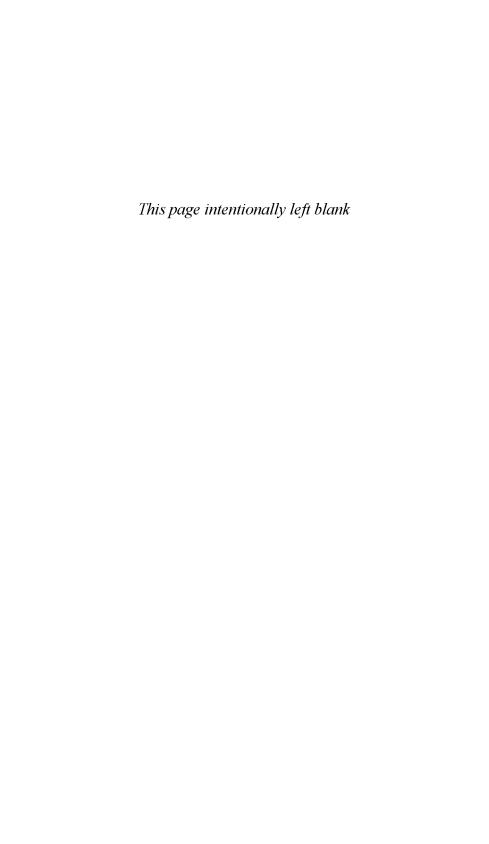# REFORMING SOCIAL POLICY

CHANGING PERSPECTIVES ON SUSTAINABLE HUMAN DEVELOPMENT

edited by Daniel Morales-Gómez, Necla Tschirgi, and Jennifer L. Moher

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SUSTAINABLE HUMAN DEVELOPMENT

Editors

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Introduction

The Paradox of Development

Necla Tschirgi

The 20th century has been a remarkable age of material advancement and sociopolitical transformation. By any yardstick, people around the world have witnessed profound changes in their conditions of life. For example, the 1997 edition of the *Human Development Report* of the United Nations Development Programme (UNDP) painted an impressive picture of major advances in the last 50 years: infant mortality rates have dropped to less than 60 per 1 000 births (a reduction of nearly 60%); adult illiteracy has been cut in half; primary-school enrollment has come to include more than three-quarters of the school age population, with notable increases for girls; life expectancy has increased to the age of 40 for 75% of the world's population.

Yet, these impressive achievements stand in stark contrast to persistent poverty, striking inequities in the distribution of the benefits of development, and wide-scale social exclusion or marginalization. The report indicated that 1.3 billion people (mainly women and children) in the developing world live on less than 1 United States dollar (USD) a day; 800 million people are malnourished; disparities between the rich and the poor remain vast in most regions, particularly in Africa and Latin America. Nonetheless, the report maintained that the eradication of extreme poverty in the first decades of the 21st century is a feasible and affordable goal. However, it also makes it clear that to accomplish that goal, economic growth in the world's poorest countries

needs to be accelerated, and governments, as well as other actors, need to implement policies to reduce poverty in their societies and promote human and social development around the world.

The annual issues of the *Human Development Report* and other similar studies provide a global report card by rating various indicators of development across geographic boundaries and socioeconomic systems. In doing so, they serve to underscore the inadmissibility of grave social deprivation in the midst of unparalleled material welfare in today's global society. More importantly, in dissecting the many dimensions of development and pointing to the linkages between them, such studies allow the emergence of a more integrated understanding of human progress and development. In the words of UNDP's James Gustav Speth, since the annual issues of the *Human Development Report* began to be published in 1990 they have been instrumental in "ending the mismeasure of human progress by economic growth alone" (UNDP 1996, p. iii).

There can be no doubt that, historically, economic growth has been instrumental in enhancing human welfare. However, history also confirms that the relationship between economic growth and human and social development is neither unilinear nor automatic. The emergence of "jobless growth" in a number of industrialized countries has, for example, given rise to widespread unemployment and to new forms of poverty and exclusion. Drastic financial crises in various newly industrialized countries have unleashed wide-scale social and political unrest. The negative environmental and health impacts of unrestrained material progress are amply established. The disruptive social, cultural, and political consequences of rapid economic growth have led to several problems, such as massive dislocations of populations, political upheavals, new health risks, crime, violence, and civil wars in various parts of the world. Technological and economic progress have also been instrumental in accelerating the cross-border transport of many development problems, such as drugs, crime, pandemics, and violence, thereby creating new security threats that supersede national borders.

The experience of the last 50 years shows that for development to occur, a complex set of factors needs to fall into place, and economic growth is only one of these factors. Higher levels of economic growth do not necessarily translate into increased social well-being or the eradication of extreme poverty for hundreds of millions of people excluded from development. In short, economic growth is no longer

equated with development. Instead, in the closing years of the 20th century, it is accepted that development has multiple dimensions, encompassing human security, macroeconomic growth, environmental sustainability, and participatory governance.

