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The empowerment paradigm in Latin American social policy: The case of Mexico

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MAIN POINTS

The emergent paradigm of social policy in Latin America is too narrow in its implied definition of empowerment, with the effect that resultant poverty changes are marginal rather than structural – policy must go beyond provision of a safety net and seek to provide genuine opportunities.

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Executive Summary

This OCGG Economy Analysis paper provides a description and a critique of current social policy in Latin America emphasising the Mexican case. First, the social policy of the region during the 20th century is briefly described. Second, the *emergent paradigm* is introduced and the Mexican case is presented as an example. Criticisms on the paradigm, along with policy recommendations aiming at improving it, are then pointed out. The argument in the paper is as follows: the emergent paradigm stresses empowerment as the road to solving poverty and, to achieve it, proposes to expand opportunities, of all kinds, for the poorest groups in society. Although the paradigm represents a move in the right direction, it requires more resources, a more efficient use of them and an expansion of social policy to include other policy areas.

Above all, what the paradigm could really use is a broadening of the concept of empowerment implied in it: empowerment is understood as power delegation rather than as structural transformation leading to poorer groups having more power and, therefore, a saying in how society is run. As a consequence, the social policy in the region may lead to the poorest becoming the relatively poor and nothing else. To avoid this, major structural changes, which can really make a significant difference in terms of the expectations for the future of the poorest groups in society, have to take place. Such changes are mentioned in the paper but it is also acknowledged that they take time. However, the need of, at least, discussing them is stressed since it could be the beginning of the road to, eventually, achieving them. The concrete policy recommendations presented and detailed in the paper are:

1) To consolidate a social policy which emphasises the development of human capital.

2) To begin thinking of social policy beyond simply forming a safety net. Social policy should also be about the creation of permanent employment, markets and incomes through co-ordination with other policies.

3) To dedicate more resources to social policy. Coupled to this, governments must generate more revenue. In cases where collection capabilities are weak, an alternative may be a progressive VAT. Another alternative is to make certain government services more expensive for wealthier individuals.

4) Expenditures have to be more efficient. Transfers in exchange for certain actions, coupled with expansions of basic education and health services, are efficient since otherwise the poor may not demand these services. More accountability in service provision is essential too. A way to increase it is to inform people of what they are entitled to and to encourage them to stand up for it legally.

5) To evaluate the emergent paradigm from the following perspective: can it really solve poverty or will it make from the poorest the relatively poor? One must be careful with the paradigm since it may end up producing poor people who are not suffering from major deprivation anymore, which is positive, but who will most likely remain at the bottom of society. This is why a broadening of the concept of empowerment rooted in the emergent paradigm is called for.

Introduction

In this paper I look at social policy in Latin America emphasising the Mexican case. First, I describe, briefly, the social policy of the region during the 20th century. Then, I present what is known as the social policy ‘emergent paradigm’ and use the case of Mexico as an example. After that, I criticise the paradigm and make some suggestions to improve it. Finally, conclusions are drawn.

The argument is as follows: the emergent paradigm stresses empowerment as the road to solving poverty and, to achieve it, proposes to expand opportunities, of all kinds, for the poorest groups in society. Although the paradigm represents a move in the right direction, it requires more resources, a more efficient use of them and an expansion of social policy to include other policy areas and/or the co-ordination of social policy with other policies.

Above all, the paradigm would benefit from a broadening of the concept of empowerment implied in it: empowerment is understood as power delegation rather than as structural transformation leading to poorer groups having more power and, therefore, a say in how society is run.

As a consequence, the social policy implemented in the region may lead to the poorest becoming the relatively poor – but little else. To avoid this, major structural changes, which can really make a significant difference in terms of the expectations for the future of the poorest groups in society, have to take place. While acknowledging that such changes take time, I stress the need to at least discuss them as a first step to achieving them.

I. Social policy in Latin America in the 20th century

In Latin America, and elsewhere, social policy has always been linked to economic goals. During the years in which the region experienced outward-oriented growth, there was no social policy as such since it was believed “all” the State had to do was to provide public security and enforce contracts (very much a *laissez-faire* State). Indeed, governments tended to focus only on education since it was considered as the vehicle for the transmission of national values and a common language. Then, during the import substitution phase, social policy began to be used to protect the interests of wage-earners and to create/consolidate a middle class with enough purchasing power to ensure demand for high-cost domestically manufactured products.

