	2.2	70.2	0.71	30.3	3.80	69.3	62.7	950	32.0	15.5	1.041	14.1	14.9	70.0	45
Uruguay	3 094	0.6	85.5	0.59	16.6	2.28	20.6	73.0	3 340	38.9	23.8	513	09.0	4.3 ^c	77.0	10
Developed countries	816 621	0.5	78.3	0.49	13.0	1.72	08.0	80.1	22 160	48.0	35.8	SD	SD	SD	91.6	SD
L. America and the Caribbean	433 190	1.9	73.5	0.68	27.0	3.30	47.4	67.6	2 690	35.2	18.6	936	19.9	15.5	47.2	39

Source: World Bank International Economics Department, 1992-94.

Note: GNP, gross national product; SD, standard deviation.

^a ECLAC (1993a,b).^b UNDP (1990).^c DGyC (1987).

Income distribution and levels of poverty and indigence

The number of people living in poverty in Latin America and the Caribbean during the 1980s increased by 60 million. This reversed the downward trend of the preceding decade.

Preliminary estimates for 1990 prepared by ECLAC (1993b) calculated a total of 195.9 million people living in poverty, of whom 93.5 million are indigent (having insufficient resources to cover basic food needs). In this process, urban poverty broadly predominates over rural poverty with some 53 million of the new poor being city dwellers.

More recent estimates for the second half of the 1980s indicate that poverty and indigence grew considerably in Argentina, Brazil, and Mexico, and were stable in Uruguay. In Colombia and Chile, poverty and indigence dropped slightly. Nevertheless, this relative improvement did not offset the increase in both cases in the previous decade.

At the national level, and as a result of this process, in 1986, Peru showed the highest percentages of households in urban and rural poverty at 45% and 64%, respectively. Among the other countries, in 1990, Brazil had percentages of 39% and 56%; Mexico, 34% and 49%; Colombia (only urban poverty) 35%; Chile, 34% and 36%; Argentina (Greater Buenos Aires) 25%; and Uruguay 10% and 23%, respectively.

The general impoverishment of the region forms part of a more general pattern caused by the regressive nature of income distribution. According to three combined approaches (Gini index, share in income of the poorest 25% and of the poorest 40%) that the level of inequality rose between 1980 and 1990 in most of the countries of the region, and it did so in four of the seven countries covered in this study, i.e., Argentina, Brazil, Chile, and Mexico. Colombia and Uruguay show a slight trend toward equality, although in the latter countries the relative improvement during the second half of the 1980s barely managed to offset the concentrating effect of the first half.

Updated information is not available for Peru, but it is known (World Bank 1994) that in the 1970–75 period it had one of the highest levels of inequality where the richest 20% of households absorbed 61% of income, and the poorest 40% of households only 7%.

In 17 years between 1963 and 1981 the poverty of more than three-fourths of the population was reduced to less than half. After 1981 there was a sudden change in trend, whereby poverty not only stopped decreasing but instead began increasing rapidly, and three years later hit 58.5%, which implies a mean annual growth rate of 6.5%. The percentage of poverty in 1984 is slightly higher than in 1977. ... In 1993 the country

was still richer than in 1977, so as to have easily covered the cost of the Standard Basket of Essential Satisfiers for the entire population and still have a substantial excess for luxury consumption and accumulation. Nevertheless, as we have seen, the concentration of wealth explains the high level of poverty in the country: almost 60%. (from the Mexico report, Verduzco 1993)

Emerging social policy issues

The welfare state has attained its fullest realization in most of the developed countries. This is not the case in Latin America where, strictly speaking, no welfare state exists. This is an important difference when social policy changes and social reform problems are examined comparatively. In countries with a mature welfare state, there is often a strong, dominant, and relatively stable institutional core. The changes take place around that core, they do not have to create it.

In recent years, a debate has resurfaced worldwide on the welfare state's ideological orientation. Developed countries are not free from the confrontation posed by different welfare state systems where conservatives, liberals, and social democrats seek to modify or keep unchanged the basic orientation of their systems. But the starting point of the debate is always the same — consolidated welfare systems resulting from a long history of social policy building.

National social policy systems

In the fullest sense of the term, national social policy systems do not exist in Latin America. This is the case if we understand such a system as a set of institutions and programs duly articulated by a strategic set of medium- and long-term social goals. On the political agenda, social policy is not as relevant as other public policies. All national reports in the project point out a common characteristic — the public policy priority in all countries is the economy.

In this context, social policy has held a secondary, if not residual, place on the agenda of public priorities. Under the influence of certain programs and loans from multilateral organizations, many governments initiated new social programs. But it is not possible to say that the latter grew out of a state policy based on broad consensuses and priorities organically formulated by the governments.

Scope of social policy: focusing, while necessary given the existing inequities, should be framed within a comprehensive policy, which does not seem to be what happens. Otherwise it may lead to an assistance, rather than a welfare policy, which now seems to be the prevailing orientation. This should be carefully studied, particularly when we see the deterioration of some structural indicators for the sector. Little thinking

is done on the issue, and the demand made on the meaning and orientation of social policy is practically nonexistent. This void is clearly at the root of the limitations faced in development of the social sector and is symptomatic of the residual vision with which the problem is approached. (from the Colombia report, Molina et al. 1993)

The main findings of the national reports coincide in pointing out (a) the recent proliferation of programs, particularly assistance and antipoverty programs; (b) the establishment of multiple agencies and commissions created within ministerial or interministerial spheres, many temporary; (c) the absence of general guiding principles integrating the diverse programs in a systemic, coherent, and internally compatible framework; and (d) a short-term vision lacking in goal criteria or a search for the "welfare model."

In some cases, the reform attempt has been more ambitious. Argentina, Chile, and Mexico had a more radical public policy, trying at the same time to reach national coverage under certain social programs and actions. The most important in Argentina include (a) the program for decentralization of provincial management, moving centralized social programs out into smaller administrative units; (b) a benefits system reform that introduced a public-private combination in the social security system; and (c) major reconversion of state functions, with its withdrawal from traditional functions, opening the way for private sector participation.

Mexico created the National Solidarity Program (Solidaridad), geared to combatting poverty. It is the most organic expression of an innovative social assistance program, financed totally by the government, although overlapping the traditional institutional system.

Finally, Chile has gone the furthest with its transformations. Reforms began with the military government in the 1970s and 1980s. The main changes were (a) a drastic reduction in resources; (b) structural reforms geared to reducing the size of government by transferring functions to the private sector, and to decentralizing ministries and services; and (c) implementation of specific measures to reduce or eliminate universal nominal programs and to focus efforts on the poorest sectors of the population. Following the return to democracy, substantial changes established the current social policy guidelines.

The basic elements of the reform are geared to satisfying the following demands: (a) to foster community participation; (b) to incorporate organizations from the poor sectors, instead of carrying out actions geared exclusively to the individual or family unit; (c) to replace assistance policies with goals geared to production and investment in human capital; (d) to achieve a balance among the programs addressed to poor- and middle-level segments; and (e) to provide a

package of measures to deal with the newly emerging problems, including quality of education, upgrading of technical–vocational training, upgrading health care system investments and management, increasing housing subsidies, and broadening social welfare system coverage.

The balance of these three experiences does not seem to have solved the problems of integration of social policies. The welfare model, into which these programs are assumed to converge, is also unclear. The national reports point at some important problems:

- Incompatibility and duplication of services, and contradictions between programs and between the central and regional levels.

In this way, in practice, decisions in the social field are the product of a complex combination of technical, economic and political elements, and in their broadest aspects they do not always respond to the formal line of an official organization chart. Moreover, there are communication gaps, duplications and, sometimes, contradictions between decisions made in different sectors at the central level and between that level and the regional or local level. (from the Chile report, Raczinski et al. 1993)

- Lack of definition of target groups and deviation of original objectives during program implementation.

It is probably in relation to this point that one of the biggest weaknesses of the program (Solidaridad) is found, since both in the government's verbal discourse and in the literature on the program and its achievements no clear distinction is made as to whether the orientation of Solidaridad is toward the "extremely poor" or the poor in general. This is a crucial distinction, given its operating consequences for program strategies. (from the Mexico report, Verduzco 1993)

- Lack of transparency of social policies, interference of clientelistic networks, private and public appropriation of program benefits by actors involved in their implementation.

Generally, social policies are not transparent. There is great opaqueness in these processes. In a democratic and republican system this lack of transparency prevents citizen participation in orienting social resources. An analysis of the policy field uncovers interests, strategies for appropriation of benefits, which are only effective to the extent that they remain unknown to the public. Transparency favors inclusion of other actors who are potential

“interested parties” in the decision-making processes. (from the Argentina report, Tenti 1993)

Institutional framework for social policies

Traditional public apparatus

The institutional framework for social policies in Latin America was organized based on four principles: the sectoral nature of services, the predominance or monopoly of public over private, government centralism and verticalism, and an aspiration to universality. Service providers were the ministries, autonomous entities within the public apparatus, and diverse agencies linked to the secretariats and undersecretariats of state. As a result of a poorly coordinated process in the creation of institutions, the social protection and service provision systems characteristically consisted of a disperse set of institutions, actions, and measures with scant coordination and involving multiple decision-making levels. The public bureaucracies in the area of social policies were not an exception to the prevailing patterns in Latin American states — formally complex, slow, cumbersome institutions with little capacity for self-reform.

New social policies

The national reports in the project agree that the traditional institutional framework is not in a position to provide responses to the new social policy challenges. As the national reports for Peru and Argentina indicate, the operating mode demanded by assistance and antipoverty programs is not in keeping with the current bureaucratic organization. At the institutional level, new demands are concurrent with one of the biggest problems now under debate, i.e., state reform.

It would be naive to think that any change in the traditional bureaucratic institutions will be easy and spontaneous; on the contrary, a long process can be foreseen, which will have to grapple with a lack of understanding, resistance and rejection, since the centralist tradition and bureaucratic inertia, accustomed to operating with a segmented and uni-dimensional logic, face the conceptual and practical difficulty of integrating policies for different sectors. (from the Peru report, Portocarrero 1993)

There are also new challenges to improve the performance and efficiency of complex organizations. Increasingly, the principal capital of an organization is its learning capacity, its flexibility, and the possibility of providing efficient responses to new situations and scenarios. The limitations that characterize the traditional state institutions, and the inefficiency linked to bureaucratic ritualism and a work culture that does not reward innovation, are some of the limitations

to their actions. This is most marked when the capacity to respond to changes in the structure of a society's needs is evaluated.

A new institutional framework for social policies?

The need for social policy reform is based on the poor performance of existing systems and on the recent transformations in the social structure. Both aspects can be expressed as follows:

- Weak social protection systems, providing low coverage and not fully achieving welfare status, have prevailed in the region.
- For decades, countries in the region have faced a financial crisis in sustaining traditional services and benefits. The more mature a social security and protection system is, the greater the crisis. Thus, such crises have showed up sooner in the more developed countries of the region.
- Recent transformations in social structure and, consequently, of the needs structure, have made the social protection and security system unsustainable. New forms of exclusion and vulnerability are emerging.
- Because they are complex and politically mobilized societies, the needs structures is reflected in the growing tensions between demands and the resources available to satisfy them. The main problems are not only economic or social but include democratic governability itself.
- The region's social policy transformations have been changing the relative weight of the four main ordering factors in traditional systems, i.e., sectorality, centralization, statism, and public sector monopoly. The current emphasis is on integration, decentralization, community participation, and privatization.

Social policy reform is a complex problem without easy solutions. If it were merely a question of technical logic it would all be much simpler. But this is not the case. The different factors affecting policy formulation include technical, political, economic, and social structure aspects. Each of these aspects has its own rationale, but such rationale are not necessarily compatible. Social programs, like any other public policy, are the result of the interplay of factors associated with these aspects. It is not reasonable to assume that technical aspects will prevail in

the final result, given that any particular social policy is the visible part of forces and tensions within these aspects.

Universality and focusing

The expansion of social policies to target the poor raises entirely new problems for social policies. It requires organizations different from the traditional institutions, demands human resources and specific know-how that are nonexistent in organizations based on universality of benefits, calls for information bases that allow the identification of the groups or nominal categories to which programs are directed, and needs appropriate evaluation and monitoring mechanisms, both *ex-ante* and *ex-post*.

According to the national studies, all the countries combine policies of both types in one way or another. Services having the intention of universality continue to predominate and are applied side by side with different forms of more focused action.

For structural and circumstantial reasons, the bases for a social protection policy linked to economic participation in the formal sector are also being eroded. Participation in the informal sector and unemployment and underemployment have grown. Focused antipoverty policies appear as a palliative of a compensatory sort. It remains to be seen whether this is a particular mix corresponding to a certain set of circumstances, or whether the bases are being established for a new form of social policymaking in the region. If the latter option is correct, the events *per se* would seem to be establishing a dualism between "protected" and "assisted" sectors.

Focusing also runs into other types of complexities in the region. Poverty-oriented assistance policies can be more easily and efficiently combined with universal policies when the target group is relatively small in proportion to the total population. This is not the case when the majority, or 30%–40%, of the population is poor. In developed countries, focusing complements universal programs. Its objective is to neutralize the vulnerability of certain social groups and categories not easily or reasonably reached through universal protection systems. In Latin America, with few exceptions, the main problem for reform is inherent to an "excluding model" that corresponds to a particular structure of needs and demands. Consequently, the role of focused policies is difficult to assimilate as a complementary function of social protection.

What functions are expected of focused antipoverty policies? Are they to be temporary or permanent, and how will they be integrated in the general system of social protection? There are no easy answers and, currently, there is not enough research on these issues.

Centralism and decentralization

The rupture of the principle of centralism has taken place in many countries. Regional, provincial, and municipal decentralization have generated profound regional inequalities in the provision of social services. This is the case, in particular, when it is accompanied by a virtual dualism between poor and rich administrative units, which collect financial resources for public social spending from inside the unit itself (for example, the Argentine experience). Added to that is the weakness of the public apparatus of the municipalities, provinces, or states to take on technical and operating complexities and manage programs and services formerly operated in a centralized way.

One of the greatest risks of indiscriminate application of decentralization prescriptions is the reinforcement of intranational inequalities. Another is the modification of a country's social geography in creating a territorial Balkanization of a society.

Decentralization, moreover, particularly in its initial stages, requires strong direction and homogenization of goals by the central government to prevent fragmentation of objectives and to set strategic guiding principles in the social area. The principle of decentralization does not deny government action, but instead assigns it a different role. Even so, it is not easy to determine what sectors should be decentralized, what areas should delegate functions to smaller administrative units, and to what extent it should be done.

Finally, the Latin American experience offers a good example of the importance of political logic in the decentralization processes. These processes have created fertile ground for the development of clientelistic practices, alliances between the central and local powers, systems of "exchange of favours" among political elites, and reinforcing of political parties/leaders at national and local levels. The national reports for Argentina and Brazil show an instrumental handling of the economic resources allocated to social policies that escapes all criteria of technical rationality.

From sectorality to integration?

One of the unresolved social policy problems is to determine the set of aggregate benefits received by individuals or families through multiple social services and programs provided by a system. There has never been a clear answer to this, and it is often considered more of a concern than an issue to be resolved. With the introduction of focused assistance programs, the question of the comprehensiveness of benefits takes on greater complexity and relevance.

How are we to operate increasingly at the local level, within the logic of a more comprehensive (multi-sectoral) and less strictly sectoral operation?

How, for example, in a small and specific territorial locality, can we combine health services, education, infrastructure, urbanization, etc., in a coordinated way, in circumstances where activity programming and resource allocation still respond to a sectoral and centralized logic? (from the Chile report, Raczkinski et al. 1993)

The long tradition of centralization and sectorality in the region has not favoured the implementation of integrated programs. The greatest risks to systems of this kind are not only the overlapping and duplication of benefits, or inappropriate and inefficient use of resources. A sectoral logic leads to loss in the potential effectiveness gained by acting jointly on the different needs of the individual. Comprehensiveness, if it has any sense at all, is important because the beneficiary is a unit combining complementary and functionally interrelated needs. For example, in terms of health, it is likely that a child's school performance will be better if he or she is well nourished and in good health.

In Latin America, there have always been, even if partially, complementary programs of a comprehensive sort. The example of complementarity among health, nutrition, and school performance forms part of the tradition of social policies in some countries. Nevertheless, with the expansion of focused assistance policies, a false opposition is established between sectoral and comprehensive logic. The latter tends to suppress the former. Moreover, comprehensiveness is identified with recent focused assistance policies, whereas sectorality is identified with universal policies.

In practice, comprehensiveness is not such a novelty, and sectorality is not going to disappear. In any event, the national reports suggest the need to examine and evaluate the integrated experiences in social policies carefully and to identify the obstacles that may be hindering a more effective complementarity.

Vertical centralization and user participation

In the traditional model, user participation corresponded to the main characteristics of the social welfare systems and social programs. User participation, when it did exist, was corporative, such as representation of workers, retirees, and pensioners in social welfare agencies. In other cases, the government delegated management of social security and assistance to private corporations.

With the new principles helping to form the new social policies, the question of participation takes on other aspects. Generally, it refers to intermediary community organizations or associations that, without excluding the corporations, represent the territory, neighbourhood, or community. In countries with a long historical tradition of centralism and bureaucracy, the incorporation of users in decision-making and management of public policies is a positive addition. It

facilitates the implementation of social policies, commits beneficiaries to the programs, and contributes to their transparency. Yet here, too, there are problems similar to those in the management of smaller administrative units in decentralization processes.

Intermediary institutions are, for the most part, weak organizations. Their members lack training and basic management capabilities, their actions are inconsistent, and, who, exactly, they represent is unclear. Moreover, the greater the level of vulnerability of a social sector, for example, the poor or indigent, the smaller its organizational capacity. For these reasons, there is no easy prescription for social participation. The participation of intermediary institutions in the implementation of social policies is, in fact, a difficult undertaking. There have been successful experiences, however, and these should be evaluated to find feasible recommendations.

Public monopoly and privatization

Private charitable institutions that provide social services and assistance have long existed in the region. Many of them, linked to religious institutions, were the forerunners of public social policy. The state later assumed coverage and provision of social services among its basic functions.

Currently, the meaning of the privatization of social policy management is different. In many of these countries, programs have been implemented to remove functions traditionally performed by the state, placing them in the private sphere. In other cases, this has been done by directly fostering the creation of private institutions, for example, in the education and health-care sectors.

Finally, the logic of self-financing led to a privileging of investments in physical works, installations and equipment, without the corresponding strengthening of the capacities of states and municipalities to assume financial responsibility for the subsequent operation of the services, thereby increasing the indebtedness of local governments and decreasing the social effectiveness of large investments. ... Excessive administrative centralization and the accelerated pace of growth generated management incapacity, worsened by the lack of any type of public oversight. This aspect made social policies "easy prey" to private interests, lobbies, etc. It should also be noted that expansion of the government's social services largely took place through articulation with the private sector, primarily in connection with the supply of services and goods. The expansion of social policies did not result in changes in the industrial sector linked to those policies, in the sense of increased production of goods for popular consumption; instead it merely reinforced the existing characteristics. ... What we find is a contrast in which society bears all the costs, but the

benefits are appropriated privately. Social policy appears to be a way of sustaining a certain type of consumption, appropriate for the existing industrial structure, such as the building industry in the case of housing programs, and the pharmaceutical industry, in the case of health. (from the Brazil report, CEBRAP 1993)

The bases of these policies are well known. Allusions are often made to the inefficiency of public administration and the virtual bankruptcy of social protection systems. But the problem is in deciding on the cut-off point in the social structure between public and private services.

Privatization can cover all the population or only those sectors in a position to pay for their services. But if that is the case, how do we define the population that can or cannot do so? If the cut-off is excessively low, privatization provides a more apparent than real solution.

In most of the societies in the region, a high cut-off point is required for items transferred to the market. This has not always been the case. The Brazil study shows that the "golden rule" of social policies was that users pay, despite implying a progressive privatization of popular collective services.

The new conditions imposed by privatization have two major consequences: (a) the problem of government oversight and regulation of privatized public policies, and (b) the problem of government financial guarantees in the event of failure of the private initiative and nonprotection of users, as in the case of social security privatization.

Government oversight and regulation of privatized public policies raise problems similar to those for privatization in the economic sphere (for example, rating of privatized public services). Instruments, organizations, and specialized skills are required and do not seem easy in the short term if efficient regulation is sought.

Financing of social policies

Traditional logic for social policy operation rested on the contribution of national resources. International loans or foreign credits were sought as an additional component to cover government spending or to resolve specific account deficit problems. In this sense, social policies were designed to conjugate social purposes and self-financing simultaneously. What has changed with the expansion of assistance policies and focused programs is that they are now closely linked to the availability of international funds.

Currently, there is a growing international market that, from the supply side, is opening up a broad spectrum of alternatives for credits and loans for operation in specific social areas. But the demand comes from poorly articulated

national systems, lacking in clearly established priorities, and with high levels of competition among the different government divisions. In a context marked by the heavy structure of unsatisfied needs and extremely scant resources, it is not easy to establish priorities, but this makes them that much more necessary. It is essential to study thoroughly the decision-making processes that explains why certain programs are implemented and others are not.

Social policy research in the region

The relationship between the production of knowledge on social policy and practical use is a rather complex subject to develop in depth. Conventionally, a distinction has been made between two types of research: basic and applied. Later, the diversity of objectives and practices of knowledge led to the introduction of another category — “oriented” research. This type of research was placed between basic and applied. It is now recognized that such differentiations are much more complex. “Supply” and “demand” for knowledge are moving closer (for example, the demand for science-based studies has grown), whereas the boundaries between basic and applied research are blurring.

Whatever the validity of this typology, it is clear that it tried to reflect substantive differences. Because of their own characteristics, the design and implementation of “applied” research should operate with variables/factors that can be changed, or at least those factors that can be changed in the short term. This limits the field of factors that can enter into the analysis and requires operating on more obvious indicators. At times, this is done with the results of social phenomena, but without the perspective to consider their more profound, although less visible, causes. As far as “basic” research is concerned, as an ideal, its objective is to explain by resorting to factors that often operate in the medium or long term so that the application of its results tends to be a more unlikely subproduct.

Naturally, these distinctions do not assume any type of priority of research. They simply make it possible to identify different research objectives and pose the problem of how they can interrelate. How can nexus be established between the two types to foster a field for cross-fertilization and improvement of the quality and excellence of the products? This can be done, and in practice is done, in two complementary ways: one is the individual practice and the other is the institutional system route.

In individual practice, cross-fertilization takes place when those working on basic research become interested in the applied field, or when the “practical” people approach the academic community to take advantage of research results. Thus, the research practice that responds to applied demands is favoured in its

contents and quality when researchers alternate their activities between the academic world and the market for applied studies, or when the nonacademic researchers have a network of contacts, information, knowledge, handling of bibliographical sources, and relationships with colleagues who are academics.

The institutional route is, vis-à-vis individual practice, crucial for fostering these processes of communication and cross-fertilization between basic and applied research. Nevertheless, there are institutional systems and cultures of intellectual work that tend to isolate the two spheres of research in watertight compartments, hampering mobility of researchers between them, along with the exchange flows and strategies for dissemination of their products. Institutional frameworks are most favourable to intercommunication when the logic of institutions is not linked only to immediate demand and their interests are not subordinate to their financing sources, but when there is a greater density of institutions, in number, quality, autonomy, and work scale, and more intense flows of exchange in people, information, and products. The latter conditions do not prevail in the region.

The national reports surveyed and evaluated the potential of academic and social promotion institutions in each country. They also surveyed the social programs and the reforms being implemented at the public level to obtain a reasonable approximation of real or potential demand for knowledge coming from the state.

The research design and strategy were not always the same in all the countries. For the most part, however, the variations among them were slight. The information was obtained by gathering and analyzing secondary information, from institutional records, and by fieldwork involving use of surveys and interviews with selected research institutions.

The principal instruments were:

- Gathering official documents on: foundations and orientation of social policy, social programs under way and projected, reforms of social service provider institutions, action plans, organization charts of public institutions, and evaluation reports on programs and projects (when available).
- Analysis of information on social public spending (structure and trends), economic resources from other sources, and origin and amount of financing for special programs.

- Institutional survey of university research centres, private institutions (nongovernmental organizations (NGOs)), and public agencies responsible for generating information and research in the social area. With the pertinent variations according to the country, the following were included:
 - Information on institutional activities (research, promotion, teaching, and information), number and characteristics of technical and nontechnical personnel, projects under way, research topics, social areas for action and promotion, financial resources, origin of resources, relationship with state programs and social services, and other information regarding data bases, library, infrastructure, years of existence, etc.
 - Semistructured interviews with directors of research and social promotion institutions.
 - Semistructured interviews with public administration officials in charge, or formerly in charge, of programs and services in social areas, as well as qualified informants.

From the survey and analysis of the information, the studies provided a description and evaluation of the research potentials of institutions working in the area of social policy. The reports offer an examination of the relationships between these organizations and the real and potential public sector demand. The following points summarize their main findings:

- Development of the social sciences in Latin America is uneven and takes the form of different institutional arrangements. One of the major obstacles is in the difficulties in establishing a fluid relationship between social sciences and society. The institutional forms acquired by the social sciences have corresponded to the different predominate arrangements that have existed between public and private institutions.
- In research, universities had a major role in only a few countries. In many countries, however, research has been localized in a combination of university and private institutions (NGOs) or, basically, at private institutions. Until a few years ago, the public sphere, excluding universities, was not a field where social research was done. It was also

not done in the sphere of private, for-profit activity. Nevertheless, this has been changing in recent years.

- Brazil is probably the only exception to highlight in the Latin American scenario. In Brazil, the practice of research assigns an important place to university research institutions. Interrelated with other private institutions (NGOs), foundations, and public research centres, dependent on state systems, universities have played a salient role in the training of a solid and self-referenced academic community. Governments have traditionally valued the strengthening of public and private university institutions by allocating funds through specific research and training programs (fourth-level training programs, grant programs, and support to basic and applied research). This is difficult to find in other Latin American countries.

Given the heterogeneity of the region's institutional research structures, it is not easy to present a synthesis of the findings without making reference to the different contexts. The fundamental aspects of the findings of the analysis of supply and demand of knowledge in the field of social policies can be expressed in the following.