For students and practitioners, the key challenge is not only to understand the complex and multidirectional links among the various dimensions of development but also to identify the extent to which, and ways in which, these can be reinforced through appropriate public strategies and policies. Indeed, one of the key concerns of development theory and research has been to understand how public policies and programs can be designed to address both persistent and newly emerging development problems. Until recently, however, countries regularly defined their development policies in terms of macroeconomic considerations. Even when governments assumed responsibility for traditional social sectors, their policies were considered derivative of, or residual to, broader economic policies. It has only been with the broadening of the concept of development that it has come to be acknowledged that public policies in such diverse areas as education, health, housing, human rights, and the environment have in their own right a direct bearing on the nature, direction, and outcomes of a country's development efforts. Both governments and development agencies have increasingly come to recognize the need to put people at the centre of development and to give development a human face. They have begun to advocate strategies to explicitly address social-development needs.

Yet, there has been relatively little research that systematically examines the roles and impacts of noneconomic policies in development. Without historically rooted and comparative analyses of the limits of economic policies in addressing human-development needs and the role of noneconomic policies in development, the dominant strategies and prescriptions have continued to focus heavily on economic considerations.

Social policies as agents of development

Social-Policy Reform in Comparative Perspective was written to help to close a gap in development research. It examines the role of social policies in promoting development by looking at three countries — Ghana, Chile, and Canada — where governments have experimented

with a variety of reform packages to address development objectives. The study is a collective effort to shed greater light on the experiences of these countries in responding to changing human- and social-development concerns at different phases of their economic development and to gain a deeper understanding of the relationship between social policies and social-development outcomes.

This study considers an "integrationist" approach, with its emphasis on the need to simultaneously pursue and integrate economic- and social-development objectives. As the country analyses in this volume confirm, the appropriate mix of social and economic policies to meet broader development goals is neither easy to determine nor easy to implement. Moreover, their successful integration depends heavily on such variables as governance structures, leadership, institutional and policy frameworks, and the international economic and political environment. Their cumulative impact depends, perhaps as importantly, on more practical issues of policy design and implementation.

In contrast to the heavy focus to date on economic policies, this study seeks to draw special attention to the ways governments in Ghana, Chile, and Canada have used social policies, alongside their economic policies, to achieve human-development goals. More specifically, the studies focus on social-reform programs adopted in these countries in response to persistent or emerging development problems, ranging from widespread poverty in Ghana, to a lack of social participation in Chile, to unemployment in Canada.

Social policies are defined in this study as deliberate public strategies to tailor economic growth to serve explicit social objectives and needs. They are by definition culturally and socially specific. Inevitably, as the individual country studies in this volume make abundantly clear, each country has developed its social policies in response to its economic conditions, sociocultural environment, and political regime. Although historically each of these countries has been unique in the particulars and performance of its social-policy framework, they have all given the state a predominant role in providing social services and programs.

As the following chapters illustrate, however, the model of the welfare state in each of its many forms has increasingly come under strain. The failure of the command economies of the Cold War era, the growing influence of international financial institutions and the conditionalities attached to externally driven economic-reform

programs, and the impacts of globalization on nation-states' control over their domestic policies have changed the state's role in development. Reform programs in each of the three countries under examination have, for example, included such policy measures as privatizing and decentralizing social services, establishing various eligibility criteria to target social programs, and introducing user fees for social services. Interestingly, these reforms have often been embraced on the grounds that they are expected to maximize public investments and improve the performance of government policies and programs in the social sectors. However, until now, no adequate research had been done on the nature, direction, anticipated benefits, and actual results of the ongoing reforms. In most cases, social-policy reforms have been pursued without sufficient knowledge of the factors that influence their success or failure. The available information tends to be polarized between the competing normative views of mainstream neoliberalism and its critics. Assessments of implementation experiences are required to develop empirically informed policy options. This is one of the challenges that this book attempts to meet.

The choice of Ghana, Chile, and Canada for closer analysis should be explained. These countries are not only radically different but also situated at distant points on any international development scale. For example, Ghana ranked 132nd in the 1997 Human Development Index (HDI) and is a low-income developing country where poverty alleviation has been the key social-policy challenge for successive governments. Critical development indicators in Ghana reveal a life expectancy of 56.6 years, an adult-literacy rate of 63.4%, and a per capita gross national product (GNP) of 390 USD. The country has limited economic capacity, a negative growth rate, and a growing and youthful population with many needs and demands. Historically, Ghana's social policies have been minimalist, largely inadequate, and ineffective. In contrast to Ghana, Chile is a middle-income country with an impressive ranking of 30th in the 1997 HDI. With a per capita GNP of 4 160 USD, the Chilean population has a life expectancy of 75 years and an adult-literacy rate of 95%. Chile's recent economic recovery has frequently been called a miracle, and the Chilean model has been held up for emulation in other countries. Chile has experimented with various development strategies in the last few decades, culminating in its current liberal, free-market economy and its pluralistic political system. Unlike Ghana, Chile has a relatively

