SOCIAL INCLUSION AND ECONOMIC DEVELOPMENT
in
Latin America

Edited by Mayra Buvinić and Jacqueline Mazza with Ruthanne Deutsch

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F O R E W O R D

Latin America and the Caribbean is one of the regions in the world with the greatest ethnic, racial and cultural diversity. This diversity is a major asset that holds the key to achieving lasting economic and political stability and constructing a fair, cohesive and democratic society. However, the region must overcome a long and divisive history of exclusionary practices that have only left societies poorer, divided, unequal and blind to diversity and its riches. This collection of readings represents an effort by the Inter-American Development Bank to contribute towards developing a region that values its indigenous cultures, acknowledges its different ethnic roots, promotes the leadership role of women and gives voice to persons with disabilities and HIV/AIDS. It is part of a Bank-wide initiative to support countries in the region in building more socially inclusive and cohesive societies. The region must embrace the challenges of this ideal that not only holds great promise for its growth and development, but also is a clear ethical imperative.

Enrique V. Iglesias, President
Inter-American Development Bank

Acknowledgments

This book is the result of a larger initiative of the Inter-American Development Bank to promote social inclusion within the region and the institution and, as such, owes its origins and its drive to many people. We wish to thank IDB President Enrique V. Iglesias and former Executive Vice-President K. Burke Dillon for galvanizing the IDB to recognize the region's rich diversity and set a goal to include racial and ethnic peoples in all aspects of the Bank's work. Behind their efforts, however, is the High-Level Steering Committee on Social Inclusion of Bank management headed by Dennis Flannery, Executive Vice-President, and the sustained and passionate efforts of IDB staff that comprise the Technical Working Group on Social Inclusion. They number too many to mention individually, but we would like to thank them for tirelessly advancing better research, operations and policies on social inclusion.

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This collection of readings conveys the awareness that poverty and inequality in Latin America and the Caribbean are easily recognizable in the faces of women, Afro-descendents, indigenous peoples, people with disabilities, and people living with HIV/AIDS, among others. The Inter-American Development Bank has a record of promoting the development of women and indigenous people, but until a few years ago, when the work that led to this book began, there was little recognition of the exclusion faced by Afro-descendents (who by some estimates constitute as much as a third of the region's population), people with disabilities, and people living with HIV/AIDS. There also was no understanding of the commonalities among groups and, therefore, no sharing of work plans, experiences and lessons.

This book brings to the fore both the common features of excluded groups and the particular exclusion faced by Afro-descendents, people with disabilities, and people living with HIV/AIDS. Over the past few years, responding to growing interest among its member countries, the IDB has devoted increasing resources to documenting the conditions and promoting the inclusion of groups marginalized by gender, ethnicity, race and disability. At its annual meetings, the Bank has convened seminars on disability (Chile, 2001) and HIV/AIDS (Brazil, 2002). It also held a high-level dialogue on race and ethnicity (Washington, D.C., 2001) in preparation for the UN World Conference against Racism in South Africa in 2001. This last dialogue paid special attention to Afro-descendents and was preceded by a Bank-wide staff retreat some months earlier to review the work done and the challenges ahead to recognize the region's diversity and address the needs of excluded groups.

Parallel to these events, IDB President Enrique V. Iglesias and then-Executive Vice President Burke K. Dillon stressed the importance of social inclusion objectives in Bank operations and noted that Bank lending was giving increasing attention to excluded groups. Initiatives included a project with the government of Brazil to promote greater access to higher education for Afro-Brazilians as well as greater participation, an inclusive local development project with the Garífuna people after Hurricane Mitch in Honduras, and an endeavor to involve Afro-descendents as well as indigenous people in a sustainable development project in Panama. In addition,

IDB staff drafted an internal action plan to promote inclusion in Bank operations with concrete, measurable objectives and actions. All these events helped create an institutional momentum that finds expression in this volume.

Almost simultaneously with the drafting of the internal inclusion agenda, the Bank realized the advantages of using this concept to link its work on women, indigenous peoples, Afro-descendents, people with disabilities, and people living with HIV/AIDS, thereby sharing experiences and lessons, achieving economies of scale, and building a broad, common base of support. The experience of Europe came to the Bank's attention, as well, as a place where the concepts of social inclusion and cohesion originated and as a useful reservoir of experience for an increasingly integrated Latin America. As a result, the Bank held a dialogue between the two regions on social inclusion at the 2003 Annual Meeting in Milan that brought to the table both the European experience and the experiences of different excluded groups in Latin America.