"Supply" and "demand" for knowledge: an analogy rather than a reality

It does not seem pertinent to affirm that there is a knowledge market in which the "supply" and "demand" sides can be precisely identified. The national studies showed the relative subordination of academic research institutions to market demands. They underscore the conflictive and complex nature of the real relationships between supply and demand. The analogy with the market is useful only as an heuristic tool. Naturally, there are demands and supplies, but they do not fulfil the assumptions of regulation, competition, and rules for allocation of resources that exist in constituted and open markets. We could speak of an imperfect market, but here, too, we would be dealing with another analogy that would add little.

From the perspective of research institutions, there is relative autonomy with respect to the "demand" coming from the state and from social programs. In part, that autonomy is explained by the origin of the financial resources supporting these institutions. In the case of universities, much of their resources come from general budget funds assigned by governments, or from the gathering of nonpublic resources, particularly in the case of private universities. In the case of nonuniversity not-for-profit institutions, funds come from foreign foundations and

agencies. In other words, there is an autonomous space for generation of knowledge that does not depend on an immediate or direct relationship with the actual or potential demand of government institutions or social programs. Naturally, there are more substantive reasons for this to be so — the very nature of “pure” research.

The same can be said of research topics. Topics can directly or indirectly generate new legitimate demands without a direct relationship with explicit demands. Some of the national reports recognize the need to generate knowledge with a medium- and long-term perspective. Similarly, they emphasize that the basic training of human resources in the social area (graduate and postdegree) cannot be seen only from the perspective of satisfying immediate demands.

A fluid “demand”

The central aspects of demand are expressed in: (a) a trend toward a decrease in resources allocated for social public spending; (b) the existence of more or less profound reforms seeking efficiency, associated with the search for greater sectoral administrative rationality that, in turn, is part of a broader concern for state reduction and reform; and (c) the reform or innovation of contents and strategies of social programs so as to effectively gear their benefits to target populations effectively.

Generally, the starting point is a given reality, even if that reality is subjected to analysis and critical debate. In this sense, the concern for improvement predominates. To a lesser extent, changes of orientation are proposed, as with the idea of reinforcing the integration of policies around the problems of target populations. This idea is proposed as a replacement or complement for the traditional sectoral perspectives that prioritize improvement only by sector. Unfortunately, the sectoral approach, in which mechanisms for intersectoral coordination and integration occupy a secondary place, still prevails.

In view of the foregoing, the demand for knowledge is subjected to important transformations that condition the generation of knowledge. These changes must, therefore, be subjected to research and evaluation to increase the capacity to supply knowledge in a more independent, objective, and critical way.

“Supply” of emerging research themes

The research themes given most importance have changed a lot in relatively short periods of time, independent of whether they have had an impact and provoked significant transformations or not. In recent years, social problems initially appear to be linked to structural adjustment for reasons of foreign indebtedness. The strategies during this period were: restriction of resources by curbing social public

spending, transfer of responsibilities to other public venues (decentralization or creation of ad hoc units as "social funds") or pertaining to civil society (philanthropic actions or privatizations), and identification of critical social problems (generally associated with the effects of adjustment programs) to which available resources must be directed.

The degree of depth and scope of the analysis of the social themes covered varies from country to country in a highly significant way. The institutional political situation, the degree of heterogeneity of the social groups affected, and the particular seriousness of the situations explain the differences.

Subsequently, at a second stage, the analysis incorporates other emerging questions. Thus, a broad set of social problems are considered: the effect of industrial retrofitting and trade liberalization on the labour market and the training of the labour force; the impact of social security policies on production costs; the weight of specific social problems, such as aging of the population, deterioration of urban environmental conditions, and the vulnerability of particular social groups (young people, women, etc.); and new health problems (in general and by particular high risk groups).

At the same time, there has been a deepening of the discussion on the new role of the state, its relationship to society, and the new responsibilities of diverse social actors in solving social problems. These questions add to the debate on the institutional and financing aspects.

At a third stage, the agenda starts to reflect current processes. Here, it must be understood that from the institutional point of view the countries range from those introducing changes in the existing systems to those undertaking major transformations.

The decentralization processes and the reform of ministerial structures are among the most frequent transformations. No less important has been the creation of ad hoc institutions, as a by-pass for traditional bureaucratic structures, for the purposes of carrying out new activities (for example, the social funds) or of efficiently satisfying needs blocked by the traditional system. To a great extent, these attempts are strictly linked to external assistance mechanisms, although in all of the countries mechanisms have had to be established to adapt to the particular characteristics of each of them.

We cannot derive from there the existence of a close relationship between supply and demand in social policy terms. Instead, there is a relationship around specific problems of management of social programs and projects, but where there is neither time nor resources to go beyond operational aspects. The paradigmatic case is that of health, which accounts for a significant proportion of the studies demanded, but which perhaps is the

most problematic area regarding the social dimensions of design and discussion of policies per se, such as the relationship between the public and private realms, public and private health financing policies, spheres of attributions and decision-making among the central, regional and local levels, prevalence of a high "medicalization" of the primary care level, etc. (from the Chile report, Raczinski et al. 1993)

Emerging interest in applied studies

Another conclusion refers to the radical changes that took place as a result of the expansion of social programs and reforms. The national reports indicate that a profound change is under way in the relationship between state needs and the traditional ways of satisfying them. This is seen in the emergence of consultants, or more generically of consultancies. In the region there was a transformation in the allocation of resources from the sphere of basic research to a strengthening of a demand for specific, short-term studies geared to producing applied or policy-oriented knowledge in the social area. As a result of the growth in resources for short-term research provided by multilateral organizations, governments, and various donor agencies and foundations, fewer resources are available for development of medium- and long-term basic research.

It could be asked to what extent the social policy field is a unique research subject. In fact, it is a question of articulating the specificity of substantive knowledge of each dimension or sector (education, security, health, housing, etc.) and a common set of problems (the "social" and the "political" aspects of social policies). Here we must again take into account that we are dealing with an emerging field. Projects like this one, while they constitute it at the level of thought, contribute (through the activities foreseen) to its very shaping and consolidation as an intellectual field that goes beyond sectoral know-how. A policy of support for social policy research should prioritize actions geared to facilitating interaction among different agents: (a) among specialists working in the same sector; (b) among researchers in different areas of social policy; and (c) between producers and users not only in the state sphere, but also at other "social-policy-making" institutions. In the case of Argentina, it is also necessary to combat a certain tendency toward cultural provincialism by means of a broad range of opportunities for communication and dialogue with intellectual production and with the political experiences of other countries of the continent and the world. (from the Argentina report, Tenti 1993)

Not all the countries, however, have followed this guideline. In some, the strategy for generation of knowledge has been localized at the level of public agencies and transitory or ad hoc programs. These tend to recruit their own

research teams during implementation of the programs. In both cases, the effects have been detrimental to the continuity and strengthening of the institutions and research teams already established.

Imbalance in the research strategies

In the last few years, an imbalance arose between applied studies and basic research. Sectoral or short-term papers and projects geared to the application of knowledge are available, but there is a lack of sufficient research, from a more integrated and comprehensive point of view, on social policies and the functions expected of them.

Because the biggest problem of social policies is the reform of social protection and security systems, the lack of such studies creates a considerable gap in the inputs that should nurture the reform debate. In the reform context, indication of the challenges to improving system efficiency was not accompanied by a consideration of the constraints imposed by the social structure and the structure of needs and demands of the society at large and not just some sectors, such as the poor.

A solid and precarious institutional framework

The national reports analyze in detail the working conditions and potentials of the research institutions examined. They identify the activities undertaken by private centres and university institutions in research, training, and other research support activities.

The main conclusions show that the region has a multiplicity of institutions that carry out medium- and long-term research with the potential to undertake more ambitious social policy studies. This is because of the creation of new centres, the transformation of others, and a regular and increasing upgrading of human resources through graduate training in the region and abroad.

The reports also point out the weaknesses of the research, which has not crystallized in mature institutional systems. Dispersion of the organizations, lack of "critical mass" of research at each organization, discontinuity of work teams, discontinuity of work on research subjects, limitations in infrastructure and equipment, limited bibliographical and documentary availability, and geographic concentration of centres in the capital or in a few cities are some of the problems that were identified. In terms of financing, in almost all the countries the institutional system is in an extremely difficult situation. The resources for research at universities compete at a clear disadvantage with funds demanded for teaching.

This is reinforced by a university structure that has not been reformed, or has been so only partially, and does not foster the constitution of autonomous and

vigorous spaces for basic research. Similarly, with few exceptions, governments have not fostered research and the strengthening of social research institutions and programs. In private institutions, the changes in the policies of agencies and foundations, the policies followed by governments, and a growing demand for applied studies, pose serious resource limitations that hinder continuity.

Conclusion: challenges for social policy research and action

Within this context, the challenges for social policy research and action emerging from the national reports can be summed up as follows:

- An analytical approach for comprehensive, prospective, and systemic research;
- Focus on selected research topics;
- The problems of information systems; and
- Training and education.

A comprehensive, prospective, and systemic analytical approach

The aim in a systemic analytical approach is to orient research within a broad understanding of social policies and well-being. The purpose is not to replicate on a smaller scale the large number of applied or policy-oriented studies that are being conducted in the region.

Rather than gearing research only toward the implementation and evaluation of specific programs, there is a need to carry out research that will approach the study of policies from a policy analysis perspective. With this in mind, some distance must be taken from the immediate demands for application and focus on developing the area of social policies in terms of the relationships with the economic, political, and social structure. This implies recovering a more comprehensive concept of social policy inquiring about the reciprocal implication it has with other fields in a context of profound and rapid transformations.

Focus on selected topics

A comprehensive and systemic analytical approach to social policy research must translate into specific, empirically grounded and preferably comparative research issues. Given the limited resources available, there is a need to choose a defined set of large areas of research.

Social structure and vulnerability

A comprehensive approach to social policies requires a comprehensive vision of what is happening with the social structure and stratification. It is not sufficient to have an in-depth knowledge of some sectors of society. The recent transformations in the international system and their consequences at the national level have been changing the composition of social groups and sectors, generating new forms of social vulnerability, and altering the stratification systems in the countries. Not only are there changes in the composition and volume of poverty and indigence, the entire social structure is being transformed with the lower and middle sectors feeling the effects of these changes acutely.

Thus far, the need for a comprehensive vision of social policies has not been evident. The nature of the antipoverty assistance policies and the origin of their financing, via debt, have taken transparency away from the question of who ultimately pays for the programs. The scenario is different when issues of how resources are transferred from one social sector to another, and who wins and who loses in the redistribution of the system as a whole are raised.

The study of the social structure and social vulnerability patterns offers an opportunity for examining the relationships among social, political, and economic systems. Moreover, in social reform, the analysis of the transformation in the social stratification and structure is relevant because social policies are themselves stratified systems.

Labour markets, employment, and education

This subject must include the analysis of the transformations occurring in the labour market as a result of the processes of globalization, economic opening up, and international competition. This implies a look at the growth of informality in the region, the deregulation of labour markets, the problems of unemployment and underemployment, and the changes in the organization of work. This topic links economic and social policies and the political system. It also includes examination of new forms of inequity associated with labour insertion, as well as the appearance of unknown social vulnerabilities.

From the point of view of social policies, the transformations that have taken place in recent years have implications for education particularly in the need to reform institutions, programs and curricula, and their adaptation to the new job market demands. The economically active population has been affected by transformations that do not appear to be temporary (rapid obsolescence of specific know how, need for versatility, etc.), and that, by all evidence, generate demands on educational systems and their roles as part of the new development models.

What happens in the labour market also has profound implications for the social protection systems. This topic is enormously important and warrants special attention.

Social security systems

Social security and benefits systems have been reformed in some countries and, in others, are under debate. The Latin American experience indicates that there has been a change in some of the fundamental principles on which the traditional security systems were based. There has been a change from public systems in which the economically active population supports the nonactive population, to privately administered systems based on individual capital. Yet, in other countries, the reforms include mixed systems.

The region's social security systems were already in crisis well before the consequences of the new development model became manifest. The changes that took place in the proportion of active to passive population demonstrated the inviability of the old institutional structures. This gives rise to a priority area for study as one of the most important aspects of welfare policies.

The analysis of social security and benefits should also make it possible to examine the connections between economic and social policies (for example, employment and social security), the characteristics and processes of social structure (consequences of reforms on social stratification), and the political system (political feasibility of reform projects, corporative resistance, etc.).

Decision-making processes

Social policies is a privileged field for studying political relationships and decision-making processes. The actors involved have interests, generate demands, mobilize, articulate strategies, and relate to the political system and the state in different institutional forms. The outcome of a social policy is thus largely influenced by the interplay of these actors and by their institutional political frameworks.

The number and characteristics of the actors, however, are not limited to the traditional political spheres. The arenas in which opposing views are settled and decisions are made do not only include the parliament, the executive, the political parties, or the formal political institutions. Some of the political actors are corporate organizations that, in part, include users or beneficiaries of the services, and that, in part, respond to networks of interests and influences established in the sphere of public bureaucracies.

The analysis of decision-making on social issues has not been greatly developed in the region. On various occasions, the national studies identified

political "interferences" in the development of social programs (for example, clientelism).

The predominance, however, of an interest in technical and economic design of the programs has put one of the most important components for social policy formulation in second place. In the final analysis, social policy is, above all, political. The inclusion of these subjects in future research seeks to fill this gap while trying to contribute to the development of a more comprehensive approach to social policy.

Need for continuous systems of social information

All of the national reports agree in pointing out the structural weaknesses of existing social information systems and their capacity to report on the needs for knowledge required for the design, management, evaluation, and follow-up of social programs. There is an acute lack of information on different social sectors, discontinuity in the recording and availability of information, poor elaboration and standardization of information, orientation to single users (decision-makers), and problems in timing and quality of dissemination (traditional system operating on the basis of the written text).

In addition to these weaknesses, the studies show a low adoption of computer technologies, slow development of data banks accessible by all levels within an organization (operators, managers, researchers, teachers, advisors), and the weaknesses of not establishing information flows supported by strong links between producers and users of information. The specific weaknesses include:

- Prevalence of traditional statistical information to the detriment of effective systems of social indicators;
- Inadequate disaggregation of information, which does not permit satisfactory operation at the level of small territorial units or target social groups;
- Waste resulting from the lack of recording, elaboration, and availability of information generated in administrative units and social programs and projects; and
- Deficiency of information organized sectorally and by government agencies, lack of compatibility, and difficulties in approaching social policies in a comprehensive fashion.

The development of activities to improve information systems and remove obstacles, is a task of specialized government agencies. Nevertheless, and without prejudice to other activities, academic centres can play an important role in the elaboration of indicators, in the definition and demarkation of units (for example, georeferenced systems), and in the construction of specific instruments for the gathering and systematization of information (Durrant, this volume).

Need to overcome training weaknesses

The national reports also shed light on the demands for improving the training of human resources involved in the social area. The low level of training is mentioned by all the national reports as one of the most serious bottlenecks. According to the national diagnoses, and in particular as pointed out by the Brazil study, among the public administration sectors the area of social policies is probably the one with the worst-quality personnel. The demand for upgrading is also more marked in the interior regions of the countries and in the municipalities, and it is worse in countries that have tried decentralized social policies. For local or municipal personnel in charge of social project operations and management, this type of activity is entirely new. The main training needs include:

- High-level training programs in social policies and disciplines directly linked to social issues. This includes graduate academic training, specialized courses for social scientists, etc.;
- Short training courses for public employees in areas such as social planning; management, implementation, evaluation, and follow-up of social projects; information management; and computer training, etc.; and
- Training programs geared specifically to public agency personnel in smaller administrative units.

As in the role of information, the participation of research centres in direct teaching should have a limited scope. Some of these institutions have given or give different types of upgrading courses. Nevertheless, the magnitude of the deficiencies in training and education requires coordination and follow-up by specialized agencies. The institutional form should be adapted to the characteristics of the country, but it is not advisable to continue with a process of uncoordinated, overlapping, or totally or partially duplicated courses (Urzúa, this volume).

References

- CEBRAP (Centro Brasileiro de Análise e Planejamento). 1993. Políticas sociais no Brasil. Centro Brasileiro de Análise e Planejamento (CEBRAP), Sao Paulo, BR.
- DGyC (Dirección General de Estadística y Censo). 1987. Censo general población del Uruguay (Uruguayan population census). Dirección General de Estadística y Censo (DGyC), Montevideo, UY.
- ECLAC (Economic Commission for Latin America and the Caribbean). 1993a. Internal report. Economic Commission for Latin America and the Caribbean (ECLAC), Santiago, CL.
- . 1993b. Social panorama of Latin America. Economic Commission for Latin America (ECLAC), LC/G. 1768, Santiago, CL.
- Filgueira, C.H.; Lombardi, M. 1994. Políticas Sociales en el Uruguay. Centro de Informaciones y Estudios del Uruguay (CIESU), Montevideo, UY.
- Mesa-Lago, C. 1994. La reforma de la seguridad social y las pensiones en América Latina. Instituto Centroamericano de Administración de Empresas (INCAE), Quito, EC.
- Molina, C.G., et al. 1993. Líneas de investigación en política social en Colombia. Fundación para la Educación Superior y el Desarrollo (FEDESARROLLO), Bogotá, CO.
- Portocarrero, F. 1993. Políticas sociales en el Perú (1990–1994). Centro de Investigaciones de la Universidad del Pacífico, Lima, PE.
- PREALC (Programa Regional de Empleo para América Latina y el Caribe). 1993. Boletín INFORMA, No. 32, Sept. Santiago, CL..
- Raczinski, D.; Vergara, C.; Vergara, P. 1993. Políticas sociales: Prioridades de investigación y necesidades de capacitación en Chile. Corporación de Investigaciones Económicas para Latinoamérica/Facultad Latinoamericana de Ciencias Sociales (CIEPLAN/FLACSO/SUR), Santiago, CL.
- Tenti, E. 1993. Prioridades de investigación en política social en la Argentina. United Nations Children's Fund (UNICEF), Buenos Aires, AR.
- UNDP (United Nations Development Programme). 1990. Development report. United Nations Development Programme (UNDP), New York, NY, USA.

Verduzco, G. 1993. Cambios económicos, condiciones de bienestar y políticas sociales en México (1970–1991). El Colegio de México, México, MX.

World Bank. 1994. World development report. Oxford University Press, Oxford, UK.

ROLE OF INFORMATION IN SOCIAL POLICYMAKING: LATIN AMERICA AND THE CARIBBEAN

Fay Durrant

Social policy, when truly implemented, requires integration and analysis of data from several sources. Recognizing that the policy and information environments are rapidly changing, the network or information system in the traditional sense (with the attendant notion of bureaucracy and underutilization of resources) will evolve into a more dispersed net, a loosely structured yet working coalition of "points" of contact.

Improved information technologies allow greater access to information and ease in delivery, but innovative ways of identifying sources of information and of repackaging data efficiently and effectively to match needs of the users still need to be researched and tested. In an effort to overcome this main problem of information delivery focus, we must design experimental research activities that can guide the implementation of information systems and serve as a means of evaluating the impact of social policymaking on equity.

This paper identifies the role of information in the social policymaking process in Latin America and the Caribbean. Examination of the requirements of policymakers at the central, local, or community levels is seen as a good entry point for determining the needs of practitioners and researchers. A first step is a review of the groups and organizations involved in social policymaking and those who influence these activities.

As defined in the synthesis paper by Filgueira and Lombardi (this volume), social policy is now implemented in several areas outside the traditional "social sectors," and, consequently, all the actors who make policies and decisions in those sectors, and influence or implement them, need to be considered as participants in the social policymaking process.

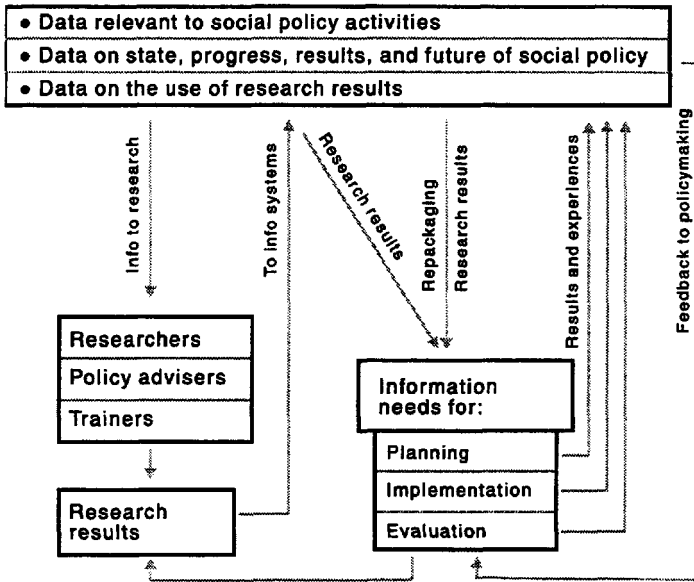


Figure 1. Flows of social policy information.

This determination of information requirements is, therefore, based on the concept that all policymaking, and particularly social policymaking, requires a holistic approach where systematic information and communication flows enable the processes to be truly effective. Figure 1, “Flows of Social Policy Information,” maps out the information and communication flows related to the social policy process.

Users of social policy information as participants in the policymaking process

The first question to address relates to the characterization of participants in the social policymaking process. The schema done by Jorge Papadopoulos (1994), can be used as the basis of the discussion. This results from the experiences in the region that show social policymaking as:

- Being recognized as an important influence on economic and technical development;
- Wider than the social services and the traditional “social organizations”;
- Extending beyond the scope of central government to include local government and civil society;

- Involving processes of consultation and consensus building among policymaking groups; and
- Involving a complex series of information and communication activities in which all the actors participate.

The group of potential users of social policy information, therefore, includes all those who define or execute a given social policy and the entire population as participants in or implementors of the policy decisions. As a consequence, the following positions or institutions are seen as major influences on social policymaking.

Central level

At the central level, the presidency; parliament; ministry of finance, or in some cases the central bank; and the planning agency take far-reaching decisions with regard to the funding of social policy, and thus generally lay the financial parameters for the social ministries and other organizations. There is a growing trend toward establishing task forces or advisory committees to draft policies on critical problem areas. In some cases, the presidency consults groups from the civil society and establishes advisory committees or councils that help formulate social policy at the executive level. Examples are the Committee on Modernization of the Public Sector established by the current President of Ecuador, and the Inter-Ministerial Commission in Peru.

The ministries traditionally concerned with social issues, primary education, public housing, public health, social welfare, are policymaking organizations on a second level and the main implementors of the social policies and programs defined at the central level. With the increasing trend to decentralization, particularly in Bolivia, Chile, Colombia, Ecuador, and Peru, and the federal organization of countries such as Brazil, Mexico, and Venezuela, the issues of information flow and compatibility of policies at central and local levels become more necessary. The "social ministries," particularly the ministries of social welfare, youth and community development, and their dependent institutes and bureaus, are influenced by the "social cabinets," sometimes convened by the "first lady." These "cabinets" or advisory committees on social issues are also emerging in the region as a way of defining policies related to the family and children and as a means of integrating social policymaking at the central level. An example is the Regional Commission for Social Affairs in Central America.

There are also agencies without ministerial status that are responsible for areas of social policy formulation and implementation. The two that seem to have

most impact on social policy are social security, and the social investment and emergency funds.

In the case of social security, policymaking issues relate to the planning and possible privatization of the systems, and the social investment funds, which are on average only 10 years old and tend not to be well integrated with the social ministries, are required to define and implement policies for reducing the poverty of the marginalized populations and for alleviating the effects of structural adjustment.

All the central government agencies of the region have been major gatherers and producers of information. The mandatory collection of statistical data on the operations of the health, education, or social welfare organizations have tended to record the activities of the systems rather than analyze their impact. As Filgueira and Lombardi (1994) point out there is still the need throughout the region for basic indicators to assess the performance of social policies and programs.

Local level

At the local level, decentralization processes in progress are increasing the responsibilities of local actors and enhancing their social policy decision-making capabilities. These changes have meant that mayors, councillors, municipal secretaries, and managers have increased influence on planning primary education, public health, water and sanitation services, and physical planning. They also generate and require information to support objective policy- and decision-making for cost-effective location of resources.

The Municipality of Conchali in Santiago, Chile, provides an interesting example of the use of REDATAM Plus GIS (REDATAM Plus Geographical Information Systems) and ARC INFO as the basis of determining priorities in resource allocation. REDATAM is the abbreviated form of RETrieval of DATa for small Areas by Microcomputer, and REDATAM Plus GIS (R+ GIS) is a later version of REDATAM for use with Geographical Information Systems such as ARC INFO. Both REDATAM and REDATAM Plus GIS were developed and are maintained by ECLAC CELADE.

Applications are being developed in collaboration with the University of Waterloo with support from IDRC. To date, 728 copies of REDATAM Plus GIS have been distributed to institutions in Africa (29), Europe (16), Caribbean (50), Latin America (572), North America (43), Asia and Pacific (17), and West Asia (1). ARC INFO is the trade name for a geographical information system, a software package compatible with REDATAM.

Civil society

Social policy decision-making actors from the civil society also have policymaking responsibilities at national or local levels. These can be summarized as: the church and religious groups, labour unions, professional boards, indigenous groups, nongovernmental organizations (NGOs), organized social welfare recipients, entrepreneurship associations, neighbourhood and citizens' associations, and cooperatives.

The communications media plays an important role in shaping reality while serving as channels for transfer of social policy information to the general public, the final implementor of these policies. Members of think tanks, NGOs, and the university systems devoted to social policy research, have developed, in the current democratic era, into the role of advisors to governments while interchanging positions as policy-makers, advisors to ministers, and members of NGOs or of university faculties.

"Social policy brokers," who help to develop shared meaning and to build consensus on the formulation and implementation of social policy, are advisors to ministers, members of NGOs, and think tanks. These brokers have begun to play an interesting role in the development of integrated social policy agendas. The efforts at developing consensus in policymaking in Cajamarca, Peru, provide an example of the kind of relationships that can be stimulated or coordinated by social policy brokers.