It is during these years that the traditional social policy paradigm emerged. Its main features were: 1) the State (understood as government) was responsible for all aspects of social policy (design, implementation, etc.); 2) social policy decisions stemmed from administrative or political considerations and even corporative pressures; 3) policy financing came from fiscal resources; 4) aimed at universality understood as a homogenous supply to all. However, it favoured the best organised, educated and informed sectors of society; 5) its coverage expanded gradually as more resources became available although some groups are not covered yet even today; 6) such gradual expansion did not care for the quality of the services provided nor for its future financing (hospitals were built today although there was no money to staff them tomorrow); 7) its success (or failure) was determined by the size of public social expenditures and not by their outcomes.¹

After the debt crisis, a new economic model which emphasises markets, efficiency, exports, international competitiveness and the maintenance of economic balances was introduced. As Franco points out (1996), this model calls for a well-trained and flexible labour force so that technical progress can be incorporated into the production process and, therefore, end the traditional aspects of Latin American international (spurious) competitiveness: cheap labour and/or the over-exploitation of natural resources. This type of labour force demands more investments by governments (although not only by them).

At the same time, however, I am still following Franco, this need for resources is constrained by the fierce competition in world markets, which may drive governments to reduce tax-burdens in order for their economies to remain competitive. There is then a contradiction between the economic and the social needs of the model. The social policy paradigm which has emerged in Latin America since the 1990s aims, precisely, at dealing with such contradiction. This, however, does not mean that the traditional paradigm has fully disappeared; today’s Latin America’s social policy is more or less a blend of the traditional and the emergent paradigms.²

¹ This paragraph and the next one draw on Franco (1996) and Gerstenfeld (2002).

² An example of the blend of the emergent and the prevailing or traditional paradigm is the fact that, in some countries, there are still pensions backed by the State but there are also private pension funds. And the same goes for health and education services.

II. Latin American social policy today

During the 1980s, and owing to the urgent need to balance the public finances, social expenditure in Latin America collapsed and it only recovered its real 1980 levels in the mid 1990s (Ocampo 1998). Along with the recovery in expenditure levels, the last decade brought some new ideas regarding social policy.³

1) The State is no longer considered the only relevant actor in terms of both financing and implementation. Regarding the financing, the State now works along with private entities and tends to concentrate on those persons who, otherwise, cannot have access to basic services. For instance, governments provide “free” medical services (a small fee towards cost recovery is usually charged) to people who could not have access to such services any other way; people who can are expected to insure themselves in the private market. In terms of the design/implementation aspect (and also some of the financing), NGOs have become important too.

2) Some of the resources are now allocated through the demand-side. For instance, in Colombia a voucher system has been put in place to allow parents to choose what school they want to send their children to. And in Chile schools get a direct subsidy depending on the number of students they “capture”.

3) Instead of focusing on providing a universal homogenous supply of services for all, the new social policy concentrates on the universal satisfaction of needs. It is based on equity: those who are worse off need more attention, resources, etc. This is complemented by the use of targeting, whose aim is to ensure a great per capita impact on the selected group. The point is to provide people in poverty the tools to get out of it and that is why most resources and efforts concentrate on them. These are the reasons why social programmes such as *CONTIGO* (the core of Mexican social policy –see below) and *Chile Solidario* (also see below) have become so popular in the region.

4) Impact of the programmes is what is truly important. Therefore, the use of the size of public social expenditure or a ratio in which it is involved (for instance, public social expenditure/GDP) is rejected as an indicator of how good or bad social policy is. It is argued that such indicators do not tell us anything about the use of the resources (efficiency, progressiveness) and they can shift easily without having any impact on the recipients (for instance, a rise in the salary levels of public officials). So, the need for indicators particular to each project is stressed.

As an example of what is going on in the region today, I present a general description of Mexican social policy. I will only focus on those aspects of it related to the direct tackling of poverty; this work is not about, pensions, maternity leave, etc., but about the direct provision of goods and services for the poor. As we will see, the case study here introduced is a good representative of the emergent social policy paradigm.