This volume draws in particular from the papers prepared for the 2001 dialogue on race and ethnicity and the follow-up 2003 dialogue between Europe and Latin America. Contributions are grouped into four parts. "Understanding Social Inclusion in Latin America and the Caribbean" grounds the term in the reality of the region and in the language of economics. The second part, "Perspectives from Europe," draws on the above-mentioned experiences of that region and how they relate to Latin America. Part Three, "Human Capital and Social Inclusion," focuses on labor markets and human capital as key vehicles to promote inclusion or perpetuate exclusion. The final part, "Learning through Experience," reviews actions to promote the inclusion of different groups in the region.

While social inclusion policies are very new in the region, there are already achievements that need to be studied, disseminated and replicated. The purpose of this volume is to stimulate this sharing of experiences and lessons and, ultimately, to spur increased action throughout Latin America and the Caribbean.

Carlos Jarque, Manager
IDB Sustainable Development Department

Contents

Part I

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Understanding Social Inclusion in Latin America and the Caribbean

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Introduction: Social Inclusion in Latin America

Mayra Buvinić

Social activism and a new generation of social policies are taking hold in Latin America and the Caribbean. Just consider the many affirmative action initiatives to overcome the centuries-old exclusion of indigenous peoples and Afro-descendents. Social inclusion is becoming a popular antidote to recalcitrant poverty and inequality, to the dislocations associated with globalization, and to the widespread discontent over past policies. Latin America in the new century is becoming more like Europe, where government initiatives to combat social exclusion, dating back to the 1980s, are well established in regional and national social policy frameworks (see Chapters 7-9).

Some pioneer policy initiatives in Latin America can be traced to the late 1980s and early 1990s. An example is the 1991 Colombian Constitution, which recognized ethnic and cultural diversity as a fundamental principle of the state. And in the past three to five years there has been a flurry of government activity promoting various aspects of social inclusion:

- Brazil created a National Affirmative Action Program by presidential decree in May 2002, adopted racial quotas for staff hiring in government agencies, and reserved places for Afro-descendents in main public universities.
- Mexico passed comprehensive anti-discrimination legislation (see Chapter 6).
- In Peru, a 1997 law outlaws racial discrimination.

- Several integrated development projects address the constraints faced by excluded populations, such as the Garífunas in Honduras, indigenous peoples in Chile, Afro-descendents on the Pacific Coast of Colombia, and persons with disabilities in Mexico and Nicaragua.

Why the new policy interest? Over the past decade, a combination of events—especially the attention to social issues in the hemispheric Summit of the Americas in Quebec in 2001, the United Nations Women's Conference (1995), the UN Social Summit (1996), and the UN Conference against Racism (2001)—crystallized awareness of social inclusion as a policy objective and provided impetus (and funding allocations) for these initiatives. This interest was fostered by advances in promoting citizen solidarity and social rights that emphasized distributional issues for groups rather than individuals. The writings of Amartya Sen (1999) and others on the complementarities between rights and development objectives have also been important.

Structural antecedents include globalization and the firming up of democracy. Globalization that rewards high-skilled over low-skilled work has intensified wage inequalities in the region and made them more visible (Bouillon, Buvinić and Jarque, forthcoming). Wage and income-based inequalities are critical dimensions of exclusion—both the causes and the consequences of exclusionary practices (see Chapter 2). The requirements of democracy have translated into growing citizen participation and social demands. Women, indigenous peoples, persons with disabilities, and more recently Afro-descendent groups have raised their voices in the policy process. Lastly, a focus on social inclusion in Latin America is an attempt by governments to respond with new measures to the widely shared view that existing development paradigms cannot address pressing social concerns and longstanding inequalities.

Reflecting this new interest, international development agencies have embraced the goal of social inclusion and supported research on the causes of poverty and inequality and the remedies (Gacitúa, Sojo and Davis, 2001; Behrman, Gaviria and Székely, 2003). This chapter reviews some of this early evidence, providing a frame of reference for promoting social inclusion in the region.

What, Exactly, Is Social Inclusion?

The term social exclusion is broad and can have different meanings. But there is general agreement on its core features, its principal indicators, and the way it relates to poverty and inequality (Sen, 2000; Bourguignon, 1999; Rodgers, Gore and Figueiredo, 1995). The inadequacy of income is central, but it is agreed that social exclusion refers to a wider set of circumstances than poverty. Social exclusion is more closely related to the concept of relative rather than absolute poverty and, therefore, inextricably linked with inequality. It refers not only to the distribution of income and assets (as does poverty analysis) but also to social deprivation and lack of voice and power in society.