This characterization, which covers the range of sources and potential users of information on social policy as the essence of social policy, is seen as being periodically created and recreated through the interaction among citizens, brokers, policymakers, and decision-makers. The needs of each group in terms of data, analysis, and communication required, would, therefore, need to be assessed on an ongoing basis to determine the information requirements for the social policy-making process.

Information needs for policymaking are basically the result of development problems that policymakers seek to solve. In the case of Latin America and the Caribbean, social policymakers are likely to only partially identify their information problems, but this is an area that can be improved by ongoing discussions and further research into methodologies. At the same time, the responsibilities of the policymakers for implementation within a given time frame, indicates that their view of development problems has to play a major role in the identification of themes and areas for research and for identification of information needs. Researchers in the area of social policy must, therefore, analyze the development problems identified by the policymakers to come up with the strategic issues that require research.

Research results can, therefore, be seen as important inputs to the policymaking process. This is by no means to gainsay the role of the other types of information that are used by policymakers. In broad terms these can be described as "political information" and "policy information." Webber (1991–92) describes policy information as "describing and explaining the policy alternatives" and "political information" as the ethical, ideological, and political options of the policy alternatives. In addition to the results of policy research, policymakers would, however, be natural users of information from their own experiences, from the public, and widely available media, which comment on events and policy issues, and information provided by their practitioners or technocrats. Webber (1991–92) makes the point that an important aspect is the relationship of these types of information with disciplinary and policy-oriented research, and the communication among what could be discrete groupings. To be effective, information specialists and researchers must be in greater contact with the intended users of the information and the research results.

Information use

Information is used in all these three activities and, therefore, it is useful to examine briefly the distinction between policymaking, decision-making, and policy implementation and the relationship with information use in the processes where policy is made. Policy design is considered as the determination of broader issues resulting in laws, establishment of organizations or programs, taxation or tax relief, etc. Decision-making will be considered as being on a more specific level and relate to decisions on how to implement a policy. There is naturally continuity between the three areas and, therefore, although policy implementation is expected to be at a more active phase, decision-making is still necessary at each stage of moving a given policy from a concept to a reality.

Information can be used in various ways in the process of policymaking. Caplan (1975) categorized types of information use as: sensitizing policymakers to social needs, evaluating ongoing problems, structuring alternative policies, implementing programs, justifying policy decisions, and providing a basis for choosing policy alternatives. These are all relevant to policymaking in Latin America and the Caribbean, and these categories, although not mutually exclusive, provide a means of understanding ways in which information provision can be most effective.

Two examples of use of information are relevant here. REDUC (Latin American Network on Education) as a regional information system provides analyses and syntheses of documents on educational administration, in the region. Policymakers considering the implementation of new policies on subsidies for

school texts, are able to review other experiences in implementing such a system as one means of determining the validity of such a policy in their particular situation. This is an example of information for policymaking, as compared to decision-making, which can be described as an activity within the process of policy implementation. REDATAM and REDATAM Plus are versions of a software package used by national statistical offices and other agencies. It enables these agencies to provide a combination of census-based information with geographic characteristics and which ministries of human resources, social welfare, or education to determine pockets of poverty and areas where special attention might be required in the implementation, for example, of a social policy for providing vocational training for welfare recipients.

Information needs

It is not meaningful to make generalizations about information needs for policymakers across these groups or across the region. The number of groups identified in the foregoing as forming the total set of social policymakers, would indicate that the question of the information requirements for social policymaking has to take into account:

- The reality that will be affected by the decision, including interests that will benefit or will be adversely affected;
- The problem areas under consideration;
- The actors that will intervene;
- The level of sectoral or disciplinary integration of the policy;
- The level of the decision; and
- The timing of the decision-making activities.

Nilan and Dervin (1986) undertook a major review of methodologies for assessing users and users needs and concluded that information needs must be defined in the context of what users identify as needs.

Going beyond Nilan and Dervin's emphasis on *what* users want (e.g., the questions they have), the focus here would need to be on *why* they want what they want. This, therefore, requires assessments of the "information use environment" or the context in which the information is required and will be used. Hepworth et

al. (1992) conclude that the design of an information system or product should, therefore, create a framework within which discussions of the role (of users) and information use may take place. It should also begin a genuine process of user involvement.

One route is to assess the practicality of matching processes, where given "problem situations" imply a choice of systems methodology in the light of environment or other characteristics which the situation displays. Particular importance should be attached to obtaining the involvement of those whose information needs are under scrutiny. Such involvement must move beyond selective interviews or questionnaires if it is hoped to raise information awareness. The Information System on Children (SIPI) developed by the Inter American Children's Institute provides an example of an information system designed within a problem situation and in the environment of the management of homes for institutionalized children and the development of related social policies. A core element of the design and implementation of the system in each country has been based on close consultation with the policymakers, managers, social workers, and other users.

As a result of the complexity of studying information needs, it is also necessary for further research into the best means of effectively assessing the information needs of groups of social actors. Although the range of actors identified is wide, one can envisage focusing on a specific policy issue, such as establishing a closer relationship between skills and the job market and developing, for example, a job/skills-matching information system based on the needs of a representative sample of each group involved. Further definition of appropriate methodologies should be developed through experiments incorporating the participation and experiences of selected policymakers, practitioners, etc., from the region. This would need to build on the findings of experiences such as those of REDUC, which is studying information needs as the basis of a process of assessing the impact of information received by education policy analysts on policymaking. The results of these experiences can, therefore, be expected to provide insights into how the most meaningful data on the needs can be generated.

Analyses of needs should focus on particular social problem areas including areas such as labour markets, social security (particularly for disadvantaged groups), or health services, and should permit the participation of a representative sample of institutions and groups. It should cover the public as well as the private sector, and should accommodate the heterogeneity of social policy institutions and the areas represented (health, education, gender issues, employment, social security, social services, housing etc.). The current experiences

of some national or local consensus groups and sectoral information systems also need to be used to provide the basis for the proposed experimentation.

The system(s) developed should consider and incorporate users at all stages. The result of this interaction is expected to provide a basis of adequate information methodologies. This would mean not only at the stage of design but also in the implementation and ongoing assessment of needs and of the environment in which the information is to be used. It is important to recognize and incorporate possible incentives to information use in the design and development of information systems.

Testing and evaluating appropriate means of measuring user satisfaction should also be included as this is a complex but necessary stage, and one of the facets that would guide the further development of systems. There is not yet an infallible methodology appropriate to this group defined as participants in the process of social policymaking.

Methodologies currently used for studying information needs demonstrate some problem areas:

- Surveys of information users are the most used method, but effectiveness is dependent on the channels used, on users having a good understanding of the potential of information systems, and their capacity to articulate their information needs.
- Meetings with potential users, however, do permit a better orientation to the possibilities of the systems and interaction, they can produce inhibition and isolation from the user's natural environment.
- Meetings, with follow-up discussions and observation provide a basis for tracking and monitoring the developments of the needs and demands but are expensive in terms of human and other resources required.

Brittain's (1982) examination of the main approaches to user studies suggests combinations of direct enquiry, questionnaires and interviews on services currently used, introduction of experimental services, assessment of attitudes to services, and direct observation. Information brokers (advisors, analysts, and technicians or practitioners working with policymakers) are extremely important as agents for assessing information needs because they are the link between the information systems and policy or decision-making, and can stimulate the dialogue between policymakers, government, managers, the general public, and information specialists.

Solving policy problems

The main function of information for social policymaking in Latin America is to provide up-to-date research results and other knowledge about the state of the art as well as the state of the practice. Policymaking and administration is still largely sectoral in the region but social policy is now beginning to integrate the focus of the sectoral policies around critical problem areas such as disadvantaged or homeless children. Information that integrates the sectoral sources can also be used for stimulation of an integrated conception of social policy.

Information for social policymaking must of course be aimed at solving problems identified in the policy- and decision-making processes. Figure 1 shows the relationship between the sources of information of the policymaking process and the communication flows that can make the process effective. The process can begin with the identification of a development problem by a policymaker or by other participants in the development process. This information is then conveyed to the researcher, adviser, or broker directly through meetings or interviews or via general channels such as reports, the media, etc. Where policy research results, other data and knowledge are presented directly to the policymaker as the solution to a problem or are reformulated and channelled via technical personnel and advisors. The policymaker combines this information with the political knowledge shown in Stamper's (1973) diagram and defines a policy. Feedback on the policies defined and the utilization of the research results, play an important role in refuelling the policymaking process.

Perhaps the "what" of "information for what" has to be divided into two broad and interrelated categories:

- Information for awareness; and
- Information for specific decisions.

The former is information relating to policy issues such as "poverty alleviation," "stabilizing the rate of urban drift" etc., which help set the general orientations of decision-makers and policy setters. Here is a separation from the main stream of information science thinking where the user is depended on to articulate, or at least recognize, the need for specific information. Arthur Conning in his input to this paper raised the questions: How can we convince policymakers to take population questions into account? How can we convince policymakers to be concerned with social policies? ... to vaccinate children against certain diseases, ... etc, etc.

Frohmann (1994) in examining the politics of post modern information science, raises the issue of "activist IS work," and the need to displace information

needs, information users and information uses by the concept of "information power." Both are referring to a major question — the desired level of objectivity of information systems.

This question needs to be addressed by all information systems in the policy area, and particularly the area under discussion — social policy. Frohmann (1994) advocates the need for "IS theory, and presumably practice, to address the question of the information and knowledge possessed by subjects who have no platforms to speak, none of the productive resources enjoyed by the 'information rich', and no places of assembly where information can be produced and exchanged to articulate and take control of their political, social, and cultural lives."

Although information systems in the region have demonstrated some capacity for responding to problems in social policymaking, general information services often do not provide solutions for policymakers who might be concerned with solving very specific problems. Greater emphasis needs to be placed on problem solving. SIPI and REDATAM are examples of systems that focus on the identification of problems from the point of view of the users.

In the case of SIPI, the problems were identified by the ministers or directors of social welfare and also by the managers of the institutes responsible for child welfare. The Demographic Latin American Centre (CELADE), however, in the development of REDATAM, identified the problems through the main representatives of users — the national statistical offices.

In 1983, with funds from IDRC, CELADE carried out a needs assessment concerning population data. Some of the national statistical offices in Latin American and Caribbean countries were consulted as to what requests for existing population data they received but had difficulty in answering, i.e., demands that could not be satisfied with the existing tools. The overwhelming response, from Brazil with a population of 125 million at that time, to Saint Lucia with 125,000, was small-area data, that is, geographically (and socioeconomically) desegregated data for ad hoc areas of specific interest to the users. The major source for such data for any areas of a country is the census, and this was, therefore, used as the first data source for REDATAM.

Information systems for social policymaking

Information systems in the region can play a role in making social policies become reality. One means of doing this would be by improving access by all groups including the general public to information on social policies, and by providing information in usable formats for policymaking. One area that needs strengthening is the dissemination of the reports and decisions of ad hoc groups

and commissions of the parliaments or congresses that are in the public domain but are not adequately channelled to all groups via the media.

As information should be readily accessible to all groups, this requires reformatting and communication of information on policies and research results via the media and other channels used by the general public. It must be remembered here that policymakers also form part of civil society and "political information" results from generally available sources such as the media. Access to information also requires strengthening of the links between policies, research results, and the communication media which are responsible for "creating" reality. Establishing systems that reduce the inequities of information requires that the proponents of these aims repackage research, and other knowledge, to reach all groups of policymakers in terms and amounts that can be assimilated.

The second "for what," is that information for specific decisions is information aimed at a problem or a set of problems. The policymakers have researchers and analysts, who integrate the information from various sources (such as indicated earlier in the example on education). The information intermediaries must give the analysts access to information and tools to use the information and probably tools to present the information to the policymakers as the basis for making the final decisions. It is here that products such as the DOCPAL bibliographic databases, the REDATAM Plus software and the R+GIS application tools are relevant. None of these, or similar databases and tools, are normally used directly by policymakers at the central and local levels.

In Latin America and the Caribbean, there are electronic communication facilities that provide additional means of exchanging information. Connections to Internet are now available through several of the universities; NGO linkages, such as the network of the Association for Progressive Communication (APC);¹ and via several national nodes including the research network, Peruvian Scientific Network (RCP), a private sector node Ecuonet in Ecuador, an NGO network Huracan in Costa Rica, and the Economic Commission for Latin America and the Caribbean (ECLAC) AMBIONET in the Caribbean. These developments mean that researchers, practitioners, and to a lesser extent policymakers have developed the capacity for electronic communication and are beginning to participate in

¹ The following systems make up the network of The Association for Progressive Communications (APC): AlterNex (Brazil), Chasque (Uruguay), ComLink (Germany), EcuaNex (Ecuador), GlasNet (Russia), GreenNet (England), IGC Networks (USA), LaNeta (Mexico), Nicarao (Nicaragua), NordNet (Sweden), Pegasus (Australia), Wamani (Australia), Web (Canada). Through the use of "gateways" with other networks (Internet, Bitnet, DasNet, FIDO) the reach of the APC network is extended to all continents.

computer conferences. Information can, therefore, be collected, disseminated, and analyzed with the aid of these electronic communications facilities.

Usable formats

An important characteristic is, therefore, the generation of specific, pertinent, desegregated information. This should be regularly updated and characterized as a continuous information flow from source to user, rather than as a source or sources. Repackaging and reformatting need to be done at the following stages:

1. Identification of development problems and consequently information needs of policymakers needs to be communicated to policy researchers, and information specialists;
2. Monitoring of the relationships among social policy objectives, policies, and actions for implementation;
3. Presentation of the results of policy research to policymakers, brokers, advisors;
4. Presentation of the results of policy research to the general public via the communication media; and
5. Feedback on the utilization of research results to researchers and to the information systems;

Linkages across the sectors

The emphasis on human development in social policymaking can also be expected to strengthen the linkages across sectoral information systems and to provide information appropriate to the current shift from a sectoral to an integrated local structure of policymaking. Needs such as these are currently most evident at the municipal level. Decentralization and, consequently, local planning, play a very important role in national policy, and the current roles of decentralization and local planning are well analyzed in the ECLAC development strategy "Transformation of Productive Patterns with Social Equity" (1992).

The current trend toward an integrated concept of social policy holds implications for island developing countries and local areas. Whereas, in larger countries, sectors at the central level tend to be separate, and the likelihood of a minister or other senior policymaker holding responsibility for several portfolios from the social sector is far greater in areas with small populations. Flexibility in

such an administrative scenario demands integrated and compatible data and information. This problem is demonstrated when governments split these groupings and regroup with a new combination of sectors.

The relatively close physical proximity and interdependence of small island states dispersed throughout the Caribbean call for maximizing the sharing of data for similar experiences. Existing channels, such as ECLAC AMBIONET, and proposed programs such as the United Nations Small Island Developing States Networks (SIDSnet) can be vehicles in addressing the needs of the region's policymakers. (AMBIONET is an electronic mail and bulletin board system established in 1992 by the ECLAC office for the Caribbean with support from IDRC and UNEP. AMBIONET now provides a Caribbean-wide electronic information and communication facility focusing on the environment.)

At local levels, it is necessary to integrate information to make decisions. For example, a local authority concerned with using educational resources adequately, would have to examine educational demand (information on numbers and educational status of children of school age, taken from the census) in comparison with educational supply (information on the capacities, numbers of teachers, levels, etc., of individual schools from the Ministry of Education or the local educational authority). Thus, data must be obtained from several different sources. To study this problem adequately, a geographical database for use with a geographical information system would also be an extremely important aid, because the problem is also spatial. Because distances that the children must travel may be a criterion (at least for primary school children), the street network and even bus routes may also be required. In rural areas, the distance probably should be weighted by the amount of uphill walking that is involved, so information on altitude will be relevant. This example illustrates that for social policy information to be effectively used, information and data must be compatible and comparable across disciplines and sectors.

The Planning Institute of Jamaica, in part, bridges the sectoral ministerial structure through the maintenance of the long-term Survey of Living Conditions, which integrates education, health, housing, labour force, and gender data for decision-making. This data set is the foundation of the data bank to be located at the University of the West Indies (UWI), Jamaica, which becomes operational shortly. Information services will be provided to the social ministries of the public sector and the university community. At the microlevel the Information System on the Child (SIPI), has been designed to integrate information on institutionalized children. The data on each child covers health, education, and social and family aspects. At the national level, the aggregated data permits more systematic decision and policymaking in this critical social problem area.

The recent consultation on "Building National Consensus in Social Policy: Trinidad and Tobago," supported by the Interamerican Development Bank (IDB) (IDB 1993a), is one of a series of national initiatives. These consultations are aimed at providing the governments and the IDB with the results of multi-disciplinary policy research as the basis for social policy support. As these have all been recently undertaken, it is yet to be determined whether this type of activity signals the beginning of an appropriate trend or remains a specific response to a programming cycle.

The articulation of information generated for the national level and its use at the local level requires improved access mechanisms and the information has to be provided in desegregated formats. The pilot project being developed in Chile, which makes information from the central ministries available for municipal management, provides an interesting example of a solution to this problem.

Although information systems are being developed and are changing, there is also a need to improve linkages among sectoral information systems in the interest of the user. Information required for the development of indicators will certainly need to be channelled and integrated from various sources — labour, health, education, social security, as in the case of the Jamaican Survey of Living Conditions. There is, consequently, a need for training in the use and generation of integrated information for social policymaking.

REDATAM (REtrieval of DATa for small Areas by Microcomputer) was created to store the microdata of millions of cases in a census in compressed form on a microcomputer and for an analyst or planner to obtain tabulations rapidly and without the help of a programmer. As it is often necessary to work with families and their housing situation, hierarchical processing was incorporated. This makes it very easy to determine in an area, for example, how many women with only primary education and without spouses are living in poor housing with children below the age of 5 years. The Redatam Plus version of the software is now used by the national statistical offices (NSOs) and other institutions in close to 35 countries of the region and many outside the region.

The Redatam Plus (GIS) version (available since 1991) was made to allow users to put more than one source of data, say an agricultural census with a population census, in a single database. It also allows export of results to a number of different geographical information systems, because most of the small area data has a spatial component, such as in the example on education given earlier, or when a poverty index is calculated for each city block in a municipality and one wants to see where poverty is concentrated to locate new infrastructure that may be necessary.

Although spatial display and analysis is clearly necessary, particularly at the local level, it is important to note that most countries of the region do not yet have their census geography digitized for the entire country. REDATAM was used as the basis of an IDB/Government of Chile exercise to identify "pockets of poverty" for special targeting of social services (IDB 1993b).

NSOs have begun in some countries to make census microdata available outside their offices. Chile has perhaps the most ambitious goal as it is making the respective R+ database available to each of the approximately 340 municipalities of the country; this involves much more than simply providing the databases but also training, support, and consideration of the special needs of each municipality.

Monitoring developments and innovations

There have in the past 3 or 4 years been several innovative experiences in social policy in the region. These include the privatization of the social security system in Chile, and local responsibility for educational administration in Chile, Colombia, and Argentina. To provide policymakers with information on tested alternatives, information systems should also help to improve access to analyses of innovative and successful experiences in social policymaking through monitoring of policy decisions, instruments, and outcomes in social policy formulation and implementation.

The process of policymaking actions and intentions do not always follow a logical process. Of particular note is the difference between the policies of decentralization, and the resources provided to local authorities for implementation of local policies. To fill the gaps, it is important that there be systems that permit ongoing evaluation of performance. The design of the systems should, therefore, address the questions of the logic of the relationships among decisions, policies, and implementation; the connections among social policy objectives, selection, and achievements; and the issue of equitable relationships or contradictions between the actions of social policymaking and policy implementing institutions. This evaluation would, therefore, serve to determine where adjustments were necessary in the relationships or contradictions in policymaking and implementation.

Some of this type of monitoring is being done by the Latin American Centre for Development Administration (CLAD). As a result of requests from its 24-member states, CLAD initiated in 1992, the development of the Integrated State Reform Information System, which monitors innovative experiences in the field of social management and the development of a factual data base. The main targets are the policymakers engaged in overall state reform including the parliamentarians, the social investment funds, and the social ministries. This information facilitates intraregional research, and provides inputs to other analyses

by consultants, NGOs, and international organizations working on social policy and state reform.

CLAD, therefore, provides information on the state of social reforms and in general on new modalities for state intervention in the social sector in Latin America. In the first phase, CLAD has been monitoring the implementation of the social Investment funds in Bolivia, Chile, Honduras, and Venezuela. This monitoring analyzes a given policy issue and shows the results achieved, the background, legal status, organizational structure, personnel, sources of resources, links with the central government and other levels, objectives, operating principles, program and scope of action, and methodology.

At the same time, the system provides socioeconomic data and information on the institutional context in which the social investment funds operate in their respective countries. In the second phase, which is under development, CLAD is preparing to synthesize information on the social reforms that have occurred in each country in Latin America. The aspects covered will include institutional designs, social programs, security, and reforms at the sectoral level.

With the support of IDRC and with the collaboration of AlterNex, both types of information are to be made available through Internet. (AlterNex is a Unix-based electronic communications and computer conferencing system installed in Rio de Janeiro by the Brazilian Institute for Social and Economic Analysis (IBASE). Alternex is a member of the global network Association for Progressive Communications (APC) and is currently the coordinator of that network.) Once the technical arrangements have been completed, CLAD will establish specific agreements to permit organizations online access to this database. Initially, agreements will be made with the Social Investment Funds so that they can have access to the information on other experiences in the region, and formalize the documentation of their own experiences for the national and regional systems.

CLAD considers that some of the success of this exercise is because its information activities are complemented by its programs for Training of Social Managers, as well as its projects of research and consultancy in the field of social management. The following are examples of use of the information by regional policymakers:

- The Minister of the Family (Venezuela) has used the conceptualization, methodology, and legislation as aids in the institutional redesign of the social sector as well as for the definition of the structure of the School of Social Management in Venezuela;

- The Secretary of Planning and Budget (Mexico) consulted information on experiences of citizenship participation in the social field to determine the basis for the evaluation of the national program, Solidarity; and
- The Under Secretary for Regional Development and Administration (Chile) used information on the curriculum structure for developing the program of human resources development in the framework of the National Network of Institutions for Training in Public Management.

Policy research links

CLAD's linkage of the information, training, and policy research activities has demonstrated the effectiveness of such a relationship in strengthening the linkages with the policy process. This is still an area that needs further development of methodologies and, therefore, it is necessary to establish some pilot systems to develop a knowledge base on this question. Further investigation of this issue has recently begun at the UWI Institute for Social and Economic Research (ISER) focusing on a representative sample of policymakers in assessing the impact of information on policy formulation in the Caribbean. An ISER project will be examining the links among social policymaking, research output, and training of information specialists and users.

Improved information systems can be expected to create new possibilities and roles for users and, therefore, it will be necessary to train the users on an ongoing basis as there are new developments in the information systems. Training of users is seen as an integral part of the development of information systems. Some means suggested are incorporation in the curricula of the university systems, courses on information systems utilization, creation of advanced courses on information analysis and communication that could be able to bring together people from different disciplines and activities, and training of policy brokers (policy advisors) in the specialized task of repackaging information for communication to the participants in the policymaking process.

How the information produced by the intermediate level of analysts, and information specialists reaches and influences the participants in the policymaking process is of interest. It is clear that final decisions are not made only on the basis of "objective analyses" provided by policy research, but are also influenced by personal experiences, information from the media, information from advisors and, of course, political considerations. At the same time, the way in which different "objective" scenarios are presented to and used by the decision-makers will depend on the background and capacity of the final users. An area for research

might be how to facilitate "visualization" of the effects of different scenarios (e.g., differences in costs and expected benefits, and given different assumptions, which groups are given preference in the location of a new school). In Latin America and the Caribbean, and no doubt other regions, this requires establishing bridges in the sectoral structure of the national decision-making process and consequently improving the compatibility and, therefore, comparability of the information.

Conclusions

The process of policymaking actions and intentions do not always follow a logical process. To fill the gaps it is important that there be information systems that permit ongoing evaluation of performance. The systems should, therefore, be directed at answering the questions:

- Are there logical relationships among objective designs, decisions, implementation, and results?
- Or are there equitable relationships or contradictions between institutions that define social policy and the institutions that implement these policies?
- Which adjustments are necessary in the relationships or contradictions among central and local levels of policymaking and implementation?
- What is the impact on equity?

The exact topics would depend on the crucial problem areas identified on an ongoing basis by the policymakers. The definition of decentralization policies in several countries might be an example here as matched by CLAD's inclusion of issues in decentralization in its coverage of developments in state reform. Areas considered could include labour markets; social security, particularly for disadvantaged groups, and health services.

Information necessary for social policymaking and related policy research would include data and information on:

- Resources and sources of information on areas of social policy — health, education, gender issues, employment, social security, social services, and housing;
- Sources of methodologies and models for policy formulation;

- Analyses of experiences of social policy decision-making;
- Results of innovations in policymaking and information; and
- Persons and institutions involved in policymaking, research, training, advice, and information.

Within these areas, it will be necessary to determine in more detail the needs of the participants, these would be policymakers, advisors, and analysts as brokers, practitioners, NGOs, and researchers.

It is recommended that pilot activities for testing the foregoing recommendations on the role of information in social policymaking be carried out in selected countries in the region.

The criteria for selection of the countries would include:

- Countries and subregions where there has been demonstrated stability of policymaking within the target population;
- Interest of institutions or groups within the target population; and
- Related, ongoing activities for stimulation of particular development processes, e.g., decentralization of social services.

The fact that social policymaking is intrinsically a national activity means that effective linkages among sectoral institutions are dependent on the awareness at the national level of the need for "stimulating" the flow of information for social policymaking among the participants. National Information Systems are at various stages of development in countries in the region, and the state of development of these could be an added criteria for selection of countries for pilot activities. The initial step would be the identification of development problems by policymakers. This needs to be an ongoing process and the national reports (see Filgueira and Lombardi, this volume) provide an important beginning, and the problems can be identified on an ongoing basis through consultation with policymakers and with other local sources including brokers. The information on development problems should then be organized by the information system in each country, in formats that allow monitoring and updating and subsequently regional consultation. The experience of CLAD will be very relevant here.