extensive social-policy infrastructure, which has no doubt contributed significantly to its relatively high standard of living. Finally, Canada is an industrialized country, a member of the Group of Seven and the Organisation for Economic Co-operation and Development (OECD). It has occupied the highest ranking in the HDI in recent years and prides itself in having a well-developed social-policy framework. It is a high-income country, with a GNP per capita of 19 380 USD, a life expectancy of 79 years, and an adult-literacy rate of 99%. Yet, Canada is currently experiencing serious economic and social problems, such as high rates of unemployment, child poverty, a large national debt, and a continuing threat to its unity from a powerful separatist movement in Quebec.

Despite the marked differences among these countries and the fact that each has a distinct social-policy system, it is worth noting that today all three are confronting policy challenges that have led them to redefine their social policies in significant ways. In each case, the new prescriptions for more effective, efficient, and equitable social policies are sought in measures that involve a redefinition of the role of the state in development and that provide for significant innovation in social-policy design and implementation. Thus, the experiences of Ghana, Chile, and Canada may have implications beyond their particular contexts, and these implications may emerge from a comparative study of their reforms.

The case studies in this volume are interpretive essays, rather than in-depth country profiles. In fact, each of the three country-study chapters provides a general trajectory of social policies in a particular setting over time. As social policies are products of concrete socioeconomic conditions and political processes, the authors offer distinctive analyses of the nature, evolution, and operation of social policies in their countries.

The studies in this volume show that the very definition and scope of social policy differs from country to country and within each country over time. As the intent of this volume is primarily to describe how individual countries have defined and implemented policies to deal with nagging social-development concerns, it was considered appropriate to allow the authors the flexibility to determine the scope and boundaries of their analyses within a minimal common framework. Each author was asked to address four common issues:

- The historical and current context for social-policy reforms in the country of study;

- The rationale, principles, and expected outcomes of ongoing reforms;

- The dynamics and institutional underpinnings of the social-policy reforms; and

- Any key issues for further research and analysis that emerged from the historical study of the country's social policies.

These four issues were emphasized not only to highlight the specifics of the experience of the three countries in responding to their unique social-development needs but also to gain a greater appreciation of the importance of the institutional and policy frameworks in developing effective reforms.

Divergent experiences and common themes

It is difficult to draw easy or replicable lessons from the experiences of Ghana, Chile, and Canada in reforming their social-policy systems. However, as the following analyses indicate, the development challenges these three countries have so far faced and will undoubtedly continue to face in new forms in the future demand ongoing policy innovation and reform.

The concluding chapter seeks to situate the country-specific experiments in social-policy reform within the contemporary context of development theory and practice; it considers some limitations of the long-standing debate between the neoliberal school and its critics and reflects on the emerging integrationist perspective on development. Drawing on the experiences of Ghana, Chile, and Canada, as well as from the broader body of literature on social-policy reform, the concluding chapter identifies four critical themes in policy implementation and the related research issues. These themes are useful in comparing the country-specific analyses.

The first concerns the decentralization of social policies. What emerges from the country studies, as well as from other relevant literature, is that a wide range of policy options and a new array of policy actors are involved in current efforts to decentralize social policy. Country-specific approaches to decentralization yield variable outcomes, as a result of important contextual factors, such as institutional capacity, political institutions, and financial resources. Second

is the theme of the democratic underpinnings and consequences of social-policy reform, and the concluding chapter points to the contradictory nature of current evidence about the democratizing character and impacts of recent experiments in social-policy reform. Under the third theme, the concluding chapter discusses the privatization of social policies. Once again, the outcomes of different privatization strategies are found to be rooted in a host of normative and operational choices, and this belies any claims that privatization provides an effective solution to overstretched and inefficient public programs; instead, the answers to the relevant questions about the costs and benefits of different privatization schemes should be sought in their particular design and implementation. Finally, the concluding chapter identifies the principles, technical prerequisites and capacities and the financial and operational mechanisms that have informed the various schemes to target social policies; it again draws attention to the wide range of determinants of the social and economic impacts of these schemes.

This volume serves to draw attention to the promise and potential of the comparative study of social policies. We have sufficient evidence to suggest that the current wave of social-policy reforms in both the developing and the industrialized countries is the result of a radical rethinking and major overhaul of some of the basic premises of post-World War II development orthodoxy and that the current wave of social-policy reforms warrants a more rigorous analysis of the variations in social-policy choices and social-development outcomes. Under these circumstances, it is important and legitimate to expect that the comparative study of social policies can only flourish and become a key component of development studies.