In Latin America, this lack of voice and power is perhaps best reflected in the low representation of excluded groups in political decision-making. For instance, in 2002 only 4.4 percent of Brazilian congressmen and women were Afro-descendents, although this group makes up almost half of the Brazilian population (*Jornal a Tribuna de Santos*, July 29, 2002). And although the share of women in parliaments has been increasing rapidly over the past five years, women still hold less than one-fifth of senate and congressional seats across Latin America.

Social exclusion is "the inability of an individual to participate in the basic political, economic and social functioning of the society in which she lives" (Tsakloghu and Papadopoulos, 2001). Or more concisely, it is "the denial of equal access to opportunities imposed by certain groups of society upon others" (Behrman, Gaviria and Székely, 2003). The first definition gives the range of behaviors affected by exclusion, showing its multidimensionality. The second points to what perhaps are the two most distinguishing features of exclusion: that it affects culturally defined groups and that it is embedded in social interaction.

Social exclusion occurs if group membership has a sizable impact on an individual's access to opportunities and if social interaction occurs between groups in a power/subordinate relationship. The group feature argues for reconsidering the focus on individual poverty and inequality prevalent in the development agenda—to focus instead on the neglected

dimension of group or "horizontal" inequalities, which reduce individual welfare over and above individual inequality (Stewart, 2001). The relational feature highlights the importance of social and cultural assets rather than only economic assets in the analysis of poverty, and underscores the active and deliberate nature of exclusion (Figueroa, 2001; Gore, 1995; Sen, 2000).

Exclusion is not inevitable. It results from societal and cultural processes. As put by Aggleton, Parker and Maluwa in Chapter 15, "social exclusion doesn't just happen, it has to be made to happen." In addition, social exclusion is arbitrary—people are excluded because of ascribed rather than achieved features, beyond individual agency or responsibility.

There is agreement that social exclusion has both spatial and intergenerational dimensions and that it is more permanent than transitory. Residential segregation in Bolivian cities shows the spatial segregation of exclusion: indigenous people in segregated indigenous neighborhoods fare worse (in incomes) than in mixed neighborhoods (Gray-Molina, Pérez de Rada and Sojo, 2003). Exclusion's spatial segregation suggests the advantage of decentralization schemes and policies that use territorial targeting.

The intergenerational dimension of exclusion locks people into poverty conditions over generations. In the region, this is perhaps most visibly reflected in the consistently lower educational attainments of indigenous children. In Peru, for instance, 1994 data showed that 36 percent of poor nonindigenous children and only 23 percent of poor indigenous children had completed secondary schooling (Morán, Castañeda and Aldáz-Carroll, 2003). In Mexico, children who speak only indigenous languages perform worse in school than children who are bilingual and speak Spanish as well (Parker, Rubalcava and Teruel, 2003).

To combat this permanent nature of exclusion, social protection and other short-term measures to help poor people weather adverse events need to be complemented by broader policies that expand access to opportunities. The intergenerational feature also signals the importance of community and family in the design of policies to break the transmission of disadvantage between generations.

Given these features, indicators to measure social exclusion and inclusion fall into seven general categories:

- Measures of poverty, including the depth of poverty, and measures of inequality.
- Access to quality social services (including health, education and housing) and productive resources (land, capital, technology).
- Access to physical infrastructure, such as water, sanitation and transport.
- Access to and participation in labor markets.
- Social participation and social capital indicators.
- Justice and political participation indicators.
- Violence (including homicide) and victimization indicators.

Common Features of Excluded Populations

Social exclusion is carved into Latin America's history. It is a product of colonial exploitation of native resources and people, including the African slave trade and forced labor of indigenous peoples. And it is the product of decades, if not centuries, of persistent inequality. Populations with a history of exclusion have different histories, social identities and agendas, and the source of their exclusion is unique. But they also share common features and mechanisms of exclusion.

Invisibility

First, and perhaps most characteristically, socially excluded groups are invisible in official statistics (censuses and government surveys). Latin America knows more about the diversity of industrial production than it knows about the diversity of its people. The numerical invisibility of socially excluded groups reflects and reinforces their exclusion. For instance, fewer than a third of countries in the region have official statistics on Afro-descendents—despite their constituting at least 10 percent of the region's population and totaling between 80 and 150 million people.

Countries often collect some information on indigenous peoples, but the data tend to be insufficient and unreliable.

In recent years, Mexico and Paraguay have instituted special censuses to provide more comprehensive information on the characteristics and needs of indigenous peoples. Only Brazil, Chile and Nicaragua have begun to systematically collect information on people with disabilities, estimated to be 5 to 15 percent of the region's population. And information is especially lacking on the conditions of women among the poor.