Local and external sources on the problem areas must then be tapped for quantitative and qualitative information on the problem. This includes documents,

statistical data and analyses of the status or condition of the social policy issue, and progress in solving the problems. Government and other institutions working in the field and, consequently, generating information relevant to social policy national statistical offices, social investment funds, social security organizations, ministries of labour, health and social welfare, and the related bureaux and institutes. Here the issues of compatibility of data for comparison and analysis will need to be dealt with particularly in countries where there is no effort to merge this data into a "social report."

Syntheses of the existing knowledge, and the research undertaken on the problem areas, should then be prepared for provision to the users who would, in this case, be selected policymakers, brokers, the researchers, and the communication media. Delivery formats would of course be modified according to the target. The experience of REDUC will be very relevant here. Brokers, or networks of brokers, and other intermediaries would be key players in this process. The broker that comes from politics or research, or both fields, outlines for the policymaker the alternatives for decision-making. A major role for the broker and other intermediaries would be transforming information into usable formats. The broker or intermediary must take the quality and the source of the information into account to decodify information for the policymakers and the general public, to measure the policymaker's needs, and to provide information specialists with this feed-back.

The national information systems and sources provide "points of contact" to be linked by ongoing consultation. Activities that bring researchers into electronic networking and computer conferencing can be expanded to include the brokers, policymakers, and representatives of the media. Computer conferencing is a very valuable medium for ongoing regional consultations on specific themes and problem areas.

Information on national information resources can also be made available nationally and regionally through the nodes of the electronic networks that exist in several of the countries of the region. The database of persons and institutions working in social policy in the region is a starting point for sharing information on regional information resources. These databases can also be made available via the electronic networks.

The information technologies available in the region, particularly electronic communication, can provide a valuable platform for the communication of social policy information, particularly improving the capacity for interaction between the users and the systems, as well as the capacity for regional consultation. The existing electronic communication facilities can, therefore, be expected to provide very useful tools for implementation of the activities proposed in the foregoing.

Information on the areas suggested can be exchanged with the aid of these electronic communications facilities.

Looking toward the future, we also need to consider the development of application tools such as the CELADE–University of Waterloo joint project financed by IDRC. This project is supporting the development of application tools involving both REDATAM Plus and GIS so that the planners and other analysts at the local and other levels can be given the means for achieving “solutions” to specific problems in their particular fields, rather than just receiving software like Redatam Plus and GIS. That is, an educational planner concerned with locating a new school, with respect to the distribution of student demand and existing schools, would receive a REDATAM Plus GIS application tool (perhaps called “EducPlan”). EducPlan will ask the user where the school area is, what grades are of concern, whether certain target groups are to be privileged, maximum distance that a student should walk, etc. The software will then use a model to calculate the proposed location for the school under the particular set of assumptions (scenario) and produce the maps and tables that result and perhaps provide a “visualization” to compare two alternative scenarios with respect to a criteria that the user selects.

In summary, information for social policymaking would, therefore, be expected to improve access to methodologies, models and tools to provide information in appropriately repackaged formats, to different levels of the social policymaking process and to facilitate the evaluation of social policy programs with regard to equity.

Acknowledgments

This paper is the result of consultations among regional specialists. This was initially achieved through a meeting held in Montevideo from 3 to 4 August 1994. The participants, who represented significant experience in studying and evaluating regional and national information systems, provided the basis for the outline of the paper and further collaborated by providing comments and input for several sections. They are, in alphabetical order, Patricio Carriola S.J, Director Centro de Investigación y Desarrollo de la Educación/Red Latinoamericana de Documentación y Educación (CIDE/REDUC); Audrey Chambers, Director Documentation and Data System University of the West Indies (UWI) Institute for Social and Economic Research (ISER); Arthur Conning, Head Data Processing Economic Commission for Latin America and the Caribbean/Centro Latinoamericano para la Demografía (ECLAC/CELADE); Julio Cubillo, Regional Advisor, Economic Commission for Latin America and the Caribbean/Latin American Centre for Economic and Social Documentation (ECLAC/CLADES);

Nuria Cunill, Coordinator Documentation and Information Program Latin American Centre on Development Administration (CLAD) (by E-mail); Gonzalo Martner, University of Santiago, (former Under Secretary for Regional Development, Chile); Julio Rosenblatt, Coordinator Information Program Inter American Childrens' Institute; Rosario Vera, Systems Analyst Information Program Inter American Childrens' Institute; and Anthony Tillett, Regional Director, Latin America and the Caribbean regional office, Mario Torres, Senior Program Specialist, Jorge Papadopoulos, Consultant, and Alicia Richero, Operations Assistant (IDRC).

References

- Bawden, D. 1990. User-oriented evaluation of information systems and services. Gower, London, UK. 209 pp.
- Brittain, M. 1982. Information use studies.
- Caplan, N., et al. 1975. The use of social science knowledge in policy decisions at the national level. Institute for Social Research Ann Arbor, MI, USA.
- ECLAC (Economic Commission for Latin America and the Caribbean). 1992. Transformation of production patterns with social equity. ECLAC, Santiago, CL.
- Frohamann, B. 1994. Communication technologies and the politics of post modern information science. *Canadian Journal of Information Science*, 19(2), 1-22.
- Hepworth, J.B., Vidgen, S.A., Griffin, E., Woodward, A.M., et al. 1992. Effectiveness of information systems through user involvement in system design. *International Journal of Information Management*, (12), 120-129.
- Hicks, E.K. 1991-92. The perennial question: Do policymakers use social science knowledge? *Knowledge and Policy, International Journal of Knowledge Transfer and Utilization*, Winter, (4), 3-5.
- IDB (Interamerican Development Bank). 1993a. Building national consensus on social policy: Trinidad and Tobago. A report prepared for the Inter American Development Bank. Team Leader Alister McIntyre. Canoe Press, Mona, JM.
- 1993b. Chile Ministry of the Interior: Report on the identification of pockets of poverty. IDB, Santiago, CL. (Unpublished internal document).
- Menou, M.J. 1993. Measuring, the impact of information of development. *International Development Research Centre (IDRC)*, Ottawa, ON, Canada. 188 pp.

- Molino, E. 1992. Políticas de información en América Latina y el Caribe, estudio en siete países de la región. México D.F., MX. (Unpublished internal document).
- Nilan, M.; Dervin, B. 1986. Information needs and uses. *Annual Review of Information Science and Technology* (ARIST), Knowledge Industry Publications, White Plains, NY, USA, (21), 3–33.
- Papadopoulos, J. 1994. ¿Quiénes son los policymakers en materia social? Latin American and the Caribbean regional office, International Development Research Centre (IDRC), Montevideo, UY. (Unpublished internal document).
- Rojas, A.F. 1992. Información y toma de decisiones en educación: Un estudio de casos. United Nations Educational, Scientific and Cultural Organization (Unesco), and Latin American Network on Education (REDUC), Santiago, CL.
- Stamper, R. 1973. *Information in business and administrative systems*. Wiley, NY, USA. 362 pp.
- Webber, D. 1991–92. The distribution and use of policy knowledge in the policy process. *Knowledge and Policy, International Journal of Knowledge Transfer and Utilization*, Winter, 4(4), 6–35.
- Wurth, A.H. 1992–93. Policy information or information policy: Information types in economics and policy. *Knowledge and Policy, International Journal of Knowledge Transfer and Utilization*, Winter 5(4), 65–81.

TRAINING REQUIREMENTS FOR SOCIAL POLICYMAKING: LATIN AMERICA

Raúl Urzúa

The purpose of this chapter is to identify training requirements for the formulation, implementation, and evaluation of effective and efficient social policies in Latin America. The economic, social, and political context where those policies operate and the societal goals they are expected to achieve must be considered.

Two assumptions are made in addressing these issues. First, under current and probable future scenarios the Latin American economies will be market oriented. A development strategy aiming at sustained economic growth equity and democratic consolidation will continue to be the major societal goal in all countries of the region. Second, there are different dimensions to the concept of social policies used in the region. A broader definition includes not only antipoverty programs but also employment policies, demographic policies, and the strengthening of social integration among others. The choice of one or another definition has consequences not only for the goals and means of social policies but also for the identification of the actors involved, the institutional arrangements needed for implementation, and the criteria to evaluate policies and programs.

For the purpose of this chapter, social policies have been defined broadly, and linked to a more general social development strategy, rather than to a narrower approach that identifies social policies with antipoverty programs. Interesting sociological analyses of these discussions in the European context can be found in George and Wilding (1979), Misha (1977), and Room (1979). In Latin America, a useful compendium of different views on the subject can be found in ECLAC et al. (1982).

Recent trends

In Latin America, social policy questions are directly linked to the eve of industrialization and urbanization. In particular, they are linked to their social, labour, and ideological consequences, such as a new labour force dependent upon the wage system; the appearance of worker housing, health, and sanitation

problems; the formation of organizations to defend the interests of the new working class; strikes and street demonstrations; armed clashes between workers and police or the military; and organization of leftist political parties that compete with the more traditional parties. Under the common label of "the social question" those are problems that some countries (Argentina, Brazil, Chile, Colombia, Cuba, Perú, among others) began to experience at the turn of the century, and for which new government institutions and legislation were introduced during the 20s and 30s (Morris 1966; for the Brazilian case see Draibe 1990).

Although the practice of social intervention by the state was established at that time, the conceptualization of social policies and the attempt to define them technically and operationally as a necessary component of government planning is linked to efforts to introduce planning and programing institutions in the state in the 60s. In fact, although influenced by ECLA's (Economic Commission for Latin America and the Caribbean) thinking and the development of technical tools, many governments introduced planning exercises. It was at the Presidential Conference of Punta del Este, Uruguay, in 1961, that the concept of planning was formally accepted by Latin American governments (Rodríguez-Noboa 1992).

The social and ideological conflicts that characterized the 60s in most countries contributed to widening the meaning of social planning, making it a tool for achieving redistribution of income and social benefits and, in many cases, for introducing structural reforms. At the same time, vigorous efforts were made to strengthen traditional sectoral social policies such as education, health, and social security.

Of particular relevance is the importance the social sciences began to acquire. By the end of the 50s, leading national and private universities had established departments of economics and sociology, while the Latin American Faculty of Social Sciences (FLACSO), through its research centre in Rio de Janeiro and its schools of sociology and political science in Santiago, started its pioneering role in the training of graduate students. Indirectly, the attempts to provide theoretical explanations for Latin American underdevelopment, and more directly the efforts of José Medina Echavarría and his disciples to link those encompassing theoretical efforts with social planning, as well as the creation of the Latin American Institute for Economic and Social Planning (ILPES), led to the first generation of formally trained social scientists in Latin America who contributed to provide intellectual respectability to social planning in the region. Their contribution was, however, more at the level of developing macro and incompatible utopian models of society than of identifying ways to achieve concrete social changes.

Political turmoil created by social and economic problems, and the acceptance that the import substitution strategy had led to a dead end, contributed to the radicalization of political conflicts and to violent clashes between partisans of one or another of these utopian models of society. This led to the breakdown of democratic regimes even in countries with a long democratic tradition, like Chile and Uruguay, and to the adoption of economic strategies based more on their natural or acquired comparative advantages in the world market than on import substitution. Structural adjustment policies strictly following neoliberal orthodoxy were implemented to reestablish macroequilibria, state-owned productive and service firms were privatized, and public expenditures were severely restricted.

The effects of those changes on social services and social security are well documented (see ECLAC 1990a,b; Grosh 1990). Most countries experienced public expenditures reductions in both absolute and relative terms during the 80s, seriously affecting health and education, and major cuts in maintenance, new investments, and equipment. Those reductions in the supply of services were coupled with a radical redefinition of the role of social policies. Rather than considering them as elements and expressions of social planning, they were conceived as ways of minimizing the "unavoidable," but temporary, social costs of structural adjustment policies. Social policies thus became equated with antipoverty policies. Although the elimination of poverty was to be achieved with sustained economic growth, it was expected that it could be significantly reduced with antipoverty policies. Program targeting, involvement of the private sector, and decentralization of management decisions were considered necessary requirements for the success of those policies.

It is generally accepted that those radical changes were adopted under the strong influence of the World Bank and the International Monetary Fund. Without minimizing that influence, it cannot be ignored that social scientists, and particularly economists, also played a major role in that redefinition of social policies. In this particular case, however, the influence came not from the side of economists of the structural school, but from national, neoliberal economists.

The experience of the 80s shows that the combination of economic structural adjustment policies with the definition of social policies as antipoverty policies not only has been unable to reduce poverty, but poverty has increased during the last two decades in the majority of Latin American countries (Cardoso and Helwege 1992; ECLAC 1990c, 1991; UNDP 1990–1992). This failure in minimizing the social cost of structural adjustment policies is leading to a rethinking of social policies and social development in the region. Starting from the realization that "compensatory social programmes are unavoidable palliative

tools for extreme situations, but they only marginally contribute to the fight against poverty," (Raczynski 1994, p. 3) that rethinking goes from questioning of specific characteristics of the dominant approach, to propose a completely different approach to development.

Some of the points being examined are: when and how to combine universal and targeted programs better, under what conditions is it advisable to decentralize those programs and when should they be decentralized, what are the conditions for social participation in the design and implementation of social policies, the role of nongovernmental organizations (NGOs) and of the private sector (Arellano-López and Petras 1994; Raczynski 1994; Stahl 1994). Universal and targeted programs are beginning to be seen more as complementary than contradictory. Decentralization is no longer considered the panacea in and by itself, and their necessary links with a strong central government as well as with a more egalitarian power structure at the local levels are recognized. The advantages and disadvantages of NGOs for executing social programs, and when and how to give them that responsibility are now better understood.

A proposal for a development strategy for the 90s made by ECLAC to the governments of the region (ECLAC 1990d), has contributed to broaden the rethinking of social policies. Equity and market-oriented economic development are proposed as two equally important and mutually reinforcing goals, and a set of strategic proposals is made on how to achieve them. Social policies, understood as all policies aiming at the human development of each and all members of society, are linked directly with equity as a goal, but also with economic growth, because social development is seen as both a condition for and a consequence of it. Furthermore, the proposal considers social development as closely interrelated with citizenship and the consolidation of democracy. The connection between social development, citizenship, and democracy is one of the central issues analyzed in ECLAC-Unesco (1992).

The ECLAC and ECLAC-Unesco (United Nations Educational, Scientific and Cultural Organization) proposals and the ongoing critical evaluation of dominant policies suggest a return to a perspective of social policies that no longer restricts them to antipoverty programs and to a subordinate role vis-à-vis market-centred economic growth. This change of perspective is being strongly influenced by objective changes in economy and society as well as by political factors. As it happened, however, with all previous changes of perspective on the subject, it is also influenced by the increasing number of social scientists that have started to examine more carefully the successes and failures of the still dominant approach to social policies.

The training program proposed here is part of an effort to implement the broad approach to social policies referred to earlier. Specifically, it aims at the development of the human resources required to come to grips with the implied conceptual, technical, institutional, management, and participatory challenges.

Challenges to a broad approach

To adopt one or another perspective on social development implies to accept not only different societal goals but also innovative ways of managing the process of social changes to achieve those goals, and to allow the active participation of the civil society at different stages of the process. In practice, these perspectives are not mutually exclusive. Although the broader approach has hardly been implemented completely in any country, many have integrated elements of it in their development policies. A fuller implementation will initially be determined by the capacity of those favouring changes to mobilize political support. Political support is a necessary, but not a sufficient condition. To transform political support into policies and programs, it will be necessary to cope with the concrete problems derived from various challenges. The following sections discuss some of them.

Incompatible assumptions

The strategy proposed by ECLAC for Latin America and the Caribbean, as well as the one proposed by the Preparatory Committee of the World Summit for Social Development, rightly insists on the importance of integrating economic, social, cultural, and political goals, while both recognize the free market as the cornerstone for economic development. A question that cannot be avoided is whether that broader perspective is compatible with the neoclassical model inspiring economic policies, and particularly with its assumptions about the individual and society.

Friends and foes of the neoclassical model agree that it is based on the following three assumptions: the decision-making unit is either the individual or the individual firm, decisions are oriented toward the maximization of a utility, and those decisions are rational. A consequence of those assumptions is the understanding of society as an aggregate of individuals, and hence, as lacking properties or characteristics not reducible to personal or individual ones. This view leads to the belief that supraindividual factors have no place in the definition and implementation of public policies, that the best public policies are those supporting, rather than to interfering with, the individual maximization of utility, and that personal actions are motivated by self-interest.

The broad perspective on social development is based on three opposite assumptions. The first and most basic is the old dictum that "the whole is more

than the sum of its parts." That is, that there are societal characteristics not reducible to the sum total of individual characteristics. If this assumption is not accepted, social policies cannot logically address supraindividual structural and cultural constraints that have been historically major barriers to social justice and equity. The second assumption derives from the first: individual choices and behaviour are not only the result of individual transactions but are also influenced by the social structures, institutions, and collectives that individual actors are placed in or belong to, as well as by the values, norms, beliefs, and practices predominant in groups and collectives acting as "reference groups" for them (Etzioni 1988; Merton 1959). The third assumption is that not only self-interest but also altruism and solidarity, explain social and individual behaviour. This assumption has direct implications for the incentives to be used in policies and programs, as well as for their place in the mobilization of social and personal resources.

To conclude this point, the implementation of a broad approach to social development and social policies can be hindered by the widespread acceptance by social scientists, policymakers, and politicians, of assumptions not well suited to create strong commitments toward it. A first and often forgotten problem in need of solution is the lack of a paradigm capable of accommodating not only self-interested behaviour, but also that which is motivated by altruism and norms of solidarity.

Briefly, for a broad approach to social development and social policies to be fully implemented, the importance of the "social" and not only of the individual will have to be rediscovered. This is a theoretical but highly policy-relevant task of equal importance in both North and South.

The emphasis given in the following to inter- and multidisciplinary university training at both the undergraduate and postgraduate levels is based on the need to redirect studies to permit an effective interdisciplinary dialogue and the training of professionals capable of specifying their basic assumptions, complementing their own perspectives with those of specialists from other disciplines, and formulating/analyzing social policies that avoid both individual biases, i.e., individualist reductionism, and the reification, i.e., materialization, of society and its structures.

Integration of economic and social goals

Although the broad approach to social policy questions the belief that economic growth will by itself bring about social development, it recognizes that without economic progress there will be no social progress. The question that remains is how to integrate them at the national level.

In principle, the task should be easier than in the past because now there seems to be a consensus on three points. The first is the need to maintain macroeconomic equilibria. This is accepted for economic reasons but also to ensure the effectiveness of social policies, which requires sustainability through time. Macroeconomic equilibria does not ensure the long-term financing of social policies, but it is the necessary condition for it. Second, social development is not dependent only on social policies, but also on economic policies: wages, labour, prices and subsidies, agricultural development, and industrial policies. Third, productivity increments depend to a great extent on investments in human capital, and basically in education, which amounts to the recognition that long-term economic growth requires social and human development.

Agreements on these points is, however, not sufficient for the formulation and implementation of integrated development strategies. Populist policies of the past preferred the satisfaction of immediate social needs and demands with respect to macroeconomic equilibria. Structural adjustment policies recommended by international organizations have given priority to economic growth and decided to make this generation pay for the evils of the past and the welfare of the future. Both are good examples of the failure to transform the ideal of integrating economic and social development into concrete strategies and government programs.

There are political factors and technical problems at the national level affecting the integration of economic and noneconomic variables. An example of those problems is the lack of adequate instruments to evaluate ex-ante not only the economic but also the noneconomic costs and benefits of programs (social, environmental, demographic, and cultural costs).

Equally lacking are instruments to evaluate the social impact of economic policies and the economic impact of social policies. A teaching program in social policy should contribute, as one of its objectives, to the training of professionals capable of resolving these and other technical problems posed by the integration of economic and social policies.

Need for state reform

The history of Latin America after the World War II shows a clear trend toward an increasing participation of the state in economic and social activities (Klikberg 1993). Revolutionary changes toward a market-centred and export-oriented economy in the region has put state reform as a priority in the political agenda of all countries. In all of them there is a perceived need to redefine the state's role to make it more functional to the economic, social, cultural, and political changes. Institutional changes in executive-parliament relations, privatization of public enterprises and of utilities services, decentralization and deconcentration of

activities, debureaucratization and modernization of public administration, are some of the subjects most often included in the agenda on state reforms. Three of the more specific subjects now being discussed are decentralization, coordination of intersectoral activities and modernization of management practices.

Decentralization

In reaction to traditional centralism, verticality, and standardization of programs, most governments have begun to decentralize responsibilities to levels closer to the beneficiaries of public policies. It is expected that policies and programs will respond better to the needs and priorities of the beneficiaries and, at the same time, provide opportunities for their participation in the formulation, implementation, and evaluation of programs. (For a detailed analysis of the subject, see Palma and Rufian 1989.)

Recent experience, however, has shown that things are not that simple. Clientelism and corruption can be stronger at the local than at the national level, as suggested by recent studies in Argentina and Brazil (Raczynski 1994, p. 36). Centralism and the weakness of local governments that characterize many Latin American countries have conspired against an effective process of decentralization (Raczynski 1994, p. 36). The expected social participation not always occurs because of the weakness of local social organizations of beneficiaries.

Finally, more often than not public officials at the local level do not have the training or the experience to transform social demands into concrete programs, or into project proposals for the central government or for nongovernmental funding sources. These problems raise questions related to the reforms needed at the central, regional, and local levels of government for decentralization to improve the efficiency and effectiveness of social policies and the conditions needed for an effective participation of beneficiaries, the private sector, and NGOs.

Coordination of intersectoral activities

The broad approach to social development and social policies requires much more coordination between ministries and state organisms than what has been customary in Latin America. That coordination is needed among those ministries usually identified as the "social ministries" and between them and the ministries of the economic sector and all the other ministries. (For general discussions of the subject in reference to Latin America, see Rodríguez-Noboa 1991; Rolando 1991.)

Intersectorial coordination has been attempted in different ways in Latin America. One of them has been to assign that role to the ministry of planning or its equivalent. In other cases, a special ministry for social development or social

planning has been created. Another alternative has been the establishment of interministerial committees. Others have proposed the creation of a Fund for Social Development with authority to define priority sectors and programs, assign financial and human resources, and monitor and control implementation (Rolando et al. 1990). None of these alternatives is optimal, and the question for effective coordination mechanisms still remains without an adequate answer.

Modernization of management practices

One of the most common topics all over the world and, certainly, in Latin America, is that of the management of the public sector and of public policies. Recommendations go from "Reinventing the State" (Osborne and Gaebler 1993) to improving the management skills of local-level civil servants. The need to move away from traditional public-management procedures would be present no matter what approach to social policies and social development is chosen. The broader approach taken here for a later discussion on training needs poses additional problems given its requirement to integrate economic, social, cultural, and environmental considerations, as well as the role beneficiaries and nongovernmental actors are expected to play in program formulation, implementation, and evaluation.

At the level of policy and program formulation, the question is how policies and programs involving different sectors are formulated, and how the civil society participates in their formulation. In policy and program implementation, the issues to address are the design of flexible monitoring mechanisms and instruments, the selection of competent managers, and the capacity to create reliable team work at local and intermediate levels.

Recent studies and reviews of social policies have concluded that program monitoring and evaluation mechanisms are extremely poor and unreliable (Midaglia et al. n.d.; Portocarrero et al. 1994; Raczynski 1994; Raczynski et al. 1993; Tenti Fanfani 1993). The need for defining criteria, methodologies, and instruments for monitoring and evaluation is especially urgent in the case of decentralized programs. Defining it and building it into the training of future social policymakers is another objective that must be included in any social policy training program.

Reinforcing social organization and participation

A key characteristic of the broad approach to social development is the role of people's participation in the formulation, implementation, and evaluation of decisions and activities affecting them. The expectation is that the participation of institutions and networks of civil society, including NGOs, trade unions,

professional associations, cooperatives, self-help groups, neighbourhood associations, etc., will allow a better definition of the needs and the means to satisfy them.

Social policies and programs in most Latin American countries have traditionally been influenced by demands and pressures from well-organized corporate groups. Recent structural changes have contributed to weaken the influence of some of those groups, such as trade unions and associations of civil servants, but they do not guarantee more equal access to the decision-making process. On the contrary, it is highly probable that both nationwide, and at regional and local levels, income and organizational power may now be more concentrated than in the past. As stated in a recent revision on the subject, "there is little, one fears, to prevent the favoured interests of old from capitalizing their antecedent advantages into differential assets for playing under the new rules of the game" (Glade and Reilly 1993).

One conclusion is clear, unless action is taken to modify the individual, organizational, and structural factors causing inequality in the ability of different groups to identify their needs and articulate their demands, the call for social participation may reinforce, rather than reduce, social inequalities. A condition *sine qua non* for the participation of the civil society in reaching higher levels of social and human development is to ensure that the less-privileged social strata has an equality of opportunities to organize themselves, make demands, and participate in or influence decisions.

Government assistance for the development of organizations, training programs for leaders and members, and their access to relevant knowledge and information are three basic requirements for social participation. In the final analysis, social participation ends up being an objective to be achieved rather than a means already available.

Relevant sociopolitical research

Neither the effective implementation of a new more socially centred development strategy nor an effective reform of the state will be possible without better knowledge of long-term trends and processes. The availability and constant accumulation of that knowledge is also a condition *sine qua non* for the success of the proposed training approach.

Social science research on long-term social processes and structural changes was considerably weaker during the 70s and 80s than in the previous decade because of factors such as military interventions, political pressures, and the little priority funding agencies assign to research that is not directly policy relevant. As a consequence of the interplay of those factors, teaching and research

on social subjects became two separate activities, the first being the responsibility of the university departments and centres that succeeded in surviving the exodus of qualified researchers, and the second being assumed by private academic centres outside the university and by other types of NGOs.

Constantly in need of selling projects to survive, these nonuniversity centres were in no position to set long-term research priorities. With very few exceptions, they could not but devote themselves to short studies in response to demands. The gradual consolidation of democratic processes is opening new opportunities for universities to involve themselves in more global social science research on social policies and their effects on social structures and processes.

A subject that can no longer be ignored is that of the joint impact of long-term trends and the current development strategy on social integration and social, political, and cultural conflicts. Another subject in great need of research is that of the societal factors conditioning state reforms. A more specific subject in need of research is that of the factors affecting the social policymaking process and the success of specific social policies, including impact evaluations of specific programs.