³ The following description of the emergent paradigm relies on Franco (*Op. cit.*) and Gerstenfeld (*Op. cit.*).

III. Mexican social policy in the new century

Mexican social policy is based on the assumption that poverty is not associated to the Mexican economy being unable to produce enough for all but to inequality in the distribution of wealth-generating assets: human and physical capital and the opportunities to use them in productive ways.⁴ Therefore, the key is to identify the barriers to capital accumulation and utilisation, and eliminate them.

This strategy, applied under the banner of *CONTIGO*, aims then at equipping people, the very poor, with the necessary means for them to make the most out of their productive capabilities and/or help them develop such capabilities. *CONTIGO* is then about empowering people. The barriers to capital accumulation and use have been identified as: 1) lack of basic services (sanitation, housing, hospitals, etc.); 2) lack of basic capabilities (education, nutrition, health); 3) lack of assets to be invested (no ownership of anything); 4) lack of insurance to face emergencies (such as unemployment or loss of harvest); 5) lack of opportunities to access the credit and labour markets (discrimination, entry costs, absence of properly-working credit markets), and 6) lack of a judicial identity (people who “do not exist” and who, therefore, cannot participate in the formal economy).

For each of these barriers there is a program, or sets of programs, which aim at eliminating it and, when taken together, at allowing people to *lift themselves* out of poverty. Particular actions range from providing cash benefits (scholarships) to young students (children and teenagers) to setting at least a telephone and Internet connection point in every community of the country. Other aspects of *CONTIGO* include provision of the following: safe water, food complements and milk, electricity, a minimum health package and schooling. The programme also provides help for acquiring housing (or to improve existing housing) and in setting productive projects. Temporary employment aiming at the building of infrastructure, identity cards for people (judicial identity) and the legalisation of property are too actions of *CONTIGO*.

The basic principles of the strategy are: equity, transparency in the use of resources, co-responsibility between government and society, social cohesion to enhance governance and democracy, and integrity, understood as convergence of objectives and policies to make the most out of social expenditures.

Regarding NGOs, it must be pointed out that, in recent times, they have played a growing role in the provision of social services for a growing number of Mexicans. Fundación Teletón, Fundación Televisa and Fundación Azteca are just three of the many organisations which, more and more, deal with social issues such as assistance for disabled children, providing computers for schools, etc. Fundación Azteca and Fundación Televisa are linked to the two main Mexican TV chains, i.e., to two of the most economically and politically powerful enterprises in the country, which makes them prone to criticism. However, that does not mean they are any less ‘non-governmental’ nor helpful than many other, smaller, NGOs which tend to work not at a national level but at a regional one. This is the case of the many and varied organisations one can find, for instance, in Chiapas where several small

⁴ This section draws on Székely (2002) and Secretaría de Desarrollo Social (2004). The term *empowerment* does not appear as such in any of the 2 documents this part of the text is based on, however, I use it to describe Mexican social policy, and Latin American social policy in general, because the policy actions here described are exactly about what in the Development literature is referred to as empowerment.

NGOs work along with indigenous communities in the development of productive projects (coffee growing, textiles production, etc.) which emphasise individual empowerment and gender equality.

As we can see, the Mexican case constitutes a good example of the emergent paradigm of social policy in Latin America. A similar case is Chile where the programme *Chile Solidario*, the strategy of President Lagos' government to deal with extreme poverty by providing all Chileans with a minimum level of welfare from which they can start to build a future (MIDEPLAN 2004) is very much like *CONTIGO*. And the same goes for the current Peruvian social policy, defined in the *Carta de Política Social*, which emphasises the fight against poverty through the empowerment of the individual, i.e., through actions also very much like the ones *CONTIGO* pursues (El Peruano 2001).

So far, it should be clear that *the emergent paradigm is about changing the living conditions of the population*, that is what makes it, and not about building, just for the sake of it, hospitals and schools so that "coverage" has been expanded. This approach has a lot to do with empowerment, i.e., incorporating people who are outside the decision-making process into it by giving them access to political structures, markets and incomes (Rowlands 1995:102).