Although far from exhaustive, these challenges help to show the difficulties governments and the international community will face to implement fully a wider and more ambitious perspective on social development. Progress toward that goal will require the combination of a broad scope and a piecemeal approach that does not attempt to tackle all problems simultaneously. If this point is accepted, it seems necessary to conclude that training in the field of social policies should contribute to meet two main objectives: to increase the efficiency and effectiveness of social policies in the narrow sense defined in the foregoing, and to serve as a tool for the full implementation of the broad approach to social policies and social development.

Training needs

Before discussing a social policies training approach aiming at meeting the challenges mentioned, it might be useful to point out some general issues within which training for social policies should be framed. There is a need to strengthen a perspective and the teaching of the social sciences that combines a multidisciplinary approach with a policy orientation. Although there is a growing consensus on the need for this change, it would be naive to expect that it will be easily introduced into a university system characterized by its division into departments, schools, and disciplinary faculties and reluctant to the establishment of multidisciplinary programs.

Changes toward teaching and research that is more policy relevant are urgent. They must not, however, lead to a neglect of theory if social policies are to be seen as a cumulative process. Without policy analyses, theory runs the risk of losing both practical and theoretical relevance. Without theory, social policies may end up being conservative, and social practice may become incapable of responding to new demands or even to use the available experience for improving current policies or formulating new, innovative ones.

If the broad approach to social development and social policies is to be implemented, training programs should not be circumscribed to the social sciences, but should include a wide range of disciplines. Disciplines, such as law, public administration, psychology, computer science, organizational development, communications sciences, are called to play a role in the formulation and implementation of policies and programs.

These and other disciplines are instrumental to the achievement of social development and should be integrated into the curricula of training programs on social development and social policies. There is a need to break away from an individualistic approach to sectoral programs and activities. To ignore the role played by social factors in sectoral policies leads to voluntaristic efforts that do not take into account social, psychological, cultural, or political barriers, or unduly minimizes the range of tools available to reach the stated objectives.

It is also urgent to develop a critical mass of professionals from different disciplines that, from complementary perspectives and playing different roles, participate in debates on the subject, relate it to their own professional activities, advise policymakers and policy managers, or assume responsibility themselves for the formulation, implementation, and evaluation of social policies. The broad approach to social development also requires the training of nonprofessional civil servants in the management of social policies requiring much wider participation of beneficiaries and private actors than the more traditional policies. Finally, the analysis of the problems to be solved to implement the broad approach to social development and social policies lead to give high priority to the training of the actual or potential beneficiaries and to the role that training should play in the reinforcement of grassroots organizations.

General and specific objectives

A general goal for training in social policies is to contribute to strengthening development and democracy by increasing knowledge on social issues and by making it available to all the relevant actors in the state and in civil society. From that general objective the following specific objectives can be derived:

- To introduce, in the professional training of different disciplines, integrated elements on social development and social policies to enable their practitioners to participate in national debates and to make informed decisions on the subject;
- To train specialists with the knowledge and skills to diagnose social development problems and to formulate, implement, monitor, and evaluate both social policies and the social impact of other policies;
- To train nonprofessional civil servants on participatory techniques for project formulation, implementation, and evaluation;
- To contribute to increasing social participation by training members of grassroots organizations; and
- To train social scientists capable of making a contribution to the analysis of mid- and long-term state–society relationships, as well as to state reforms needed for the democratic formulation and implementation of an integrated social development strategy.

Training levels and training strategies

Those objectives are aimed at different training universes, and may require different training contents, methodologies, and teaching techniques for their achievement. This section discusses possible strategies to achieve them.

The rationale to introduce integrated elements of social development and social policies in the professional training of different disciplines is based on the conviction that the acceptance of a broad approach to social development and the introduction of effective social policies require the commitment of the political and intellectual communities. It is also based on the fact that the use of technical–scientific knowledge for either policy decisions or professional practice is greatly facilitated when policymakers and professionals have been sensitized earlier at their university training. (For a review and analysis of the available evidence on the subject see Andorka and Urzúa [1991].)

Special strategies are needed to make the largest possible number of students aware of social development issues. The specific objective here is not to train future specialists on the subject, but university graduates who are able to follow debates on the subject of social development and social policies, and who are sensible with respect to the social implications of their own professional activities. This is an objective for the training of students who do not intend to

become specialists in social development or social policies. The expected result at this level would be a more enlightened discussion of the issues and a much higher ability of those university graduates who will eventually become political leaders, decision-makers, or professional civil servants, to integrate new knowledge on the subject and to participate in debates and decision processes on social development or specific social policies.

In training specialists with the knowledge and skills to diagnose social development problems and to formulate, implement, monitor and, evaluate both social policies and social impact of other policies, the aim is to provide them with scientific and technical tools needed for the design, implementation, and evaluation of policies. Specialists who benefit from this training are expected to do applied social research and work mainly in the public sector. They should be able to:

- Identify and set priorities in the area of social policies;
- Manage the financial, legal, and political variables of program implementation;
- Estimate the direct and indirect social, political, and economic effects of social programs; and
- Be able to manage public programs (Vergara 1993).

Training these professionals can be done at either the undergraduate or graduate level. At the undergraduate level, the responsibility corresponds to the schools of public administration existing in a number of universities in the region. It cannot be ignored, however, that these schools have suffered a long crisis of purpose and identity and are ill-prepared for that task.

An alternative could be to assign the responsibility to other professional schools (schools of business, of industrial engineering, etc.) that have tried to fill the void left by the real or perceived obsolescence of the schools of public administration. This alternative would face two related problems. The first is that, at least initially, most students entering the professional schools that could provide that kind of training have other objectives in mind and would probably not be interested in pursuing careers as social policy analysts. The second is that the Latin American university system is characterized by very limited curricular flexibility. When it exists, more often than not, choices are restricted to courses offered in the academic unit where students are expected to get their degrees. In

practice, however, it is impossible for students to take courses from other departments or schools. Neither of the two alternatives open at the undergraduate level, therefore, is very promising in the short run.

The graduate level seems to offer better prospects. In fact, this is the alternative chosen by most universities in the region that have started programs with the objective of providing this kind of training: University of Buenos Aires, University of Chile, Catholic University Andrés Bello, Caracas, Fundação do Desenvolvimento Administrativo (FUNDAP, Brazil), etc. Courses at this level have the advantage over undergraduate courses because students come from different professional backgrounds and usually have greater motivation than younger students. The programs are of different durations, but are never more than a year and a half, including the preparation of a monograph or a master's thesis. A cursory review of the courses offered in each program often reveals the influence of the larger academic unit they belong to. All existing programs are new, and there has been little time to evaluate whether programs giving different weights to the disciplines they include affect the overall impact of the programs and the professional careers of the graduates. What matters most is not the relative weight given to particular disciplines, but the general approach of a program. What a social policy analyst needs is to understand that the process of policy formulation, implementation, and evaluation is one of interactions and negotiations affected by macro- and microstructural factors that rarely, if ever, adjust themselves to the rules imposed by instrumental rationality.

No matter what their weaknesses are, masters' programs on the design and implementation of social policies should be given priority over undergraduate programs with the same objective. Short, postgraduate courses conducive not to an academic degree, but to a diploma or a certificate is another alternative. The training courses for social managers offered by the Latin American Center for Development Administration (CLAD), and the intensive courses offered by FUNDAP are some of the courses that fall into this category. These courses are more useful for the "recycling" of professionals on specific social management problems than for training in the overall management of social development policies, and are more effective if conceived and implemented jointly with the public and private sectors.

The task of retraining nonprofessional civil servants in the implementation of social policies with participation of social organizations and the private sector could be carried out by NGOs and nonuniversity academic centres given their comparative advantages over university centres. The involvement, however, via the provision of teaching materials, joint workshops, assistance in defining contents, of universities in charge of training social development and social

policies experts at professional and postgraduate levels, would ensure a consistent approach at all levels. (An interesting program that closely reflects what is proposed here is the Teaching Programme on the Design and Evaluation of Local Level Social Projects that the Corporation for University Promotion (CPU) has conducted since 1991.) Training at this level should be conducted in close contact with local government organizations and services.

Training and education of grassroots leaders and followers are not sufficient to empower the poor but, without them, the task is certainly more difficult. Two main actors have taken responsibility for training at this level: NGOs and independent academic centres providing support and technical assistance to grassroots organizations, and governmental and nongovernmental organizations devoted to adult education. The latter are newcomers to the field. Traditionally, adult education programs have provided basic education to adults who either had never attended school or were early school dropouts. That traditional approach seems to be leaning toward the strengthening of grassroots organizations and the support of social participation (Rivera 1993). Universities are a third actor to be involved in those efforts that have introduced research or teaching programs on social development and social policies.

The experience and the lesson learned by these organizations and programs provide a good starting point for a more systematic approach to training the poor for participating in the formulation, implementation, and evaluation of policies. A concerted effort of NGOs, adult education institutions, and university programs would help solve some of the problems that have been negatively affecting the success of those efforts.

A common problem affecting NGOs is the lack of time to systematize their rich practical experience and to derive lessons applicable in other contexts or at a more general level. Very often, they do not have access to the experiences of others or to studies and research findings relevant for their objectives and activities. Adult education programs have vast experience in the use of pedagogical techniques and long-distance education with the support of mass media (particularly radio), but only casual knowledge of broader social policy issues or of the social and cultural factors affecting the success of their programs. Besides, most adult education efforts still focus on providing basic education rather than on educating for social organization and social participation. Finally, universities have difficulties, and no comparative advantage, in involving themselves directly in training programs at grassroots levels.

A consortium of these three different actors, however, would combine the practical experience at the grassroots level of NGOs with the teaching skills of adult education programs and the substantive knowledge accumulated by the

universities. Furthermore, it would help to integrate the findings and experiences learned at the grassroots level by NGOs working in the field, thus improving policies and programs and orienting teaching and research on the subject. (The Center for the Analysis of Public Policies of the University of Chile and two networks of NGOs providing assistance to grassroots organizations and local governments have just initiated, with the financial support of the Institute for Economic Development of the World Bank, a pioneering consortium roughly corresponding to what is proposed here.)

The purpose of training social scientists to analyze the mid- and long-term state-society relationship as well as state reforms needed for implementing a social development strategy, to provide the society with a critical mass of social scientists trained at the highest level. Graduates should combine a deep knowledge of the theoretical and methodological aspects of their own disciplines with an openness to the contribution of other disciplines and a vocation for the analysis of mid- and long-term trends in the interaction between economic, social, cultural, and political change.

Ideally, these programs should be at the doctoral level and be closely linked to basic social research on, among other things, long-term social changes and their political implications, the political system, state-society relations, and cultural changes, civic culture, and democracy, etc. Inasmuch as those programs have a solid research basis and are in close contact with academic centres abroad, they should also provide ample opportunity for theory building. An important theory building task is the development of paradigms that are as parsimonious as possible, but encompassing enough to take into account all the major factors, conditions, and constraints present in real life. Progress in that direction requires a constant and systematic theoretical effort in close contact with efforts at systematizing research findings and groundwork experiences. An efficient way of doing this would be a permanent seminar on the subject conducted as part of a doctoral program. Although graduates from these types of programs need not be directly involved in policy analysis, they could be expected to have regular academic contacts with policy analysts and to make their research findings available to policymakers and the general public.

Institutionally, programs of this type could adopt two possible forms. One would be to have programs tailor-made for each of the traditional social science disciplines, or at least for sociology and political science. The other would be to establish a single program on social development open to graduates from any social science. Although this alternative will require a longer period of preparation, it would better reflect the multidisciplinary approach required for the conceptualization and implementation of social development.

By the very nature of these programs, it seems unrealistic to expect that they can be established in all countries, or that, with a few exceptions, a single country could host more than one of them. The pooling of resources by means of a network of institutions from both North and South participation seems to be an unavoidable condition for having high-quality programs.

In sum, a training program to contribute to the implementation of social policies and programs integrated into a new and broader concept of social development should cover five levels: awareness building, as part of the general education of undergraduate university students; specialized, graduate professional training of social policy analysts and managers; doctoral programs on social development theory and research; training programs for middle and lower level civil servants; and, finally, training programs for actual or potential grassroots leaders.

The first three levels should be the responsibility of universities; the latter two are better served directly by NGOs, with the universities playing an indirect, supporting role.

Supporting activities

For its implementation, an approach, such as the one proposed here requires a number of support activities. General support activities can be classified into the following categories:

- *Inventory of resources* — Included in this category would be inventories of existing training and research programs at each of the levels of training discussed earlier, both in Latin America and abroad; listings of teaching staff; compilation of bibliographies; inventories of relevant research projects, etc.
- *Partners identification* — Selection of academic institutions to be invited to participate in the program and organization of South-South and North-South networks of participating institutions. Partners should be selected to ensure that both experts on state/society relations and state reform, and experts on social development and social policies, are included in the program. Besides Canadian and U.S. institutions, European institutions should be invited to participate using instruments such as the interuniversities exchange program of the European community or triangular Canada/U.S.-Latin America-Europe arrangements.

- *Curricula design* — This category would include the compilation of curricula, guidelines, manuals, and reading packages and other teaching aids and materials; their evaluation and selection; identification of additional training materials to be developed; design of model curricula for each of the training levels; and preparation of additional teaching materials, the majority of which should be new materials prepared by the teaching staff participating in the program.
- *Research program* — In addition to the major research areas, the more general point that needs to be repeated here is that no training program will succeed in providing countries with more effective and efficient social policies if it does include a solid research program capable of evaluating the success of current policies, of identifying new problems and vulnerabilities in need of solutions, and of opening the scope of means to achieve the desired ends. In this sense, research and training should be considered as two complementary elements of one single program, rather than as two separate programs with completely independent objectives.
- *Information and communication needs* — To succeed in achieving its objectives the training approach suggested here needs to be supported by and coordinated with information and communication programs. The final purpose is not only the diffusion but also the use of information and knowledge in policy formulation, implementation and evaluation. Information programs could play an important support and complementary role to training programs if they provide up-to-date research results and other knowledge on policy-relevant issues both to target groups strategic in the process of social policymaking and to training and research institutions.
- *Communication channels* — A requirement for the implementation of the training approach proposed here is the need for different types of producers and users of information and knowledge to interact and influence each other. This is rarely the case. To improve the situation, and as part of the supporting activities, it will be necessary to study the processes and actors involved in what some have called the “knowledge market,” (Andorka and Urzúa 1991; Brunner and Sunkel 1993) that is, the network of interactions between knowledge supply, demand and utilization.

Conclusions

Starting from a few widely accepted assumptions about what the most probable development strategy to be followed by Latin American countries will be in the years to come, and from recent developments in the conceptualization of social policies in the region, this paper has identified the major challenges to the actual implementation of that strategy, and to the proposal of a training approach to help meeting those challenges.

The proposed approach addresses different target groups: university students that directly or indirectly will be involved in the policymaking process; professionals with management responsibilities in the area of social policies; high-level and, preferably, doctoral social science students; civil servants in charge of implementing social policies; and, finally, civil society and grassroots leaders and followers. The rationale for this wide approach is that training for social policies should not only aim at more efficient and effective social policies, but also at being an instrument for strengthening civil society and consolidating democracy. For this, a two-way, vertical process of knowledge diffusion and dissemination needs to be established or reinforced in the region.

No doubt, it is an ambitious approach requiring the coordination of intrauniversity activities, of universities with NGOs and grassroots organizations, as well as with research, training and information activities. It also requires close interaction not only between universities and research and training institutions of different countries but also of policymakers and persons with different levels of responsibility in the implementation of social policies.

The question is: Could we concentrate our efforts only on the training of managers of social policies without running the risk of reinforcing a technocratic approach to policy formulation and implementation, and hence, of conspiring against the consolidation of democracy? If, however, we decide to give priority to training at the grassroots level, would we not be favouring populist temptations that put in danger long-term economic growth and fail to achieve higher levels of social justice? If we come to the conclusion that basic research on social issues and training at doctoral levels are luxuries we cannot afford, we shall be denying our societies the possibility of improving their capacity to adjust themselves better to global changes that open new opportunities but also create new, but not unforeseeable, problems. The multitargeted approach to training for social policies suggested here has financial and organizational costs but they are lower than its potential benefits, when these are measured in relation to the goal of implementing a development strategy aiming at the three objectives of economic growth, social equity, and democracy.

References

- Andorka, R.; Urzúa, R. 1991. The utilization of demographic knowledge in policy formulation and planning. International Union for the Scientific Study of Population, Liege, Belgium.
- Arellano-López, S.; Petras, J. 1994. La ambigua ayuda de las ONG en Bolivia. Nueva Sociedad, 131(May-June), 72-87.
- Brunner, J.J.; Sunkel, G., 1993. Conocimiento, sociedad y política. Facultad Latinoamericana de Ciencias Sociales (FLACSO), Santiago, CL.
- Cardoso, E.; Helwege, A. 1992. Below the line: Poverty in Latin America. World Development, 20(1), 19-37.
- Draibe, S.M. 1990. Una perspectiva del desarrollo social en Brasil. In Gurrieri, A; Torres-Rivas, E.; coordinators. Los años noventa: ¿Desarrollo con equidad? San José, Costa Rica: FLACSO/ECLAC (Latin American Faculty of Social Sciences/Economic Commission for Latin America and the Caribbean), San Jose, CR. pp. 217-256.
- ECLAC (Economic Commission for Latin America and the Caribbean). 1990a. Gasto público corriente y gasto público de capital en servicios sociales: Un análisis cuantitativo en los países Latinoamericanos en los ochenta. ECLAC, LC/R.962, Santiago, CL.
- 1990b. El gasto público social en América del sur en los años ochenta: Un análisis introductorio. ECLAC, LC/R 961, Santiago, CL.
- 1990c. Magnitud de la pobreza en América Latina en los años ochenta. ECLAC/ UNDP (Economic Commission for Latin America and the Caribbean/ United Nations Development Programme), Santiago, CL.
- 1990d. Transformación productiva con equidad. La tarea prioritaria del desarrollo de América Latina y el Caribe en los años noventa. United Nations Publication No. S.90.II.G.6, Santiago, CL.
- 1991. Panorama social de América Latina. ECLAC, Santiago, CL, LC/G 1688.
- ECLAC; ILPES; UNICEF (Economic Commission for Latin America and the Caribbean/ Latin American Institute for Economic and Social Planning/United Nations Children's Fund). 1982. Desarrollo social en los ochenta. ECLAC, Santiago, CL.
- ECLAC/Unesco (Economic Commission for Latin America and the Caribbean/United Nations Educational, Scientific and Cultural Organization). 1992. Education and

knowledge: The pillars of social transformation with equity. ECLAC, Santiago, CL.

Etzioni, A. 1988. The moral dimension. Towards a new economics. The Free Press, New York and London, UK.

George, V.; Wilding, P. 1979. Ideology and social welfare. Routledge and Kegan Paul, London, UK.

Glade, W.; Reilly, A.C. 1993. Inquiry at the grassroots. Inter-American Foundation, Arlington, VA, USA.

Grosh, M.E. 1990. Social spending in Latin America: The story of the 80's. World Bank, Washington, D.C., WA, USA.

Kliksberg, B. 1993. ¿Cómo transformar al estado? Más allá de mitos y dogmas. Fondo de Cultura Económica, Mexico, MX.

Merton, R.K. 1959. Social theory and social structure. The Free Press, Glencoe, IL, USA, Chapters VIII and IX.

Midaglia, C.; Filgueira, C.; Lombardi, M.; Borsani, H. n.d. Políticas sociales en el Uruguay. Centro de Informaciones y Estudios del Uruguay (CIESU), Montevideo, UY. (Unpublished)

Misha, R. 1977. Society and social policy. McMillan, London, UK.

Morris, J.O. 1966. Elites, Intellectuals and Consensus. Ithaca, New York, NY, USA.

Osborne, D.; Gaebler, T. 1993. Reinventing government: How the entrepreneurial spirit is transforming the public sector. A William Patrick Book, Reading, MA, USA.

Palma, E.; Rufian, D. 1989. Los procesos de descentralización y desconcentración de las políticas sociales en América Latina: Enfoque institucional. Latin American Institute for Economic and Social Planning (ILPES), Santiago, CL.

Portocarrero, S.; Pinillos, F.; Pinillos, R.; Elena, M. 1994. Políticas sociales en el Perú: 1990-1994. Universidad del Pacifico, Centro de Investigaciones, Lima, PE.

Raczynski, D. 1994. Estrategia para combatir la pobreza en América Latina: Diagnóstico y lecciones de política. Interamerican Development Bank (IDB), N/SF-3578-RE, Santiago, CL.

- Raczynski, D.; Vergara, P.; Vergara, C. 1993. Políticas sociales: Prioridades de investigación y necesidades de capacitación en Chile. Corporación de Investigaciones Económicas para Latinoamérica (CIEPLAN), Santiago, CL. Notas Técnicas 156.
- Rivera, J. 1993. Educación de adultos en América Latina. Desafíos de la equidad y la modernización. Editorial Popular O.E.I., Quinto Centenario, Madrid, Spain.
- Rodríguez-Noboa, P. 1991. Perspectivas de la programación del desarrollo: Políticas sociales para los años noventa. Latin American Institute for Economic and Social Planning (ILPES), Santiago, CL, LC/IP/R.103.
- 1992. Sociedad, crisis y planificación: Hacia la reorientación de las políticas sociales. *Revista Panamericana de Planificación*, XX(97) January–March, 83–103.
- Rolando, F. 1991. Políticas sociales en América Latina. Latin American Institute for Economic and Social Planning (ILPES), Santiago, CL,
- Rolando, F; Cohen, E.; Rufian, D.M. 1990. Autoridad social y programas sociales masivos: Una alternativa para la política social. *Revista Latinoamericana de Planificación*, (90), 157–187.
- Room, G. 1979. *The sociology of welfare: Social policy, stratification and political order*. Oxford University Press, Oxford, UK.
- Stahl, K. 1994. Política social en América Latina. La privatización de la crisis. *Nueva Sociedad*, 131(May–June), 48–71.
- Tenti Fanfani, E. 1993. Prioridades de investigación en la política social en la Argentina. Buenos Aires, AR. (Unpublished)
- UNDP (United Nations Development Programme). 1990–1992. Human development report. UNDP, New York, NY, USA.
- Vergara, C. 1993. Capacitación para la gestión y evaluación de proyectos y programas sociales. Economic Commission for Latin America and the Caribbean (ECLAC), LC/R.1332 (Sem.75/3, 13 December 1993), Santiago, CL.

This page intentionally left blank

ROLE OF INTEGRATED SOCIAL POLICY ADVICE

Javier Abugattás and Jorge Chateau

The purpose of this chapter is to open a preliminary discussion on the role of policy advice as a support mechanism for the integration of research into the social policymaking process. As an exploratory effort, the ideas presented here require further conceptual and empirical analysis. In this chapter, the notion of social policy advice will be discussed, avoiding the mechanical view that it simply is a transfer of knowledge. Instead, the interactive process required in policy advice will be stressed, a feature that has rarely been taken into account by traditional research (Brunner and Sunkel 1993).

The limitations found in the perception and description of the social reality are expanding with the enormous changes brought about in recent years by globalization, which have made it necessary to rethink almost all aspects of the relationship between knowledge and society. The concept of development, for example, forces us now more than ever before, to integrate economic, social, and environmental factors that, until recently, were dealt with separately.

Trends in national and international social policy agendas have generated many questions that have, as yet, not found their way into how social policy is actually made (Morales-Gómez 1993, p. 4). The examination of social issues is a very complex undertaking, especially if it is placed at the centre of an analysis of development. The United Nations Conference on Environment and Development (UNCED 1992) in Rio de Janeiro and its follow-up can facilitate the discussion of issues such as this including the clash of different interests in formulating and integrating policies and the lack of clarity in orienting decision-making processes in the social economic, and environmental spheres. In this context, the terms “social policy” and “development policy” are used interchangeably in this chapter.

Two principles should, therefore, be present throughout this discussion: knowledge is an instrument for interacting with the social reality, and the need to integrate policies given the growing complexity of development and the impact of globalization. Both principles are intimately related to the approach to decision-making processes being discussed here.

Social policy and the decision-making process

Why policy advice, and what is it for? In answering these questions, it is assumed that the objective of social policies is the full development of the capabilities of all human beings and that "it is the lives which [human beings] lead that are intrinsically important" (UNDP 1993). A number of international declarations have attempted to make human beings their focal point. The 1948 Declaration of Human Rights is one of them. More recently, the Declaration of Rio '92 establishes: "Principle 1: Human beings are at the centre of concerns for sustainable development. They are entitled to a health and productive life in harmony with nature" (UNCED 1992).

The process of making policies with the aim of enhancing human development is an essential starting point for improving the process and content of policy advice. In practice, little has been done to promote overall development from an integrated perspective. In many cases, for example, economic stabilization policies or programs have been designed without taking into account this essential aspect.

The need to integrate policies emerges, quite literally, from Agenda 21: "Prevailing systems for decision-making in many countries tend to separate economic, social and environmental factors at the policy, planning and management levels. This influences the actions of all groups in society, including governments, industry and individuals, and has important implications for the efficiency and sustainability of development. An adjustment or even a fundamental reshaping of decision-making, in the light of country-specific conditions, may be necessary if environment and development is to be put at the centre of economic and political decision-making. In effect achieving a full integration of these factors" (UNCED 1992, AGENDA 21, Chapter 8, 8.2).

An integrated vision of development that place human capabilities at the centre of the policymaking process demands enormous efforts. Observing the crises that have brought about the deterioration in the quality of life of large segments of the population in Latin America, the need for "interlinking" becomes clear. It becomes necessary to link the policies and the processes that have given rise to these policies, with aspects such as the satisfaction of basic needs, the tendencies of demographic growth, and with employment and the activities that affect the environment.

Although the social policymaking process requires further research, the perception exists that it is necessary to improve the way in which society as a whole makes development policy, organizes itself, and assigns its resources. Efforts in the area of policy advice, therefore, should be concentrated mainly with

improving a society's capacity to formulate, apply, follow, and correct development policies.

Context of social policy advice

Social policy advice, like any activity linked to any human endeavour, takes place in a context in which social, political, and economic factors interact and where social actors have different agendas with competitive needs and goals. This context puts conditions on the development of policy advice. In examining policy advice as an instrument, it is necessary to keep in mind the type of considerations discussed in the following.

First, societies do not exist in a vacuum. The world is experiencing globalization that translates, at the regional and national levels, in phenomena such as regional integration, social and institutional reforms, and structural and liberalization policies. The process of social policy advice should take this situation into account, but avoid imposing recommendations upon the agendas of governments, nongovernmental organizations (NGOs), and research centres. An important part of any process of policy advice is to understand the specific characteristics of each national or local reality to foster the development of the local capacities of understanding and analyzing social phenomena.

Second, the Third World, in general, and in Latin America in particular, is experiencing the deterioration in living standards for a large part of the population, not only as a consequence of preexisting structural characteristics, but also as a product of the crisis of the 80s and of adjustment policies.

In some countries, poverty is reaching new lows, and the distance between the rich and the poor is growing. In absolute numbers, the poor have increased dramatically in many countries. In many cases, the traditional middle class is disappearing, and the number of families living below the poverty line has grown in comparison with that which existed fifteen years ago. In some parts of Latin America, this assumed dramatic proportions. (Morales-Gómez 1993, p. 8)

Placing the failure to satisfy basic human needs aside, poverty has intensified because of globalization and the transmission of certain patterns of consumption from the First World to underdeveloped countries, which, in turn, generate expectations that cannot be met. The implications of this phenomenon must be considered, not only for ethical reasons, which are immediately evident, but also because of the consequences that they have on the viability of development as a whole and on the existence of societies themselves. The conditions of misery in which an enormous percentage of the population lives, as well as the

intensification of the differences in standards of living and life styles, poses grave doubts as to the real possibilities of development and growth for these societies and the viability of civilized life within them in the years to come.

The extreme deterioration in living conditions can bring about biological and psychosocial damage of such a magnitude as to render helpless, in the medium and long term, the ability of an important part of the population to insert themselves within the life of society, to carry out effective, productive activities. In relation to the possibility for civilized life to emerge and be sustained, it is worth mentioning the conflicts between different nationalities or groups subscribing to different beliefs, conflicts that may be unrelated to differences in income. Examples of such social inviability are the cases of the former Yugoslavia and that of Rwanda. In a holistic development framework, it is necessary that the people and institutions providing policy advice make an effort to integrate an understanding of these different aspects into social policymaking.

Third, there is a need to improve the social mechanisms of decision-making as part of the policy advice process. The demand for social policy advice can originate from different levels of society (local or central government, the community, etc.). In some cases, the need to improve the decision-making process, as well as the implementation of these policies, may originate as a "self-criticism" from within the system. In this case, policy advice takes the form of demands for external consultancies. These requests may vary a great deal in form as well as depth: problem-solving, policy design, evaluation of policies and programs, design of strategies, diagnoses, development of indicators, etc.

The need for improvement may, in other cases, arise from outside the system. Policy advice, in this case, takes forms that can help to place certain issues on the public agenda to be considered by the system. Activities and strategies developed and carried out to place issues in the public agenda may entail different kinds of alliances, including the search for "influence," public presentation of the problems, etc. These are very different ways of approaching the issue from those that usually come into play in the context of a specific consultancy, which is usually carried out according to specific terms of reference. Even specific consultancies, however, can be avenues to place issues on the "agenda." In the course of a given consultancy, opportunities often arise for shedding light on aspects that may previously have gone unnoticed.

Areas for social policy advice

This section examines various areas where advice can be most useful. It should be stressed that the basic purpose of social policy advice is to upgrade the quality

of the processes (especially design and analysis) of social policymaking aimed at promoting integrated development.

Some of the main functions and elements that should be included in any social policy decision-making process are presented in the following sections. They serve as a general framework, offering a perspective of the overall process including policy decisions, coordination, support mechanisms, analysis, follow-up, and the implementation of the policies.

Policy decisions

The aim of policy advice regarding how decisions are made is to examine the purpose in developing the policies that are being implemented, as well as the extent to which their design and execution have been coordinated. Peru provides an illustration. In 1991, in addition to the long-term goals set for social development, two urgent courses of action were proposed: (a) safeguarding human potential through urgent actions to avoid further damage of populations at high social risk, and (b) urgent local investment programs. The reason for this dual set of aims was to avoid the irreversible, long-term damage that could prevent part of Peru's infant population from actively integrating into society over the long term (Abugattás 1993, pp. 48–51).

Coordination

The effectiveness of social policies is greater when these are directed toward common aims, which can be integrated to reinforce each other. This is not achieved merely by integrating them on paper. The coordination of policies must take place not only between teams of professionals, but also between those in charge of directing them. This points to the need for teamwork, for integrated decision-making capacity and the will to make this coordination between individuals and groups truly effective.

Support mechanisms

It is not enough to define and design policies with clear aims and suitable mechanisms for coordination among those responsible for their implementation. In addition, the support mechanisms that will make them effective need to be considered in detail, in areas such as information, personnel, training and general administration (financial administration, equipment, and acquisitions, etc.). Three of these areas are discussed in the following sections in relation to social policy advice.

Information

The design of policies and their successful implementation require that several types of information be taken into account. Information is a key feature in two respects: (a) satisfactory decision-making at all levels, orientation and coordination, support mechanisms, analysis, follow-up and execution, requires information systems that provide clear, reliable, and timely data; and (b) by orienting the user and society in general. The availability of effective information systems can help to increase social cohesion, facilitating the creation of consensus on basic social policy issues to transform them into part of society's "common knowledge"; for example, simple documents on basic policy guidelines to be consulted widely.

Frequently, information is scattered, of uneven quality, organized at different conceptual levels, or not entirely up-to-date. There is, therefore, a pressing need to organize and deal first with existing information and then to gather fresh data to achieve a satisfactory design of policies.

Personnel recruitment

The development and implementation of specific policies often demands personnel with specific specializations and abilities. One important task is to define the profiles of specialization and training for the personnel that will be responsible for different aspects in the implementation of the policies. This will also facilitate the logistics of future recruitment.

Training

Apart from the need for permanent in-service training, which any institution, public or private, requires for its staff, the implementation of new social policies requires special training for all those involved in their design, implementation, and evaluation. Otherwise, it would not be possible to ensure that the policies will develop as they were designed and, consequently, that they fulfil the aims proposed.

Training efforts should not be restricted to "technical aspects" or to a mere job description for the different staff members and levels involved. It is wise to involve participants from the beginning, in defining the aims of the policies in question, as well as the rationale behind them. This will make them feel that they have a stake in the execution of the policies.

It can even be useful to discuss with them the different levels and stages of the design, as participants may be able to make important contributions, on the basis of their own administrative experience, to a more optimum implementation of the policies. This presupposes special training for policy and project directors,

insofar as they perceive the advantages of capitalizing on the full cooperation and participation of their staff members.

Analysis

Experiences in several countries of the region show the need for integrating general aspects, such as economic, social, and environmental considerations, into the analysis. They have also underscored the need for greater coordination of time frames, between the permanent, medium- and long-range planning and more urgent, short-term issues. With regard to this last area, enormous efforts are being made toward finding an equilibrium between government action in long-term programs, particularly those aimed at developing human potential (education, health, etc.), and programs that address immediate needs to prevent further damage (for example, safeguarding infants under 3 years of age or other high-risk groups).

Follow-up

Although there is a consensus in the literature about the need for evaluation and follow-up of social policies, satisfactory and efficient mechanisms designed for these purposes are rarely found. Moreover, frequently these activities are not even carried out. The need for both follow-up and evaluation cannot be stressed enough in their relation to policy advice.

The design and execution of a rigorous follow-up phase is one way to obtain the feedback to make "timely" corrections in the implementation of a policy or program. No matter how careful or how well-informed their design may have been, there are always unexpected factors that may introduce distortions. Continuous feedback allows for the corresponding adjustments, and also serves as a learning experience about the real conditions affecting the implementation of the policies.

The same holds true for the evaluation of the stages, processes, and impacts of policies and programs. If an evaluation is not carried out, and the effects of policies are not known, the policies become routine and are maintained simply through inertia. Conversely, they may be changed for reasons that have absolutely nothing to do with their effectiveness.

The need for follow-up is an area of social policy advice that can be particularly attractive and fertile. There is a need to establish creative, flexible systems of evaluation and follow-up, capable of generating information within the time allotted for corrections and adjustments in the implementation of the policies. The assumption that quantitative data can be the sole point of reference for assessing policies should be set aside. Often it is better to use qualitative information to take into account elements that are difficult to measure.

Implementation

Sound information should also be applied to the definition of strategies for actions. It is quite common to assume that normal follow-up systems provide sufficient information for decisions about the implementation phase. The experience of some countries, however, shows that internal diversity, even within small geographical areas, can be an obstacle to the formation of the general body of knowledge that makes it possible to move from the design of a policy to an appropriate course of action.

In some countries, it is common to find that general norms are set in policy implementation that assume a homogeneity that, in practice, does not exist. In others, there is a tendency to leave such decisions to the local level. The need for first-hand knowledge of the implementation stage, on the part of those responsible for decision-making, may make it necessary that the process of policy advice pay special attention to the implementation phase. In practice, this can be dealt with through planning visits to those responsible for design at the local level, coordination, and evaluation. In any initial approach to the issue of implementation, the need to know the local situation should be stressed. It is at this level that integration of the economic, social, and environmental factors takes place naturally.

What is social policy advice?

Having analyzed the range of issues involved, it seems appropriate to ask what is social policy advice all about. The purpose is not to arrive at a precise definition, but rather, to at least identify the dimensions of this concept.

Social policy advice as the intended use of knowledge to obtain results. This dimension of social policy is achieved using available knowledge to help to improve decision-making processes (by means of their redesign), or to help existing processes to work better. The main concern is to improve social policy processes, both by collaborating in their redesign, and by helping to maximize the functioning of what already exists.

Social policy advice as creative interaction to generate new knowledge and skills. There is a tendency to see social policy advice as a means of transferring know-how from the social sciences to society's institutions, with the aim of solving certain problems. This notion is often erroneous and may lead to confusion.

It is clear that, with the exception of some areas of economics, no coherent, defined body of knowledge (theories) exists that is universally accepted by all practitioners of the social sciences. Even resorting to a comparison with the "hard" sciences, those that "produce technology," it can be argued that the

production technology cannot generally be reduced to the mechanical transfer of knowledge. There is always appropriation of technology by the user, who discovers and rediscovers ways of utilizing it producing new knowledge. Social policy advice triggers interactions between the persons and institutions involved in the policy process, by which each one makes knowledge available, giving place to something very different and quite superior to the sum of the individual contributions. This is the optimum result of such interaction.

This creative interaction among people who contribute their knowledge often occurs, regardless of the form that social policy advice takes: consultancies, the placing of issues upon a "political agenda," or others. In some cases, those who are at the receiving end may or may not choose to accept the advice, precisely because of their knowledge of the situation.

Social policy advice as a unique mix of disciplinary and nondisciplinary knowledge. Another dimension implies to ask what kind of knowledge is used in policy advice. The knowledge of those involved in a process of social policy advice surpasses, by far, that of a regular disciplinary training as a "corpus."

Training in a given discipline, and the body of knowledge that this implies, is important, but an education within a discipline is more than a corpus of knowledge. It is made up of other elements, sometimes intangible, such as perspectives for confronting problems, working styles, working methodologies, willingness to question the "obvious" or that which is accepted merely on the basis of common sense, the tendency to consider certain sets of variables as significant, and dealing with unusual associations of meaning.

In social policy advice, there is more involved than mere professional training. One's "stock" of knowledge is also made up of other elements, which are added to those acquired or to one's professional training. These include practical knowledge in certain areas, the ability to generate confidence among those for whom the work is intended, experience in leading and coordinating teamwork, and familiarity with certain types of computer software, etc. It is this set of elements that comes into play in the case of policy advice and that interacts with other knowledge. It can be argued that the broader the "nondisciplinary" experience, the greater the possibilities of entering into creative interaction, and the greater the chance of success in the task at hand.

It is clearly essential to be aware that, in these activities, it is not "the science" or "a discipline" that delivers or contributes knowledge. We are dealing with people and institutions, trained in one or more disciplines, but also equipped with certain "baggage," in terms of experience and knowledge in other areas that intersect with professional know-how.

It is precisely this "mix" that can make the difference in social policy advice between one person and another, even if they come from the same professional background. That "difference" may turn out to be an advantage, but it may just as easily imply deficiencies and limitations. For this reason, the choice of the person who provides the advice is crucial.

Finally, it should be noted that different types of knowledge and abilities are required for different types of policy advice. This is especially true with relation to the aspects that are not directly related to the discipline, but rather, to other types of knowledge, abilities, and expertise.

At this point it, a definition, albeit a preliminary one, might be proposed as to what social policy advice is:

It is an activity, limited in time, that directly or indirectly supports those responsible for the social policy decision systems to improve the functioning of existing processes or the processes themselves. This may imply the generation of new processes or the coordination of the existing ones.

This activity may be carried out in either direct or indirect ways. Consultancies can be considered "typical" when the support is demanded directly by the institution that is to benefit from the advice. Social policy advice becomes "indirect" when the issues emerging from the process are placed upon the public agenda.

Strategy

If social policy advice is considered to be a means for improving the life of society, particularly in the area of social policies, then it is necessary to explore ways in which it can be carried out in the most productive manner. Some considerations are presented in the following of what could constitute a strategy for carrying out social policy advice.

Considering the poverty in which a large part of the population lives, it is necessary to set minimum goals in the area of social policies to be taken into account in the process of social policy advice. Setting minimum goals of well-being responds to the need to avoid further negative effects on the capacity of those segments of the population with the most limited resources. This means at a global, social policy level ensuring, for example, minimum standards of food, education, and health for the entire population, particularly in age brackets that are critical for personal development.

Should these minimum standards not be guaranteed, the vicious circle of poverty and marginalization will not only be maintained but will actually increase.

This, in turn, will curtail the development of different social sectors and lead to unsurmountable levels of conflict, or to mechanisms of segregation that would render life in society impossible. Awareness of these concerns helps to develop the best and yet the simplest response mechanisms for achieving those minimum standards and avoid irreparable damage. Ensuring that health, education, and justice are available for the entire population is not merely a way of preventing irreversible damage but also of allowing the entire population to satisfy these basic needs without delays and with access to high quality services.

The promotion of social policy advice, to have positive effects on social harmony, should be carried out on the basis of reasonable proposals and carefully elaborated studies. This implies, among other things, that the proposals must be action oriented and in accordance with the time frame that the solution requires. The latter implies the need to define clearly the sustainability of the proposals, stipulating the degrees of impact that they can be expected to have and their capacity to respond effectively to the demands that were made. To achieve this, it is necessary to be clear, especially in cases of consultancies, as to what is being requested and the extent to which that request can be met.

One task of utmost importance, although not directly linked to the quality of the product, is the setting of ethical standards. At least in the case of consultancies, it is desirable (and this may be a part of the ethical standards set), to leave local capacity "installed" among those who requested the advice when the consultancy comes to an end, so that they will be self-sufficient in dealing with the original problems. This also implies that it is advisable that some type of follow-up take place after the end of the consultancy. This would make it possible, on the one hand, to have a vision of the "fruits of one's labours" and, on the other, to carry out any necessary adjustments.

Consultancies should be temporary and limited in time, in keeping with the leaving "capacity installed." This in no way implies that new consultancies are unnecessary. Quite the contrary, new problems may arise, or may become apparent as a result of the work under way, which could require further external support. But the idea of keeping within a specified time frame is of fundamental importance.

If the body of knowledge required goes beyond the regular training within a discipline, then it would be appropriate to consider a minimum level of training. Above and beyond the specific knowledge requirements in each country's situation, it may be necessary to train co-workers in the use of several group techniques to enable them to carry out the task more efficiently. It would also allow them to collect more effectively the contributions of the different parties involved, and interact with them productively for the achievement of the stipulated

aims. It may also be necessary to have a working knowledge of certain basic planning techniques.

It is important to set information systems for the users, and for society in general, to report on the results of the policies being implemented. This type of communication should be part of a basic strategy for the promotion of issues on the public agenda and for integrating the feedback from the society at large. In regard to those in charge of decision-making, this type of information may assume special forms, such as the creation of networks that distribute this knowledge, or data bases on consultants and institutions, with their respective experience and aptitudes for social policy advice; the organization of conferences on issues of interest, etc. These elements, in turn, can be important in the search for new mechanisms of consensus, participation, and consultation on the international, national, or local level.

Seek appropriate mechanisms of consensus, participation, and consultation. Once certain principles and orientations of policy have been established, these should be disseminated freely. Simple documents providing basic guidelines may be distributed to obtain feedback at the international, national, or local level. This process should be supported up by information systems, as well as by the institutions linked to the networks.

Certain theoretical simplifications may also be required to *establish common working hypotheses*, assuming, for example, the homogeneity of interests at a global or a local level. This demands intense interaction between the national and local levels for greater participation and coordination of efforts.

Conclusions

In today's world, societies often require significant challenges to make them rethink the traditional forms of generating and utilizing knowledge. Globalization and the growth of available information increase the complexity of the social dimensions of the decision-making process. Moreover, there are visible risks for the social development of large population groups if decision-making processes and development policies are not more closely integrated. Social policy advice can be one way to help improve systems of decision-making that each society has for promoting economic, social, and environmental development.

In the application of policy advice, it is essential to maintain a broader, more integrated vision, to avoid the exclusion of the essential elements of coordination, analysis, support, follow-up, etc. Attention and additional research must be focused on the decision-making process to identify problems and alternatives for the adjustment or reshaping of policies. Different courses of action

can be used to support the improvement of decision-making processes, by means of policy advice:

- Set minimum goals in the area of social policies.
- Consultancies should be based on reasonable proposals and on careful studies. This includes supporting the development of capabilities among those who have requested the consultation so that they may ultimately deal with the problems self-sufficiently.
- Training for social policy advice goes beyond disciplinary lines. It requires the development of additional capabilities in individuals and institutions, beyond the obvious requirement of genuine knowledge about the situation of each country.
- An information system needs to be set for the users and for society in general on the results of the policies being implemented. This type of communication is necessary to place issues on the public agenda and for the eventual feedback from society.
- A search for appropriate mechanisms of consensus, participation, and consultation on international, national, or local levels is required.

References

- Abugattás, J. 1993. Políticas sociales y desarrollo en el Perú. In Torres, M, ed., Research on social policy: Proposals for a future agenda. International Development Research Centre (IDRC), Ottawa, ON, Canada.
- Brunner, J.; Sunkel, G. 1993. Conocimiento, sociedad y política. Latin American Faculty of Social Sciences (FLACSO), Santiago, CL.
- Morales-Gómez, D. 1993. El desafío en el desarrollo. De la política económica a la política social. In Torres, M, ed., Research on social policy: Proposals for a future agenda. International Development Research Centre (IDRC), Ottawa, ON, Canada.
- UNCED (United Nations Conference on Environmental Development). 1992. Agenda 21. UN Department Public Information, New York, NY, USA.
- UNDP (United Nations Development Programme). 1993. UNDP Human development report. UNDP, New York, NY, USA.

This page intentionally left blank

CONCLUSION

Social Policy in a Time of Uncertainty

Mario Torres A.

Societies differ in resources, culture, tradition, wealth, and political power. The same could be said of people. Despite these differences, societies and people share the potential to develop and overcome historical limitations. It is not easy to define this capacity for change in the 1990s, but it includes the expectations, beliefs, and values that cause people to look ahead, to take actions, and to hope that tomorrow will be different, better, and more rewarding than today. This capacity, not easy to measure, is often behind most processes of human change from the migration to urban centres to changes in social mobility, from cultural assimilation to political mobilization, or to the emergence of new forms of community organization. One of the main challenges of the current human development approach is to make this capacity the driving force for social reform.

Social policies are an effective means to face this challenge. Although there is no question about the importance of measures such as antipoverty programs, social integration efforts, political reforms, and employment programs, more than ever before there is an urgent need to design and implement social policies that explicitly address the goals of human development. This means that the conception and operation of social policies must be looked at from a holistic, integrated perspective. This in itself is a major challenge under the prevailing circumstances of crisis of development paradigms, social frustration, economic uncertainty, political disorientation, and external conditions, particularly in developing countries. At the same time, however, it seems that more than ever before these countries have means and opportunities at their disposal to improve the social and human development conditions of their societies.

This perception, perhaps optimistic, emerges, in part, as a result of examining the social reform processes—decentralization, institutional reform and democratization—under way in countries like Canada and those of the Latin American region. The differences among these countries are indeed many, and

common conclusions about these societies, their social reform approaches, and their policy systems cannot be easily drawn from a comparative perspective. In spite of these differences, however, there are also similarities that help to identify lessons and, above all, to draw words of caution about the opportunities and pitfalls that can be faced in social policymaking in a world where globalization has become the predominant context of human development.

The following sections focus on some of the strategic areas for the analysis and research on social policy that have emerged from the previous chapters. Although the reality of social reform in Canada and Latin America is too fluid to provide an exhaustive overview of the issues, opportunities, and prospects these countries face, an attempt is made to outline the main points to help set a research agenda on the principal topics related to social reform, the policymaking processes, the economic factors influencing social policymaking, and the needs for policy evaluation. Some ideas are also advanced about how a multifaceted research strategy might contribute by providing timely and relevant knowledge to reduce the current uncertainty affecting public policy in these countries.¹

Some contextual factors

The chapters in this publication by Filgueira and Lombardi and Morales-Gómez show that some of the countries in Latin America have experienced considerable progress on the economic front. They also show that most countries in the region have gone through painful attempts to reach stabilization and macroeconomic equilibria. The social progress attained through this process, however, has been limited. In most countries of the region, poverty continues to be deeply rooted in persistent social, cultural, political, and economic inequalities. This situation has put even the viability of productive transformation under question. As a result, there is a new emphasis on the need to implement more effective and efficient social policies. This presents the region with new risks including a wave of future indebtedness resulting from the flow of multilateral funds for social reform programs. In the future, this will be a major issue in relation to the economics of social policy.

This is happening at a time when the countries of Latin America do not seem to have a clear sense of direction in the implementation of their social reforms. A key question in this context is the extent to which actions currently under way in the social sectors will move the region toward a more profound and

¹ This chapter was written taking into account the content of previous chapters, comments prepared by discussants (available in mimeograph form from IDRC), and from contributions made during the seminar discussions. Explicit reference is made only in selected cases.

just change of their social policy system, or if they will simply lead to a relative decrease in poverty to more manageable levels, leaving more or less untouched enduring mechanisms of unequal distribution of income and wealth.

This, however, is not only a dilemma of the less-developed countries of Latin America. Although different, no less worrisome are the dilemmas Canada is facing. Social policy in Canada emerged around the model of a just society where equity and the welfare state model of western European countries were points of reference. Changes promoted by the new economic model, however, based on openness and economic integration have affected the existing social security system. Under these circumstances, the renegotiation of the federal political model, the "new social contract" and the status of indigenous populations, among others, will have great influence on the reshaping of the Canadian model. To respond to the demands for the reform of a well-crystallized social policy system, Canada needs to take drastic steps to overcome potential social fragmentation and to eliminate existing mechanisms of social exclusion (Hicks, this volume). For Canada, the response to these challenges is of particular importance under the current circumstances where national integration is a major issue and regional integration and globalization are likely to continue affecting its economic and social-welfare policies.

In Latin America, the results of a prolonged economic crisis, the new impacts of globalization, and the conditions of persistent poverty are having a profound affect on the social policy system in the region. Filgueira and Lombardi (this volume) indicate that social policy systems in the region are moving from a universal, public, centralized framework to more focused, private, and decentralized programs. It is not clear, however, how this new social policy model will lead to a more equitable, integrated, and participatory society. Similar changes in other areas, such as in labour market deregulations, have raised questions about the impact these measures have on the structure and role of labour market institutions, associated social security systems, labour organizations, and labour mobility.

Until now, social policies and social programs in the region played the role of economic stabilizers and compensatory redistribution instruments. Today, they are beginning to be recognized as having a different role given the relative stagnation and the difficulties for recovery resulting from structural adjustment policies. It is because of these concerns that the current social reform debate is broadening the focus of social policies from traditional sectoral approaches and poverty alleviation programs toward a more comprehensive and integrated view of social, human, and economic development.

This, however, is not an easy task. Together with the prevailing doubts about the direction social reform should take in the region, there is also a lack of

clarity about what social policies really are and what their objectives should be. Among the possible social policy aims are the reduction of poverty, increase of equity, facilitation of economic growth and promotion of competitiveness, promotion of social and cultural integration, and expansion and consolidation of citizenship.

Raczynski (1994) reflects these types of concerns when she identifies the following four question as those in need of urgent response: What are the latent and manifest functions of social policies in relation to issues such as social integration, social control, legitimization of the political order, poverty eradication, equity, equal opportunities, democracy, and the strengthening of citizenship? Where should social policies be placed in relation to other development policies, including economic and environmental? What is the impact of social policies in the shaping of the overall social structure? What are the opportunities for social change, i.e., social mobility, participation, and more transparent forms of governance, that social policies create?

For the most part, responses to these questions are difficult to find, in part because social policies are no longer a national, domestic issue. In the 1990s, social policies are more a factor in the process of social reform in the context of globalization.

As discussed earlier, globalization can have positive impacts, including the growing integration of international markets for goods, services and finance. In the North, globalization can also lead to new forms of inequality resulting from shifts in the structure and cohesion of key social institutions such as the family. It can also result in an increasing public awareness of the costs of social systems and programs, in a growing sense of social insecurity, in the emergence of an underclass, and in the reduction of the opportunities for younger generations (Banting, this volume).

Similar situations can be observed in Latin America, particularly in countries with a large middle class. In these countries, the impact of globalization broadens the gap between social classes and affects the state's capacity to allocate fiscal resources to the social policy systems. But what happens in these countries also has a social impact beyond the borders of the countries of Latin America. Low-paid labour and unemployment, for example, have an affect in the polarization of the socioeconomic situation for workers in Canada.