IV. Policy recommendations

Let us start by the obvious: Latin America, and the developing world, face major social problems. People are harmed everyday, physically and psychologically, by massive poverty, unemployment and inequality. On top of that, these problems prevent the consolidation of economic growth and contribute to perpetuate the situation. In order to achieve economic success, specially under the new economic model – highly reliant on world markets and competition – societies have to be capable of innovating and/or adapting to innovations and of capturing more and more shares of the markets, i.e., competitive societies. A poor and unequal society is not competitive, at least not in the mid to long term. This is why Franco (*Op. cit.*: 21), myself (Román-Zozaya 2005), Stallings and Weller (2001) and many others call for *a social policy which emphasises the development of human capital; that is the first policy recommendation.*

The emergent paradigm does this but narrowly. For instance, according to the Mexican government and as part of its social policy programmes, in 2003 there were 31.9 million visits to doctors whereas in 2001 only 22 million. This sounds very well but what these figures do not show is that, in Mexico, it is common for small rural clinics, which deal with the bulk of the poorest part of the population, not to be properly equipped nor staffed. It is also common that medicines are scarce and/or that people have to travel long distances in order to see a specialist, etc. The point being that although seeing a doctor is relevant and it is a way to improve the stock of human capital, so is the quality of the service provided and this is where Mexico (and all of Latin America) have to do better.

Human capital would be useless if it cannot be put to work, so, social policy should also emphasise the creation of employment. Stallings and Weller (*Op. cit.*) stress this point: employment is the link between economic development and social development, specially in Latin America where the main source of income of most households comes from employed labour. To create employment, social policy has to co-ordinate with other policies; governments have to understand that all policies which have an impact on the welfare of individuals are to be considered as social policy. I am talking about a holistic social policy or an array of policies all working together towards a common objective.

Mkandawire (2001) also believes in a holistic social policy. Indeed, he defines social policy as collective interventions which affect social welfare, social institutions and social relations. If what we are aiming at is to change the living conditions of the poor then social policy is about changing the social environment and this is why we have to conceive it not as subordinate of other policies but as *the policy* for social transformation, which is why it must co-ordinate with other policies on equal basis. For instance, economic policy and social policy have always been linked and it is indeed impossible to separate them: '[i]t makes no sense to discuss economic and social policy in isolation...[w]hen advocating austere macroeconomic policies, policymakers often assume that the social costs can be dealt with by a social safety net, but a safety net can easily become overloaded. Conversely, the design of the social transfer system has significant implications for the working of the economy' (Atkinson 1999:4-5). However, in Latin America, and elsewhere, the relationship between economic and social policy has been one of subordination of the latter to the former. What I argue for is that both policies are relevant and should work in tandem rather than against each other: a sound economic policy is a social good which favours everyone and a good social policy can become an economic asset.

But social policy should also be linked to other policies. For example, almost all of Latin America, certainly Mexico, could become a truly massive holiday paradise and, in this way, provide jobs, trigger demand and an opportunity for growth. At the end of the day, being competitive means being capable of getting customers, i.e., of selling something (an idea, a product, a service) to a growing number of people and to make a living out of it. So, in this example, efforts should be made at consolidating tourism and selling it successfully. This implies the building of infrastructure where it is lacking, training people to work in the industry, taking care of the environment, promoting the locations, providing public security, etc. The point being that this cannot be an issue tackled by one policy only but it has to do with social policy. *So, the second policy recommendation is to stop thinking of social policy only as a safety net, as a tool to help the neediest and prevent them, for instance, from starving. Social policy should be about that, as the emergent paradigm stresses, but also about the creation of permanent employment, markets and incomes through co-ordination with other policies.*

The emergent paradigm is moving in this direction. In the Mexican case, the Ministry of Social Development works along with other Ministries to implement *CONTIGO*. However, the problem lies in the limitations of what start to become the *traditional* programmes associated to the emergent paradigm: they look more like poverty-alleviating rather than poverty-solving (although they claim the opposite). If people are healthier they should be able to work, if they own a house they should be able to access the credit market, if they have judicial identity they should be able to participate in the formal economy, etc. The question that remains is whether that is sufficient to end poverty and deprivation – or, to put it another way, whether strategies such as *CONTIGO* will convert the poorest people into the relatively poor but achieve nothing beyond this (a point expanded below).