In this regard, harmonization and convergence of social policy systems is an issue that requires careful examination (Berry, this volume). Economic integration, international labour force mobility, and capital flows among countries and areas of economic integration (i.e., the North American Free Trade Agreement [NAFTA], Mercado Comun del Sur [MERCOSUR]) will make it necessary to

adapt social policy systems to circumstances that fall outside national boundaries of influence. The situation becomes particularly complex because these external pressures on convergence and harmonization of policies coincide with efforts to reduce social costs while expanding protection. An emerging intellectual and political debate is beginning to question who should pay the costs of social reform in the context of globalization and simultaneous domestic constraints. Should the onus for adapting to globalization and for reaching greater internal efficiency be put on the individual, the family and the community, or should it be on the international system, the business sector, and the state?

Despite these uncertainties, some progress is being made in terms of developing a new framework for social policymaking and social policy research that could help to clarify the role of the state and the civil society or the responsibilities of individuals in the implementation of the social reform processes in the context of globalization. Because of the complexity of the issues, it is likely that a new framework for social reform will not easily emerge in the near future. The challenge that countries like Canada and those of Latin America face in implementing social reform is to move from a domestic-oriented welfare state approach to social policies to a more comprehensive model. This model would take into account the global economic factors at play while maintaining social justice, equipping citizens with better skills and learning capacities for dealing with economic and technological change, building new forms of political participation, and balancing global demands with domestic priorities.

This challenge makes the need for analysis and evaluation of existing policies and programs and the need for learning experiences in social reform from a comparative perspective even more urgent. To fill this gap, it is necessary to develop a holistic approach in the analysis of social reform.

Social reform

One of the hardest problems Canada and Latin America face in their attempts to implement social reforms is to provide more effective social services with constrained resources. One of the central concerns, therefore, is to design social policies that are primarily geared toward expanding people's opportunities. How to achieve this goal is perhaps one of the most critical challenges.

Efforts are being made in several directions including social reform processes involving reconceptualization and reorganization of social security systems, the dismantling of key institutions and the creation of others based on a combination of public and private sector activities, changes in central and local government responsibilities, and new approaches to consensus building and social participation. These processes, however, are taking place without a specific model.

To a large extent, it could be argued that the new model of social reform is taking shape as the process moves along.

In Canada, one of the main concerns in the social reform process is the need to adjust a consolidated welfare state to the new circumstances of globalization and regional integration in such a way that it could respond better to the demands of a changing labour market and family structure. In most Latin American countries, because the welfare state never became fully crystallized, the main challenge to the social reform process is the building up of equity with constrained economic, human and institutional resources, and deeply rooted social inequality.

In such a context, a key issue is not only the eradication of poverty but how to make a new development model viable in social, political, and cultural terms. This is not an easy task. Social reform is taking place while internally oriented economies based on import substitution are shifting to become open economies driven by international competitiveness and privatization efforts. Although in some of these countries adjustment policies have proven to be effective in controlling fiscal deficit and inflation, they need to focus their attention on the new society and on the long-term social processes triggered by these policies and by the changes that have occurred in the development model (Vergara 1994).

Given these experiences in the region, the examination of social reform, both in Canada and in Latin America, may raise important, common conceptual and policy lessons. Cross-country analyses may help to clarify issues such as the targeting of social programs, social integration, decentralization, strengthening of local administration in search of greater efficiency, and in directing investment in human capital. It should be underlined, however, that this type of analysis also has limitations. Conceptual and policy commonalities across countries do not necessarily show ready-to-apply responses in realities that remain fundamentally different.

On the one hand, the need to redesign the Canadian social policy system seems to emerge primarily as a response to macroeconomic changes and to changes in the social fibre of the society. One of the challenges found in this regard is the harmonization between the changes in the society at large and the reorganization of the welfare state in a federal-provincial context. The difficulty is to design nationally coherent social policy instruments in a context of political decentralization. On the other hand, in Latin America, there is no well-established tradition of a welfare state. Critical social changes like the demographic transition and the incorporation of women into the labour force, already in effect in Canada, are still in progress in the South. Additionally, in Latin America, social reform is

taking place in a context in which almost 40% of the population is poor. Thus, the key issue is deep redesigning of the social policy systems in place rather than that of adaptation of the Canadian system.

Despite these differences, the comparison of the processes and conditions of social reform in Canada and Latin America highlights some important common problems. First, the lack of flexibility of social welfare institutions is often one of the major obstacles for the achievement of greater effectiveness. In Canada, this is of special significance given the fragmentation of social programs. This implies that focusing only on improving delivery systems is not sufficient (Hunsley 1994). A similar situation exists in Latin America, where sectoral programs tend to overlap among themselves and with nongovernmental organization (NGO) activities. Social reform will thus need to focus on issues such as the interface between unemployment, training, social security, and antipoverty programs, the latter in the case of Latin America. To deal with this lack of relative institutional flexibility, it will be necessary to reach a new social consensus and to implement practices of collective bargaining that could permit some degree of control over the impact of the social reform on the economy and the general well-being.

Second, the emphasis on targeting of social programs may have potential negative impacts if, as a result of targeting, less importance is given to reorienting universal policies and to self-help programs, including retraining and productive loan programs. A consequence of this in Canada, for example, could be the development of a growing underground or informal economy. In Latin America, in addition to the foregoing, one consequence may be the strengthening of clientelism and the development of a culture of poverty. These consequences may have additional negative effects on tax revenue capacity.

For a number of reasons, there are increasing doubts about giving less importance to universal social policies than to targeted programs. Targeting has limitations as an instrument for poverty alleviation because of its individual rather than family or community focus. There are risks of exacerbating social inequalities by differentiating between social services for the poor and the rest of society and targeting vulnerable groups may become too costly given that these groups are often politically weak, lack intermediary organizations, and have a culture of economic dependency (Raczynski 1994). Targeted and universal policies should complement each other as they serve different purposes, have different mechanisms, and require distinct organizational frameworks.

Third, in Canada and in Latin America, there are similar economic, political, and institutional limitations at the local and central government levels to conduct social reform processes. In the case of most Latin American countries, however, one of the major constraints is in the availability of qualified human

resources. The result is a weak pool of the necessary capacity required to conduct social reform processes and implement new social policies.

Fourth, despite the important differences between the federal and provincial tradition in Canada and the centralism of Latin American countries, which makes policy decentralization a process with very different content in both areas, the civil society is acquiring a new importance in relation to the decentralization processes. In addition to local and central capacities, the involvement of the civil society is critical to achieve effective political, administrative, and financial decentralization and make local development an effective instrument of social reform. The participation and empowerment of local actors and community organizations are integral to ensuring accountability in the process of decentralization.

Fifth, both in Canada and in Latin American countries the role of national cultures, values, and institutions is critical in the long-term sustainability of social reform processes and in the implementation of effective social policies. They are mutually reinforcing, shaping each other in the processes of reform (Kesselman 1994).

Policymaking process

Social policy has many implementation problems. Given the scarcity of resources and institutional bottlenecks, these difficulties require urgent attention. There is a need to examine the approaches and mechanisms to prioritize among different social policies such as antipoverty programs, sectoral policies (education, health, shelter, labour, and social security), labour force training programs, and the strengthening of popular organizations in terms of access to information and decision-making. In this context, research is required to study the extent to which, under constrained economic, human, and institutional resources, the policymaking process can become one of the principal mechanisms for equitable allocation of resources.

The availability of funds alone is often a necessary but insufficient condition for good social policymaking. In practice, some of the main problems lie in the processes of making policies and in implementing them. For this reason, further analyses are required about the involvement of various social actors in decision-making and the processes that allow or impede their involvement.

There is also a need to understand some of the critical issues regarding the risks in overcoming program fragmentation and reaching increased efficiency. Thus, for example, how to surmount sectoral approaches to reach policy integration, how to manage macro-micro tensions to reach higher levels of policy coordination between central and local government levels, and how to bring together the public and the private sector, including NGOs and grass-root

organizations, are some of the issues that need careful study. In a democratic context, these issues need to be addressed through appropriate mechanisms for administering conflict and reaching consensus.

Analyses should be carried out on the available means to adopt a holistic approach in articulating more effectively the various stages of the policymaking process in social reform. This includes the design, implementation, monitoring, and the evaluation of policy harmonization to address social needs under circumstances of constrained resources.

There is also a need to identify the crucial factors that will improve transparency and accountability. In this regard, study of the new role of local governments is critical as well as the role of information and communication for the participation of new social actors. The local level is where social policies come together and where their interactions and results can be measured, yet, traditional social policy analysis remains national in perspective.

Finally, a better understanding is required of the role of local agents and their instruments in the processes of policymaking. In Latin America, this aspect is particularly important given the tendency there to reproduce traditional bureaucratic and clientelistic practices. This implies the need for a better understanding of the role of new actors in social policymaking, some being linked to the new processes of change resulting from globalization, integration, and liberalization. In Canada, for example, new political movements, business-sector organizations, community organizations, and professional associations are now playing mediating roles in federal-provincial relations. In Latin America, the situation is similar with the addition of multilateral international agencies that play a very dominant role.

Economics of social policy

Program effectiveness and the concern for reducing costs should be stressed as a key strategic element in dealing with social policy reform in an environment of constrained resources. The financing of social policies and programs needs to be examined in the light of issues such as the fiscal deficit, increased tax revenues, reallocation of existing tax revenues, fees for service, and the use of resources from international donors. There is a need to understand the economics of providing different kinds of social services and making that provision effective. This knowledge is indispensable as a basis to evaluations of the relative cost-effectiveness of social measures (Hakim and Puryear 1994). Ultimately, the selection of a particular combination of financing measures may depend on a number of political and administrative considerations.

Some key issues that need to be addressed are, first, the political and administrative capacity for expanding tax collection and fiscal resources. What groups, for example, are most likely to be affected and what type of consensus building may be required to implement tax reforms? Second, the shifting of resources between or within programs as a means to reallocate resources among priorities requires assessing the potential negative impacts on programs and groups from which resources are reallocated. Third, the introduction of changes in financial arrangements for the achievement of new social policy objectives requires assessing the potential impact of restructuring financial incentives and the potential role of the private sector in the financing of social services. What are the financial pay-offs of reforming and privatizing social programs?. Another question that needs further examination is whether privatization can play a role as an expansion of the state, as in the case of private organizations delivering services with fiscal funds. This implies assessing when it is more appropriate to encourage participation of the private sector and if it implies greater effectiveness. Fourth, the promotion of efficiency in the delivering of social services and its impact on their effectiveness requires an understanding of when and under what circumstances and to what extent greater efficiency is conducive to achieving the best policy results.

The analyses of these issues should consider that the handling of incentives is also a powerful social policy instrument. In this regard, Kesselman (1994) mentions some interesting cases of policy implications when pursuing efficiency in the financing of social services.

One case is the incentives that the financing of social programs may exert for efficient behaviour on both sides of the market, the suppliers and users of services, such as through loans to universities and students with income-contingent repayment programs. A second case is the delivery mechanism for public cash transfers to the working poor and employable persons on welfare, tied directly to incentives, training, and work effort. These types of mechanisms may avoid reinforcing dependence from welfare programs and a culture of poverty by facilitating access to new work opportunities.

These cases show the need to rethink the financing of social policies from a broader perspective and to adopt a view centred on the user. Provision of social assistance from a supply side has proved to be ineffective because it tends to provoke program dependency. It is necessary to generate a capacity of demand in the civil society that makes possible the appropriation of programs by the target populations. Greater emphasis should also be placed on improving the incentive of social programs to facilitate social policies taking a preventive rather than simply an ameliorative or remedial approach. The financing of social policy

should contribute to the sustainability of social service delivery by creating more responsibilities for beneficiaries, mutual obligations, and active rather than passive program participation.

Finally, there is also a need to understand the risks of indebtedness in financing social programs. Social investments using national resources or external funds is a topic that has received insufficient attention. There is a need to have better information about who will pay the costs of new debts that will result from implementing new social policies. What can be done to guarantee that new indebtedness will really represent eradication of poverty, strengthening capacity for a more effective social policy implementation, and the attainment of social policy objectives rather than further bureaucracy and eventual corruption.

Social policy evaluation

Social policy reform will require close monitoring and evaluation to improve the prospect of meeting the most urgent social needs in Latin America and the central policy goals in Canada. Policy evaluation is a particularly important task where the content and direction of social reform are not yet clearly defined. What should be evaluated, what criteria should be used, and what purposes should be pursued in policy evaluation are some of the key questions. The evaluation of policies is indispensable in ensuring that the civil society plays a role in the follow up of institutional reforms and in identifying new financial arrangements for social service delivery. This, however, is not an easy task.

Similarly complex is the identification of what should be evaluated. A critical area for evaluation is policy integration and implementation at the micro level. Crucial aspects to consider are the institutional capacity for program coordination and the carrying out of social programs, the alternatives for more effective and efficient program delivery, the coordination modalities with local NGOs and the private-for-profit sector, and the alternatives for civil society participation in the policy process. At the macro level, there is a need to evaluate the impact of economic growth on equity and the impact of macroeconomic policies on the effectiveness of social policies.

Regarding the criteria that should be used for policy evaluation, it is often difficult to indicate *ex-ante* whether these should be related to the policy process, thus focusing on the institutional, legal, political, or financial dimensions of the decision-making framework, and to the target populations of policies and programs, or both, giving attention to aspects related to program relevance and effectiveness. The fluidity of current social policy and social reform processes raises the need for continuous evaluation to compensate for the limitations of *ex-post facto* evaluation. In the current context of globalization, evaluation becomes

particularly difficult because the content of social policies tends to change as policies are implemented and as new social actors participate in the process of policymaking and implementation. For this reason, evaluation demands support from research to understand the particulars of the impact of social policy on human development in the short, medium, and long term.

Finally, concerning the purposes of social policy evaluation, there is a wide range of possibilities. The most urgent evaluation need from the supply side is the assessment of policy coordination at the central government level and the development of a capacity for policy execution and integration at the local level. From the demand side, an evaluation priority at the micro level is to assess the performance of policies at the individual, family, household, and community level (Cohen, personal communication, 1994) by focusing on the participation and satisfaction levels of users.

Dealing with uncertainty: research, information, training, and policy advice

The current uncertainty in the global society affecting the content, structure, and processes of social policy may be addressed by the generation and dissemination of relevant and timely knowledge. To this purpose, the sole identification of a research agenda is not sufficient. An integrated approach including research, information, training, and policy advice is required. This type of approach is necessary to design and implement effective policies in a new development context characterized by globalization and its effects on communication and information technologies, which have blurred boundaries between academic and applied knowledge, short- and long-term research, and policy analysis and advice. An integrated approach to both research and the generation of policies, may increase the likelihood of a greater impact on the policymaking process. An integrated approach to knowledge generation for social policymaking requires at least four interacting components: research, information, training, and policy advice.

Research

There are several questions that need to be addressed in relation to the content, outputs, and potential impact of social policy relevant research. Who is the audience and who are the clients of research? Are they other researchers and intellectuals, policymakers and program managers, community leaders, marginal target groups, the general public? What is the vision of society behind the research agenda? Is the final purpose of research, for example, to increase the distributional effects of social policies, to improve transparency and accountability in the

policymaking processes, and implementing to improve the learning capacities of the actors involved? How does a comprehensive research agenda apply to different countries? Is the purpose of research to obtain general knowledge, or to demonstrate viable new policy alternatives not necessarily replicable in other countries? How can research be democratized and made more participatory? Is this a matter of methods and techniques? What type of information and communication systems and tools should be involved? Are there critical gaps in the dissemination of research results? What is the time span necessary to obtain impact from the research results? Is there a need to rethink research products in terms of short, medium, and long term? (Bahamonde, personal communication, 1994).

The response to these questions, and the setting of research boundaries, will help to identify what "policy space" is available to design and implement social reforms. This is indispensable in efforts to identify the opportunities that research offers to improve the policymaking process by introducing a common understanding of social policy issues and a common language among researchers, policymakers, politicians, and other actors of the civil society.

In terms of the type and content of research, there is a need for a multidisciplinary approach that takes into account social, political, cultural, and economic factors to avoid highly descriptive, too specific, sectoral, or broad ideological social policy studies (Pfund, personal communication, 1994). Traditionally, resources including funding for conducting punctual, sectoral, and very specific research has not been a real limitation. To conduct the type of strategic research that is required today, however, there is a problem in the scarcity of both human and financial resources. It is this type of research that is required to respond to questions about the impact of social policies on development and to provide an overall evaluation of the social policy system.

With this in mind, the content of an agenda should indicate priority areas. The discussion in previous chapters indicates that social policies should be examined at least from four perspectives. The first is the interactions between social policy, the social structure, and inequality. This implies giving special attention to the impact on social opportunities of variables, such as demographic changes, changes in family structure, the restructuring of labour markets, and new forms of social vulnerability. The second is the role of politics in shaping social policies. This includes the examination of users' perceptions, values, and responsibilities; the processes of public policy priority setting and the processes of decision-making; the linkages between social and economic policies; and the modalities for participation, consensus building, and conflict resolution affecting the design, implementation, and evaluation of social policies. The third is the institutional framework of social policies, which encompasses the study of sectoral

reform processes (education, health, social security, etc.), the targeting of policies, privatization modalities, policy decentralization, and policy integration. The fourth is the role of operational strategies in social policy implementation, which include setting information systems, policy monitoring mechanisms, and policy evaluation systems.

Information

The second component is related to the need for information systems on the results of social policies as identified and evaluated by research. Information is necessary for adjusting social policies and actions as a means to increase effectiveness, efficiency, and accountability. Information should contribute to identifying for whom social policies are generated and for what purposes. This is fundamental for developing strategies for introducing key themes in the public agenda (Abugattás and Chateau, this volume). Information systems should report on the impact of policy systems and actions and contribute to the effectiveness of social policies in terms of their targets and beneficiaries.

To make social policy information systems accessible and useful to potential users, three issues are critical. First, information systems should be based on the identification and use of strategic social indicators and on the timely gathering of data to improve the capacity for targeting policies. In this regard, information for public awareness and for specific decisions requires special consideration (Durrant, this volume). This type of information is not easy to produce and access in part because of the weak capacity of target populations in identifying their own needs. Two questions that must be addressed are: How can these groups be helped to identify needs and priorities and how can the more dispossessed get access to timely information and contribute to guiding decision-makers in policy areas that affect their lives directly?

A second issue is that in addition to the production, gathering, and retrieval of information, there are other crucial problems that relate to the use and the users of information. Given the difficulties in accessing new software and hardware, attention must be paid to the development of information systems accessible to grass-roots and popular organizations. This is a considerable challenge in dealing with the poorest and marginal groups because it means improving the access to equipment, documents, data delivery, and training in the use of resources and "repackaging" of information. "Repackaging" is one of the most strategic entry points to implementing information systems for social policies. It involves pulling together, sorting, analyzing, evaluating, abstracting, and synthesizing relevant information and data. It is perhaps the aspect most relevant to linking researchers and policymakers and to the marketing of information.

A third issue is how to avoid the reproduction of inequities within the information field. How, for example, can the distance between privileged in-groups and out-groups be avoided? In this regard, a number of aspects should be examined in relation to the equitable access to information. A critical topic is who will pay for the information services and systems (Wilson 1994).

Training

Research results and information are not fully useful unless they serve to generate capacities and learning skills. This leads to the third component, training. This should be a central concern in any research strategy given the scarcity of human resources. In part, the complexity of this component is a result of the variety of possible groups requiring training: researchers, policymakers, social policy managers, grass-root practitioners, and community leaders (Urzúa, this volume).

Although the purposes and content of training may vary widely, some general topics deserve mention. Training on social policy issues should generate the capacity to assess the social and political context of social policies; to get acquainted with the local, national, and global trends that condition social policies; to collect and analyze information; to understand the criteria for choosing priorities; and to understand the costs and economic implications of social programs. The training of users of information, especially beneficiaries and actors in the social policy process, should merit special consideration.

Policy advice

The outputs of research, information, and training will influence social policies if they can be transferred to, adopted, and used at the level of various policymaking structures and processes. Policy advice is a mechanism of innovation that embraces activities from the preparation of very specific consultancy reports to the introduction of policy issues into the public agenda. This is not a well known area of work, particularly among academic researchers. It is becoming important, however, under the current scarcity of research funds, in the active role of donors in defining the social policy agenda and in the need for practical and immediate knowledge inputs into the policymaking process. Policy advice requires special attention to improve the current decision-making process by introducing an integrated view of development problems and policy processes. To this end, policy advice requires appropriate support from research and information systems.

Social policy advice usually takes place in a context characterized by conflicting interests. How may objectivity be achieved? What are the opportunities for transferring useful and utilizable knowledge? How can advice be provided when conditions conducive to the exacerbation of social inequity and conflict

persist? Appropriate social policy advice requires that special attention be given to issues such as social inequalities, social participation, social conflicts, the perceptions of the actors involved, ethics, and the needs of the more affected groups. This makes social policy advice a complex task requiring expertise that goes beyond disciplinary training (Abugattás and Chateau, this volume).

From the perspective of the policymaking process, policy advice is a means to introduce into the research, information, and training agendas the need to improve the decision-making process. Policy advice closes the circle in the production of knowledge. There is accumulated research experience in the anglo-saxon research tradition about models and processes for policy advice. More research, however, is needed in Latin America to identified explanatory models of the decision-making process. There is a need for further research in this area to discover how knowledge can more effectively reduce uncertainty and enhance opportunities for effective social policy implementation and evaluation.

References

- Bahamonde, R. 1994. Personal communication. Policy and Planning Division, Americas Branch/BML, Canadian International Development Agency (CIDA), 200 Promenade du Portage, Hull, Quebec, Canada K1A 0G4.
- Cohen, M. 1994. Personal communication. Transportation, Water and Urban Development Department, The World Bank, 1818 H Street, N.W., Washington, D.C., 20433, USA.
- Hakim, P.; Puryear, J.M. 1994. Discussion comments. Comments prepared at a meeting entitled Social policy in a global society: Parallels and lessons from the Canada-Latin America experience, held in Ottawa, Canada from 26 to 28 October 1994. International Development Research Centre (IDRC), Ottawa, ON, Canada. (Mimeo)
- Hunsley, T. 1994. Discussion comments. Comments prepared at a meeting entitled Social policy in a global society: Parallels and lessons from the Canada-Latin America experience, held in Ottawa, Canada from 26 to 28 October 1994. International Development Research Centre (IDRC), Ottawa, ON, Canada. (Mimeo)
- Kesselman, J. 1994. Discussion comments. Comments prepared at a meeting entitled Social policy in a global society: Parallels and lessons from the Canada-Latin America experience, held in Ottawa, Canada from 26 to 28 October 1994. International Development Research Centre (IDRC), Ottawa, ON, Canada. (Mimeo)

- Pfund, A. 1994. Personal communication. Evaluation Office, Inter-American Development Bank, 1300 New York Avenue, N.W., Washington, D.C. 20577, USA.
- Raczynski, D. 1994. Discussion comments. Comments prepared at a meeting entitled Social policy in a global society: Parallels and lessons from the Canada–Latin America experience, held in Ottawa, Canada from 26 to 28 October 1994. International Development Research Centre (IDRC), Ottawa, ON, Canada. (Mimeo)
- Vergara, C. 1994. Discussion comments. Comments prepared at a meeting entitled Social policy in a global society: Parallels and lessons from the Canada–Latin America experience, held in Ottawa, Canada from 26 to 28 October 1994. International Development Research Centre (IDRC), Ottawa, ON, Canada. (Mimeo)
- Wilson, M. 1994. Discussion comments. Comments prepared at a meeting entitled Social policy in a global society: Parallels and lessons from the Canada–Latin America experience, held in Ottawa, Canada from 26 to 28 October 1994. International Development Research Centre (IDRC), Ottawa, ON, Canada. (Mimeo)

This page intentionally left blank

APPENDIX 1: CONTRIBUTORS

Javier Abugattás

Javier Abugattás received his degree in civil engineering from the Catholic University of Peru. He is a Peruvian citizen and has been Deputy Manager of the International Department Corporation for Development (COFIDE), Director General of Public Credit, Vice-Minister of Economy of Peru (1984–87), and has worked in development programs in the areas of quality of social expenditure and financing of development. He has also worked as a consultant in economic and social development in the Inter-American Development Bank, Uruguay. He is currently Secretary of the Peruvian Cabinet.

Keith Banting

Keith Banting is Director of the School of Policy Studies at Queen's University and holder of the Stauffer–Dunning Chair in Policy Studies. From 1983 to 1985, Dr Banting served as a Research Coordinator for the Royal Commission on the Economic Union and Development Prospects for Canada. From 1986 to 1992, he served as a member of the Social Sciences and Humanities Research Council, and in 1990 was elected Vice-President of the Council.

Dr Banting earned his BA (Honours) from Queen's University and a doctorate from Oxford University. He taught for 13 years in the Department of Political Science at the University of British Columbia and has been associated with Queen's University since 1986. In addition, he had been a visiting scholar at a number of institutions including the London School of Economics, the Policy Studies Institute in England, and the Brookings Institution in Washington, DC.

His research interests focus on public policy in Canada and other Western nations. He is the author of two books, *Poverty, Politics and Policy* and *The Welfare State and Canadian Federalism*, and the editor of five additional books dealing with policy and constitutional issues in Canada and other countries. He has also contributed numerous articles to professional journals and other volumes. He has been the recipient of many grants in connection with his research, and is a member of the editorial board of *Canadian Public Policy*.

Albert Berry

Albert Berry is a professor of Economics and Director of the Latin American Program at the Centre for International Studies of the University of Toronto. His research has focused on labour markets, income distribution, and education in Latin America as well as on the role of small and medium enterprise and on agrarian structure. His most recent study is a review of labour market functioning in Latin America during the 1970s and 1980s. He has worked with the Ford Foundation, the World Bank, and the Planning Commission of Colombia.

Jorge Chateau

Jorge Chateau is a Chilean sociologist. He received his MA in Sociology from the University of California at Santa Barbara in 1970. From 1990 to 1994, he was Deputy Director of the Fondo de Solidaridad e Inversión Social Chile. He is currently a researcher at the Facultad Latinoamericana de Ciencias Sociales (FLACSO) in Santiago, Chile.

Fay Durrant

Fay Durrant is Senior Program Specialist for Information Sciences and Systems at IDRC's Regional Office for Latin America and the Caribbean. She was previously a consultant to regional and international organizations and has worked in the design and evaluation of information systems. She was also Regional Advisor on Information Systems for the Caribbean Community (CARICOM) Secretariat, Network Advisor for the CEPAL Office for the Caribbean, and Librarian for Social Sciences and Law at the University of the West Indies.

Ms Durrant holds a bachelor's degree in Spanish from the University of the West Indies; a bachelor's degree in library science from the University of Toronto; and a master's degree in Library Science (MLS Information Resources Management) from Syracuse University. Her publications include *Regional Information System Strategy for the Caribbean to the Year 2000* (IDRC 1989).

Carlos H. Filgueira

Carlos H. Filgueira is Director of Centro de Informaciones y Estudios del Uruguay (CIESU) and Professor, Department of Sociology, Universidad de la República. He is a Uruguayan citizen and holds a master's degree in sociology from the Facultad Latinoamericana de Ciencias Sociales (FLACSO), Santiago de Chile (1962–63). Previously, he was Director of the Instituto de Ciencias Sociales at the Universidad de la República, Director and founder of CIESU, and Visiting Professor at the Universidad Federal de Minas Geraes (Brasil), at IDS, Sussex

University (England), and at the University of Heidelberg (Germany). He has also worked as a consultant for ECLAC, PREALC, IDB, and UNESCO. His interests are political studies, social policy, and methodology of the social sciences.

Peter Hicks

Peter Hicks is Senior Policy Advisor to the Deputy Minister, Human Resources Development Canada. He was previously Assistant Deputy Minister responsible for policy at Health and Welfare Canada.

Mr Hicks began his public service career in 1965 as an economist at Statistics Canada, where he held various positions over the next 12 years, including Director of the Labour Force Survey. In 1977, he was appointed to the Treasury Board Secretariat, where he was responsible for information management policy and the implementation of Privacy legislation. From 1980 to 1983, he was a senior policy advisor on student aid and federal-provincial fiscal arrangements at the Secretary of State. From 1983 to 1991, he held various program and policy positions at Employment and Immigration, including that of Executive Director of the Canadian Jobs Strategy and, by secondment, Advisor on Human Resource Development Policy, Privy Council Office. Mr Hicks graduated with a Master of Arts degree in Political Theory from the University of Toronto in 1964.

Mario Lombardi

Mario Lombardi holds a degree in Architecture (specializing in Urbanization) from the Facultad de Arquitectura de la Universidad de la República. He also studied Regional Development and Mathematical Statistics in Chile (1965–66). He is a Uruguayan citizen and has worked as a Professor, Researcher, and Consultant at the Centro de Informaciones y Estudios del Uruguay (CIESU) in topics related to territorial matters, public policies, housing, job market, nutrition, decentralization, municipal management, information systems work, and food market. He is now a Researcher at CIESU and a Consultant for IDB, where he is in charge of the Labour Market Sector in the Programa de Fortalecimiento del Area Social. He recently published a book entitled *Problemas Sociales Criticos del Area Metropolitana de Montevideo*.

Daniel A. Morales-Gómez

Daniel A. Morales-Gómez studied Philosophy at the Catholic University of Valparaíso, Chile. He obtained a Master of Arts degree in International Education from SIEC, School of Education at Stanford University and a PhD from the University of Toronto.

Mr Morales-Gómez's experience includes both teaching and research at the university and secondary levels. He was Academic Dean of the School of Education at the Catholic University in Chile, and has taught in Mexico and Canada. He has published articles on international comparative education, research ethics, and international aid. He is the author and editor of the book *Educación y Desarrollo Dependiente en America Latina*, published in Mexico (1979); *The State, Corporatist Politics and Educational Policy Making in Mexico* (Praeger 1990), and *Educational Policy and Research in the Americas* (Praeger 1992). He is currently Director of the Social Policy Program of the Social Sciences Division at IDRC, Ottawa.

Caroline Pestieau

Caroline Pestieau is Director General of the Social Sciences Division at IDRC. She was previously Deputy Chair of the Economic Council of Canada and, before that, member of the Quebec Commission for Access to Information and Protection of Privacy. Among the projects she managed were investigations of structural adjustment in the Canadian manufacturing industry, a study of the economic and social impacts of immigration, and an analysis of the cost-effectiveness of the Canadian health care system.

Mrs Pestieau has published widely in the fields of international trade negotiations and industrial structure and has directed research projects on the political economy of the Canadian Confederation, US-Canadian environmental relations, the impact of federal economic policies on small business, the future of the Prairie grain economy, and local community development initiatives. Mrs Pestieau studied at Oxford University (BA Honours in Modern History), the Catholic University of Louvain (BA, Philosophy), and McGill University (MA, Economics). She has taught at the college and university levels.

Mario Torres A.

Mario Torres received his PhD in Sociology and Social Demography from the University of Texas at Austin. He is a Peruvian citizen and has been professor at the Catholic University of Peru (1970-72), Director of Research of the Central American Postgraduate Program in Economic and Development Planning (1979-80), Researcher for the Executive Secretariat of the Latin American Program of Social Research on Population (PISPAL) (1981-82), and Director of Research of the National Population Council of Peru (1983). His areas of interest include methodology of social research, statistics, population, human development, and social policies. Currently, he coordinates the Social Policy Program for Latin America and the Caribbean at the Montevideo office of IDRC.

Raúl Urzúa

Raúl Urzúa is President of the Center for the Analysis of Public Policies (CAAP), University of Chile and a full Professor in the Department of Sociology at the Catholic University of Chile (1962–94). He is a Chilean citizen and received a Licentiate in Law and Social Sciences from the University of Chile (1958) and a PhD in Sociology from the University of California, Los Angeles (1968). He was Director of the Social Sciences Sector at UNESCO in Paris, Director of the Robert Bellarmino Center for Sociocultural Research in Santiago, United Nations expert for ECLAC, and Visiting Professor, University of Wisconsin. His recent publications include *The Utilization of Demographic Knowledge in Policy Formulation and Planning* (with Rudolf Andorka) (1991), *La Opción Preferencial por los Pobres: de la Teoría a la Práctica* (1987), and *Estudio Sobre la Pobreza Rural* (with S. Molina, M.M. Errázuriz, and M. Fernández) (1985).

This page intentionally left blank

APPENDIX 2: PARTICIPANTS

Javier Abugattás
Henry Revett 468
Lima 33, Peru
Tel: (51-14) 458883
Fax: (51-14) 458883
e-mail: abjas@amauta.rcp.net.pe

Tade Akin Aina
Deputy Executive Secretary (Publications)
Council for the Development of Social
Science Research in Africa (CODESRIA)
PO Box 3304
Avenue Chekh Anta Diop
Dakar, Senegal
Tel: 25 98 22/23
Fax: 241289
Tlx: 61339 CODES SG
e-mail: geoz.codesria

George Avelino Filho
CEBRAP
Rua Morgado Mateus 615
Vila Mariana
Sao Paulo 04015, Brasil
Tel: (55-11) 574.0399
(Office)/622046 (Part.)
Fax: (55-11) 574-5928
e-mail: avelino@peland.stanford.edu

Rolando Bahamonde
Director of Policy
Policy and Planning Division
Americas Branch/BML
Canadian International Development Agency
(CIDA)
200 Promenade du Portage
Hull, Quebec, Canada K1A 0G4
Tel: (819) 994-0949
Fax: (819) 997-0077

Keith Banting
Director
School of Policy Studies
Policy Studies Building
Queen's University
Kingston, Ontario, Canada K7L 3N6
Tel: (613) 545-6555
Fax: (613) 545-6606
e-mail: bantingk@qucdn.queensu.ca

Anne Bernard
Social Sciences Division
International Development Research Centre
(IDRC)
PO Box 8500
Ottawa, Ontario, Canada K1G 3H9
Tel (613) 236-6163
Fax: (613) 567-7748
e-mail: abernard@idrc.ca

Albert Berry
Department of Economics
University of Toronto
150 St George Street
Toronto, Ontario, Canada M5S 1A1. Tel:
(416) 978-4978
Fax: (416) 978-6713
e-mail: berry2@epas.utoronto.ca

Keith Bezanson
President
International Development Research Centre
(IDRC)
PO Box 8500
Ottawa, Ontario, Canada K1G 3H9
Tel (613) 236-6163
Fax: (613) 238-7230
e-mail: kbezanson@idrc.ca

Paz Buttedahl
Academic Advisor
Centre for National Security Studies
Fort Frontenac
Kingston, Ontario, Canada K7K 5L0
Tel: (613) 541-5010 ext. 5956 (work)
(613) 541-3055 (home)
Fax: (613) 546-0589 (work)
e-mail: pbuttedahl@idrc.ca

Yves Chaloult
Département de Sociologie
Université du Québec à Montréal
CP 8888, succursale Centre Ville
Montréal, Québec, Canada H3C 3P8
Tel: (514) 987-3272
Fax: (514) 987-4638
e-mail: c1576@er.uqam.ca
Also at: Department of Sociology
University of Brasilia
Asa Norte
70.000 Brasilia, D.F., Brazil

Michael Cohen
Chief
Transportation, Water and Urban
Development Department
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433, USA
Tel: (202) 473-1015
Fax: (202) 522-3232

Denise Deby
Program Officer
Social Sciences Division
International Development Research Centre
(IDRC)
PO Box 8500
Ottawa, Ontario, Canada K1G 3H9
Tel: (613) 236-6163
Fax: (613) 567-7748
e-mail: ddeby@idrc.ca

Edgar Dosman
Executive Director
Canadian Foundation for the Americas
(FOCAL)
55 Murray Street, Suite 230
Ottawa, Ontario, Canada K1N 5M3
Tel: (613) 562-0005
Fax: (613) 562-2525

Tim Draitin
Director
Development Policy
Canadian Council for International
Cooperation (CCIC)
1 Nicholas Street
Ottawa, Ontario, Canada
Tel: (613) 241-7007 ext. 317

Fay Durrant
Senior Specialist
Information Sciences and Systems Division
International Development Research Centre
(IDRC)
Latin America and Caribbean Region
Plaza de Cagancha 1335 P. 9
Casilla de Correo 6739
11.100 Montevideo, Uruguay
Tel: (598-2) 922 037/44
Fax: (598-2) 920 223
e-mail: fdurrant@idrc.ca

Carlos Filgueira
Centro de Informaciones y Estudios del
Uruguay (CIESU)
Maldonado 1858, Casilla 10587
Montevideo, Uruguay
Tel: (598-2) 499372/483205
Fax: (598-2) 480762

Lise Filiatrault
Project Manager
South America Program
Americas Branch/BML
Canadian International Development Agency
(CIDA)
200 Promenade du Portage
Hull, Quebec, Canada K1A 0G4
Tel: (819) 953-1032
Fax: (819) 994-4259

Émile Gauvreau
Director General
Policy and Planning Division
Americas Branch
Canadian International Development Agency
(CIDA)
200 Promenade du Portage
Hull, Québec, Canada K1A 0G4
Tel: 997-6424
Fax: 997 0077

David Gillies
International Centre for Human Rights, and
Democratic Development (ICHRDD)
63, rue de Bresoles, suite 100
Montreal, Quebec, Canada H2Y 1V7
Tel: (514) 283-6073
Fax: (514) 283-3792

Peter Hakim
President
Inter-American Dialogue
1211 Connecticut Avenue, N.W.
Suite 510
Washington, D.C. 20036, USA
Tel: (202) 822-9002
Fax: (202) 822-9553

Brent Hall
Associate Dean of Computing
Faculty of Environmental Studies
University of Waterloo
200 University Avenue West
Waterloo, Ontario, Canada N2L 3G1
Tel: (519) 885-1211, ext. 2399
Fax: (519) 725-2827
e-mail: gbhall@kupe.uwaterloo.ca - or -
gbhall@dial.uwaterloo.ca

John Hardie
International Development Research Centre
(IDRC)
PO Box 8500
Ottawa, Ontario, Canada K1G 3H9
Tel: (613) 236-6163
Fax: (613) 238-7230

Martha Luz Henao
FEDESARROLLO
Calle 78 # 9-91
Bogota, Colombia
Tel: (57-1) 312.5300
Fax: (57-1) 212.6073

Peter Hicks
Senior Policy Advisor
Human Resources Development Canada
140 Promenade du Portage, Phase IV
8th floor, room 825
Hull, Québec, Canada K1A 0J9
Tel: (819) 994-1780
Fax: (819) 997-3794

Terrance Hunsley
T.M. Hunsley Research and Consulting
Services
235 Bradford Street
Ottawa, Ontario, Canada K2B 5Z2
Tel. and Fax: (613) 828-3381

André Jacob
Professeur
Université du Québec à Montréal
Département de Travail Social
C.P. 8888, succursale centre ville
Montréal, Québec, Canada H3C 3P8
Tel: (514) 987-4548
Fax: (514) 987-8795

Islah Jad
Committee for Women's Studies
Programme
BirZeit University
PO Box 212
Ramallah, West Bank, via Israel
Fax: (972) 295-6229/(972) 295-5450

Patrick Johnston
c/o Deputy Minister's Office
Human Resources Development Canada
Phase IV, 13th floor
140 Promenade du Portage
Hull, Québec, Canada K1A 0J9
Tel: 997-7241 (Taskforce)
Fax: 953-5603

Carole Joling
Director
Library
International Development Research Centre
(IDRC)
PO Box 8500
Ottawa, Ontario, Canada K1G 3H9
Tel: (613) 236-6163, ext. 2580
Fax: (613) 563-9463
e-mail: cjoling@idrc.ca

Katherine M. Kealey
Publishing Consultant
International Publication Production
(INTERPUB)
1258 Portland Avenue
Ottawa, Ontario, Canada K1V 6E9
Tel: (613) 523-1128
Fax: (613) 523-5074
e-mail: kkealey@idrc.ca

Jonathan Kesselman
 Professor
 Department of Economics
 University of British Columbia
 1873 East Mall, #997, Vancouver
 British Columbia, Canada V6T 1Z1
 Tel: (604) 822-5608
 Fax: (604) 822-5915
 e-mail: kessel@econ.ubc.ca

Fadia Kiwan
 Professor at the Lebanese University
 Ministry of Culture and Higher Education
 PO Box 175-208
 Beirut, Lebanon
 Tel: (961) 1-200-659
 Fax: (961) 1-423-432

Jean-Michel Labatut
 Program Officer
 International Development Research Centre
 (IDRC)
 PO Box 8500
 Ottawa, Ontario, Canada K1G 3H9
 Tel: (613) 236-6163
 Fax: (613) 567-7748
 e-mail: jmlabatut@idrc.ca

Hugo Li Pun
 Senior Program Specialist
 Coordinator of Eco-regional Research
 Environment and Natural Resources
 Division
 International Development Research Centre
 (IDRC)
 PO Box 8500
 Ottawa, Ontario, Canada K1G 3H9
 Tel: (613) 236-6163, ext. 2503
 Fax: (613) 238-7230
 e-mail: hli-pun@idrc.ca

Paul McConnell
 Information Sciences and Systems Division
 International Development Research Centre
 (IDRC)
 PO Box 8500
 Ottawa, Ontario, Canada K1G 3H9
 Tel: (613) 236-6163
 Fax: (613) 238-7230
 e-mail: pmcconnell@idrc.ca

Gary McMahon
 Senior Specialist
 Economic and Technology Policy Program
 Social Sciences Division
 International Development Research Centre
 (IDRC)
 PO Box 8500
 Ottawa, Ontario, Canada K1G 3H9
 Tel: (613) 236-6163
 Fax: (613) 567-7748
 e-mail: gmcMahon@idrc.ca

Martha Melesse
 Research Assistant
 Social Policy Program
 Social Sciences Division
 International Development Research Centre
 (IDRC)
 PO Box 8500
 Ottawa, Ontario, Canada K1G 3H9
 Tel: (613) 236-6163
 Fax: (613) 567-7748
 e-mail: mmelesse@idrc.ca

Daniel Morales-Gómez
 Director
 Social Policy Program
 Social Sciences Division
 International Development Research Centre
 (IDRC)
 PO Box 8500
 Ottawa, Ontario, Canada K1G 3H9
 Tel: (613) 236-6163
 Fax: (613) 567-7748
 e-mail: dmorales@idrc.ca

Peter Ngau
 Lecturer
 Department of Urban and Regional Planning
 University of Nairobi
 PO Box 30197
 Nairobi, Kenya
 Tel: (O) (254) 2-724 527, ext. 202/204
 Fax: (254) 2-718 548

Trinidad Osteria
 Social Development Research Center
 De La Salle University
 2401 Taft Avenue
 Manila, Philippines
 Tel: (632) 595-177, ext. 540
 Fax: (632) 521-9094

Stephen Ouma
Department of Social Work and Social
Administration
Makerere University
PO Box 7062
Kampala, Uganda
Tel: (256-41) 534114
Fax: (256-41) 530412

Andrés Pérez
Department of Political Science
University of Western Ontario
London, Ontario, Canada N6A 5C2
Tel: (519) 661-3266, ext. 5154
Fax: (519) 661-3904
e-mail: perez@sscl.uwo.ca

Caroline Pestieau
Director General
Social Sciences Division
International Development Research Centre
(IDRC)
PO Box 8500
Ottawa, Ontario, Canada K1G 3H9
Tel: (613) 236-6163
Fax: (613) 567-7748
e-mail: cpestieau@idrc.ca

Alicia Pfund
Evaluation Office
Inter-American Development Bank
1300 New York Avenue, N.W.
Washington, D.C. 20577, USA
Tel: (202) 623-1086
Fax: (202) 623-3694
e-mail: aliciap@iadb.org

Felipe Portocarrero
CIUP
Avda. Salaverry 2020
Lima 11, Apartado 4683
Lima 100, Peru
Tel: (51-14) 712-277/729-635
Fax: (51-14) 706-121
e-mail: fportoc@upacif.edu.pe

Jeffrey Puryear
Inter-American Dialogue
1211 Connecticut Avenue, N.W., Suite 510
Washington, D.C. 20036, USA
Tel: (202) 463-2572/(202) 822-9002
Fax: (202) 822-9553

Dagmar Raczyński
CIEPLAN
Casilla 16496, Correo 9
Santiago, Chile
Tel: (56-2) 228-5656
Fax: (56-2) 208-7698

Ivan Roberts
Program Analyst
South American Program
Americas Branch/BML
Canadian International Development Agency
(CIDA)
200 Promenade du Portage
Hull, Quebec, Canada K1A 0G4
Tel: (819) 997-3697
Fax: (819) 994-4259

Julia Sagebien
Assistant Professor
Department of Marketing
Saint Mary's University
Halifax, Nova Scotia, Canada B3H 3C3
Tel: (902) 420-5806
Fax: (902) 420-5119
e-mail: jsagebien@husky.1stmarys.ca

Martha Stone
Director General
Information Sciences and Systems Division
International Development Research Centre
(IDRC)
PO Box 8500
Ottawa, Ontario, Canada K1G 3H9
Tel: (613) 236-6163
Fax: (613) 238-7230
e-mail: mstone@idrc.ca

Emilio Tenti
UNICEF
Maipú 942, Piso 14
(1340) Capital Federal, Argentina
Tel: (54-1) 312.0123, ext. 221
Fax: (54-1) 311.1316
e-mail: tenti@unicef.sld.ar

Pat Thompson
Senior Program Officer
Information Sciences and Systems Division
International Development Research Centre
(IDRC)
PO Box 8500
Ottawa, Ontario Canada K1G 3H9
Tel: (613) 236-6163
e-mail: pthompson@idrc.ca

Mario Torres A.
International Development Research Centre
(IDRC)
Latin America and the Caribbean Region
Plaza de Cagancha 1335 P. 9
Casilla de Correo 6739
11.100 Montevideo, Uruguay
Tel: (598-2) 922037/44
Fax: (598-2) 920223
e-mail: mtorres@idrc.ca

Necla Tschirgi
Program Officer
Social Policy Program
Social Sciences Division
International Development Research Centre
(IDRC)
PO Box 8500
Ottawa, Ontario, Canada K1G 3H9
Tel: (613) 236-6163
Fax: (613) 567-7748
e-mail: ntschirgi@idrc.ca

Darlene Tymo
Program Evaluation Branch
Human Resources Development Canada
112 Kent Street, 22nd floor
Ottawa, Ontario, Canada K1A 0J9
Tel: (613) 957-4083
Fax: (613) 954-0134

Raúl Urzúa
Director
Centro de Analisis de Politicas Publicas
(CAP)
Universidad de Chile
Diagonal Paraguay 265
Torre 15, Piso 13
Santiago, Chile
Tel: (56-2) 678-2076/678-2259
Fax: (56-2) 678-2006

Gustavo Verduzco
El Colegio de México
Camino Al Ajusco Nº 20
Pedregal de Santa Teresa 01000
México D.F., Mexico
Tel: (52-5) 645.5955, ext. 4120
(Part.) 550.6732
Fax: (52-5) 645.0464
e-mail: gverduz@colmex.mx

Carlos Vergara
SUR Profesionales
José Manuel Infante 85
Casilla 323-V, Correo 21
Santiago, Chile
Tel: (56-2) 236.0470/235.8143/204.7468
Fax: (56-2) 235.9091

Pilar Vergara
FLACSO
Leopoldo Urrutia 1950
Santiago, Chile
Tel: (56-2) 225.9938/225.6955/225.7357
Fax: (56-2) 274.1004

Anne Weston
Program Director
Trade and Adjustment
The North-South Institute
200-55 Murray
Ottawa, Ontario, Canada K1N 5M3
Tel: (613) 241-3535
Fax: (613) 241-7435

Elizabeth Whitmore
School of Social Work
Carleton University
Room 469, Saint Patrick's Building
1125 Colonel By Drive
Ottawa, Ontario, Canada K1S 5B6
Tel: (613) 788-2600, ext. 6692
Fax: (613) 788-7496
e-mail: ewhitmor@ccs.carleton.ca

Cynthia Williams
Acting Director General
Social Policy Division
Strategic Policy
Human Resources Development Canada
140 Promenade du Portage
8th floor, Phase IV
Hull, Quebec, Canada K1A 0J9
Tel: (819) 994-2245
Fax: (819) 997-0826

Maureen Wilson
International Centre and Faculty of Social
Work
University of Calgary
2500 University Drive N.W.
Calgary, Alberta, Canada T2N 1N4
Tel: (403) 220-7308
Fax: (403) 282-7269
e-mail: mwilson@acs.ucalgary.ca

APPENDIX 3: ACRONYMS AND ABBREVIATIONS

AFDC	Aid to Families with Dependant Children
APC	Association for Progressive Communications
CAD/CAM	Computer-aided design and manufacturing
CAFTA	Canada–U.S. Free Trade Agreement
CAP	Canada Assistance Plan
CEBRAP	Centro Brasileiro de Análise e Planejamento/Brazilian Centre for Analysis and Planning
CELADE	Centro Latinoamericano de Demografía/Demographic Latin American Centre
CIDA	Canadian International Development Agency
CIDE/REDUC	Centro de Investigación y Desarrollo de la Educación/Red Latinoamericana de Documentación y Educación/Education Development and Research Centre/Latinamerican Network of Documentation and Education
CIEPLAN	Corporación de Investigaciones Económicas para Latinoamérica/ Corporation for Economic Research on Latin America
CIESU	Centro de Informaciones y Estudios del Uruguay/Centre for Study and Information on Uruguay
CLAD	Centro Latinoamericano de Administración para el Desarrollo/ Latin American Centre for Development Administration
CPU	Corporación de Promoción Universitaria/Corporation for University Promotion

DOCPAL	Documentation on Population in Latin America
ECLAC	Economic Commission for Latin America and the Caribbean
EPF	Established Programs Financing
FEDESARROLLO	Fundación para la Educación Superior y el Desarrollo/ Foundation for Higher Education and Development
FLACSO	Latin American Faculty of Social Sciences
FTA	Free Trade Agreement
FUNDAP	Fundação do Desenvolvimento Administrativo/Foundation of Development Administration
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
GNP	Gross national product
HMOs	American Health Management Organisations
IBASE	Brazilian Institute for Social and Economic Analysis
IDB/BID	Interamerican Development Bank/Banco Interamericano de Desarrollo
IDRC	International Development Research Centre
ILPES	Instituto Latinoamericano de Planificación Económica y Social/ Latin American Institute for Economic and Social Planning
INCAE	Instituto Centroamericano de Administración de Empresas/Central American Institute for Enterprise Administration
ISER	Institute of Social and Economic Research
MERCOSUR	Mercado Comun del Sur
NAFTA	North American Free Trade Agreement
OAS	Organisation of American States

OECD	Organization for Economic Cooperation and Development
PREALC	Programa Regional de Empleo para América Latina y el Caribe/ Regional Program on Employment for Latin American and the Caribbean
REDATAM	REtrieval of DATa for small Areas by Microcomputer
REDATAM Plus	REDATAM Plus Geographical Information Systems
REDUC	Red Latinoamericana de documentación y Educación/Latin American Network on Education
SIDSnet	United Nations Small Island Developing States Network
SIPI	Sistema de Información para la Infancia/Information System on Children
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
Unesco	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
UWI	University of the West Indies
VAT	Value added tax

This page intentionally left blank

About the Institution

The International Development Research Centre (IDRC) is committed to building a sustainable and equitable world. IDRC funds developing-world researchers, thus enabling the people of the South to find their own solutions to their own problems. IDRC also maintains information networks and forges linkages that allow Canadians and their developing-world partners to benefit equally from a global sharing of knowledge. Through its actions, IDRC is helping others to help themselves.

About the Publisher

IDRC Books publishes research results and scholarly studies on global and regional issues related to sustainable and equitable development. As a specialist in development literature, IDRC Books contributes to the body of knowledge on these issues to further the cause of global understanding and equity. IDRC publications are sold through its head office in Ottawa, Canada, as well as by IDRC's agents and distributors around the world. The full catalogue is available at <http://www.idrc.ca/books/index.html>.