Latin American countries need to spend more on social policy. According to Table 1, Latin America only spent, on average, under 7% of GDP in health and in education in the last decade. In the OECD countries, in contrast, expenditures in these two crucial areas are well between 9% and 15% of GDP. Besides, these richer countries dedicate, in per capita terms, about ten times more than Latin American countries to social policy (Faúndez 1998: 21). Another way to stress the need for more expenditures is the following: according to the Mexican government, about 55 million Mexicans do not have enough income to cover the following needs: 1) a minimum amount of food; 2) shelter; 3) clothing and shoes; 4) health, 5) public transportation, and 6) education (SEDESOL *Op. cit.*: 7-8). In 2003, 20 million people benefited from the *Oportunidades* programme (the core and bulk of *Contigo*); clearly, even if the strategy was flawless, it is *relatively* small.⁵

The emergent paradigm does not care too much about how much it is spent on social matters. It is true that more spending does not necessarily mean better social policy but in a case like Mexico, and Latin America, it is evident that more resources are necessary given the magnitude of the problems to be tackled. This is a point also stressed by Stallings and Weller (*Op. cit.*) and De Ferranti *et al* (2004) who do not only call for more expenditures but for financing them through getting more taxes from those groups better off and through the improvement of collection, in general,

⁵ Some of these 20 million people benefited from seeing a doctor, some others from getting a scholarship in exchange of attending school, others from having access to safe water, etc. This is how the 20 million people figure is achieved, therefore, it does not follow that ALL 20 million persons benefited from everything *CONTIGO* offers.

and enforcement (more on this below). *So, the third policy recommendation is to dedicate more resources to social policy.*

In the last decade, efforts have been made in this direction. For instance, public social expenditure in Latin America is now above half of total public expenditure whereas in 1990/1991 it represented less than 45%. However, public social expenditure in relation to GDP has very much remained the same in the last few years since it represented 11.05% in 1990/1991 and it was 14.93% in 2000/2001 (see table 1). So, in the region, although the share of public money being used for social matters is growing, the share of *national* wealth used for social questions is not growing that much. A particular case is that of Brazil where the share of GDP dedicated to social affairs remained almost constant from 1990/1991 to 2000/2001. In Uruguay, on the contrary, this very same figure moved from 16.9% to 23.5% which proves that it is possible to dedicate more resources to social expenditures.

Table 1: Latin America and selected countries; social expenditure indicators, 1990-2001

	Period	Latin America	Mexico	Argentina	Brazil	Chile	Uruguay
Social expenditure/GDP	1990/1	11.05	6.5	19.3	18.1	11.7	16.9
	1994/5	13.04	8.8	21.1	19.3	12.3	20.3
	2000/1	14.93	9.8	21.6	18.8	16.0	23.5
Social Expenditure/ Total Public Expenditure	1990/1	44.9	40.8	62.2	48.9	60.8	62.4
	1994/5	50.9	52.4	65.6	58.2	64.8	70.8
	2000/1	53.4	61.5	62.4	61.6	69.7	75.0
Health/GDP	1990/1	2.5	3.0	4.3	3.6	1.9	2.9
	1994/5	2.8	2.4	5.0	3.4	2.2	3.5
	2000/1	3.0	1.9	5.0	3.0	2.8	2.8
Health/ Total Public Expenditure	1990/1	9.7	18.6	14.0	9.6	9.6	10.8
	1994/5	10.5	14.0	14.8	10.1	11.8	12.1
	2000/1	11.0	11.6	14.3	9.9	11.7	8.8
Education/GDP	1990/1	2.8	2.6	3.6	3.7	2.4	2.5
	1994/5	3.5	3.8	4.2	4.6	2.7	2.5
	2000/1	4.0	4.1	5.0	3.8	4.1	3.4
Education/ Total Public Expenditure	1990/1	12.2	16.4	11.6	9.9	12.0	9.1
	1994/5	14.8	23.0	13.1	13.7	14.1	8.6
	2000/1	15.4	25.6	14.6	12.2	17.7	10.7
Social Security/GDP	2000	5.4	0.9	8.1	10.1	9.0	20.4

Source: For social security expenditures De Ferranti *et al* (2004: 271). For the rest, CEPAL (2004: 345-348).

Notes: Latin America includes Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Paraguay, Peru, Uruguay and Venezuela except for Social Security Expenditures which include a broader sample. Social Security Expenditures include old-age, disability and survivor's pensions as well as employment injury, sickness, family, housing and social assistance benefits in cash and in kind (education not included).

Related to the above there is, obviously, the tax issue. This paper is not about taxation and social policy (addressed in Cobham 2005) but it must be pointed out

that the fact that the share of national wealth dedicated to social expenditure is growing much less than the share of social expenditure in total public expenditure is probably an indicator of the following: governments do wish to spend more on social affairs but they cannot extract more revenue to do this, so, they dedicate more and more of the revenue they are able to get to social matters. This strongly suggests that the governments' income in the region is smaller than necessary and that, therefore, more taxes are a must. In the Mexican case, for instance, the government captures about 22% of GDP as revenue but, out of this, only half corresponds to taxes (the rest comes from different sources, mainly the oil industry). In comparison, in the OECD countries total government revenue averages well over 40% of GDP with the bulk of it coming from taxes.

Why? Simply because Mexico has a weaker capacity to collect revenue than the average OECD nation. This is why State capabilities in Latin America must be enhanced. Otherwise, not only does revenue remain low but, given the low collections of personal income and property taxes, the tax regimes in the region remain mildly progressive or even regressive. As a result, the poor, middle classes and the rich pay about the same proportion of their incomes in taxes (De Ferranti *et al Op. cit.*: 12).

Given the above, *the fourth policy recommendation is simply to increase revenues*. In cases where collection capabilities are weak, an alternative is progressive VAT. Another alternative is to make certain government services more expensive for wealthier individuals. For instance, why not charge people with higher incomes much more for a driving permit? It must be kept in mind, however, that these measures should not be implemented to substitute for the State's ability to extract income and property tax; State consolidation, in all senses, is a task Latin American countries, and all developing countries, must complete if they are to have any real expectation of becoming better societies (Román-Zozaya *Op. cit.*; De Ferranti *et al Op. cit.*). Of course, the issue here gets complicated by the possibility of fiscal competition among countries (a race to the bottom). But this does not have to be the case necessarily. For instance, in return for higher tax rates, investors could be offered good value, i.e., a capable labour force, security and access to markets.

Of course not everything is about spending more and more, although this is necessary. According to Savedoff *et al* (1997), in Latin America what seems to determine the differences in the levels of education and health among countries is not spending but the degree of efficiency in the delivery of services. *So, besides spending more this should be done efficiently, that is the fifth policy recommendation*. To this respect, De Ferranti *et al* (*Op. cit.*) argue that services have to be accessible to all since it is common that only formal workers receive them. A way to tackle this problem is through redistributive transfers on the basis of need and delivered only when recipients have taken certain actions in return, for instance, going to school or sending their children to school (this is of course part of what the emergent paradigm is about and one of the actions which Mexican social policy contemplates).

This type of transfers, following De Ferranti *et al*, coupled with overall expansions of basic education and health services makes sense in terms of efficiency since, otherwise, the poor may not demand these services. Besides this, more accountability in service provision is essential. To enhance it, one could use a voucher system in the education system, as it is already done in some countries, but, most important, one has to inform people of their rights: telling people what they

are entitled to and encouraging them to stand up for it (within the limits of the law, obviously) can be a way to pressure doctors, teachers, etc., to do their jobs properly and efficiently.

The 6th and last policy recommendation is to evaluate the emergent paradigm from the following perspective: can it really solve poverty or will it make from the poorest the relatively poor? This is a question asked by Abel and Lewis (2002:35). It is crucial since it is about the entire strategy being implemented in Latin America and advocated by the World Bank (2001) and very much inline with that implemented in the developing world as a whole. De Ferranti *et al* (*Op. cit.*) point out that a strategy solely based on broadening asset ownership may take a long time to deliver, which is why redistribution, linked to State strengthening, is very important. But that matter, as relevant as it is, is not what I am referring to. What I am talking about is the underlying notion on which the emergent paradigm is based: empowerment is the way forward. Let us see.

There is a problem with the empowerment notion that the emergent paradigm asserts: it implies delegation. This is because it is related, obviously, to power, particularly to a 'power over' understanding of the concept. 'Power over' means that 'one person, or grouping of people, is able to control in some way the actions or options of another. This can be overt, such as through the use of physical coercion, or hidden, as when psychological processes are influenced in such ways to restrict the range of options perceived, or to lead someone to perceive the desired option as being their own desire' (Rowlands 1998:12).

The problem with empowerment as delegation is that if power can be bestowed by one individual upon another, it can 'just as easily be withdrawn: in other words, it does not involve a structural change in power relations' (*Ibidem*). This is exactly what seems to be the problem with the emergent paradigm: it seeks to empower the poor but *within reason*, i.e., without jeopardising the positions already occupied by the wealthy and powerful. This is paradoxical given that the emergent paradigm claims to be about changing the living conditions of the poor. Rather, it aims at giving the poor certain tools to face the environment but not necessarily at changing it, at least not to its roots. In this way, what such a paradigm may end up producing is poor people who are not suffering from major deprivation anymore, which is positive, but who will most likely remain at the bottom of society: poor peasants can now send their children to school owing to the scholarships/transfers which encourage them to do so, but, a typical upper middle class person in Latin America can send their children to a private school (which are generally better and, by opening up "escape routes" for those who can afford them, take pressure off the governments to improve the quality of state schools) and even to study abroad.

So, the gap remains. Given that welfare is always relative, the poorest people can simply end up as the relatively poor. The strategy then aims at solving poverty, and it may do so relatively, but not at providing people with believable, sustainable and ample channels to move up the social ladder. To do so would imply major structural changes which range from truly empowering the poor (give them significant political voice and vote), to land reform, in some cases, and the emergence of new and broader pro-poor political coalitions which are very likely to engage in conflict with opposing groups. In other words, it would imply a major break with history, as De Ferranti *et al* (*Op. cit.*) have accurately stated; only time will tell whether this is possible or not but a way to start moving in this direction is, at least, to question the policies and strategies followed by governments in terms of social affairs.

Conclusion

In this paper I have described, and criticised, what is known as the emergent social policy paradigm in Latin America emphasising the Mexican case. This new paradigm stresses empowerment and, to achieve it, focuses on expanding opportunities, of all kinds, for the poorest groups in society. Although the paradigm represents a move in the right direction, it requires more resources and a more efficient use of them, an expansion of social policy to include other policy areas and/or the co-ordination of social policy with other policies. Above all, what the paradigm could really use is a broadening of the concept of empowerment involved in it: empowerment is understood as delegation rather than as structural transformation. As a consequence, the social policy implemented in the region may lead to the poorest becoming the relatively poor and nothing else. I have called therefore for the structural (mainly political) changes which can really make a significant difference in terms of the expectations for the future of the poorest groups in society. I acknowledge such changes may take time but I stress the need of, at least, discussing them.

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About the project

This OCGG Economy Analysis is part of a series of publications stemming from the OCGG Economy Section's Development and Fiscal Policy project, by early career-stage researchers currently studying and working at leading universities around the world. The central theme is the reassessment of fiscal policy priorities in development.

The project seeks to assess the prospects for poorer countries moving towards stable and sustainable long-term paths on which governments are able to pursue poverty reduction and broader human development goals through the exercise of fiscal policy. Advice for bilateral and multilateral donors will focus on the nature of development assistance provided and on the policy priorities pursued.

The project combines different approaches, leading to research that:

- assesses the experience of specific countries (from Mexican social policy to Kenyan tax administration, from Argentinean inequality to Zambia's use of aid revenues);
- considers the drivers of policy change at national and international level, including a careful case-study assessment of IFI recommendations for fiscal policy made to countries at different levels of income;
- offers new theoretical perspectives (e.g. on political inequality and inflation as a tax, and the decomposition of poverty changes into their growth and inequality components); and
- carries out analysis on newly assembled data (e.g. on the components and nature of redistribution in rich countries).

All work, both advice and underlying research, is made available via our website, at

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The OCGG Economy Section will publish an issue of the Oxford Journal on Good Governance, which will be devoted to the themes of this project. It will include contributions from high-profile external contributors from academia and policy, as well as showcasing OCGG policy advice. Since all of the OCGG's operations – including research, advice and publications – are funded by donation, project sponsors are sought. To get involved with the project, visit the website or contact the section director Alex Cobham at alex.cobham@oxfordgovernance.org.

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