Poverty

Excluded groups, sharing poverty and disadvantage, are over-represented among the poor. In Bolivia, Guatemala and Peru ethnic groups constitute 60 percent of those who live below the poverty line (IDB, 2003; Patrinos, 2000). Afro-descendent populations in Brazil (*pretos* and *pardos*) measure significantly lower on the human development index than their non-African counterparts (Pantano and Deutsch, 2001). Women in excluded populations have lower earnings and social welfare indicators than all other groups.

The poverty of socially excluded groups is permanent rather than transitory. And unless it is purposefully addressed with a range of social investments, it persists over generations, locking individuals into poverty. For instance, in Guatemala in 1998, 58-year old nonindigenous women had close to two years more of completed schooling than indigenous women of the same age. But for 23-year old Guatemalan women, the difference was even greater, at two and a half years (Duryea, Cox-Edwards and Ureta, 2001).

Stigma and Discrimination

The poverty and deprivation from social exclusion often produce stigma and discrimination. Stigmatization associates human differences shared by a group with negative attributes that separate "us" from "them," and reduce "their" status. Power differences are at the core of stigma, since groups with

little power cannot stigmatize others (Link and Phelau, 2001). Stigma dramatically influences the distribution of life chances. It can be a self-fulfilling prophecy and lead to self-exclusion. It can produce direct discrimination. It addresses basic beliefs about people and who they are (Loury, 2002). There is growing research evidence on the stigma of living with HIV/AIDS (Aggleton, Parker and Maluwa, 2002; WHO, 2002).

Discrimination, often a consequence of stigma, is another shared characteristic of excluded groups. Discrimination can result from societal imposition or from "self-discrimination," where the legacy of past discrimination discourages individuals from seeking certain jobs, walking into health clinics, or advocating their rights. In Latin America there is substantial evidence of wage discrimination in the labor market affecting women, indigenous people, and Afro-descendents (Deutsch, et al., 2002; Patrinos, 2000; Arias, Yamada and Tejerina, 2002; Mezzera, 2002). This wage discrimination persists when controlling for education and experience.

In addition to the wage discrimination that results in pay differentials for the same job, members of excluded groups are less likely to obtain jobs in sectors with better pay, as processes of occupational segregation segment the labor market (Deutsch et al., 2002). Chapter 12 of this volume analyzes earnings differentials in urban Peru using a 1 to 10 scale of racial intensity. The authors find evidence of occupational segregation and wage discrimination. Predominantly white individuals have better jobs (in the service sector) and earn higher wages than predominantly indigenous individuals.

Cumulative Disadvantages

Socially excluded populations suffer cumulative disadvantages when persons exhibit two or more of the ascribed features that lead to group exclusion. In Honduras, the Garífunas, an Afro-descendent population, have one of the highest rates of HIV/AIDS in the region. The stigma associated with HIV/AIDS builds on and reinforces gender prejudices. So women tend to be blamed more than men for having HIV/AIDS, and they suffer more stigma than their male counterparts (UNAIDS, 2002).

In Latin America, the situation of the average woman has improved markedly in recent decades. But disaggregated data show that black, indigenous and other women in socially excluded groups have been left behind, with many suffering compound discrimination. They are excluded from jobs for women because of their race, and they are excluded from jobs for men because they are women (Crenshaw, 2000). In Brazil, according to 1999 data on average earnings of economically active persons in urban areas, white men achieved the best results in the labor market while black women achieved the worst ones, with the lowest earnings. White women did better than black men, but only because they had significantly more education. But when schooling levels were equal, white women did worse than black men. This suggests that the intergenerational transmission of low educational attainments severely constrains Afro-descendents' opportunities. But if this were not the case, gender would trump race in restricting labor market opportunities (Mezzera, 2002).

Policy Options

Policies for inclusion call for public investments to correct imbalances in access to quality services and to productive and political resources. They strive to "level the playing field" and create an enabling environment for the excluded to exercise their agency. Many of the individual elements of a comprehensive inclusion strategy have existed in Latin America for years in fragmented form. But inclusionary policies are mostly new and evolving. And there is scant information on what works, how it works, and how much it costs.

Even a cursory review of recent experience (Table 1.1) yields a rich collection of activities that seek to address the shared features of exclusion by:

- Making the invisible visible in statistics.
- Breaking the intergenerational transmission of disadvantage.
- Expanding access to labor, land and capital markets.
- Implementing integrated local development projects.

- Combating stigma and discrimination with laws and preferential policies.
- Empowering socially excluded groups.

Making the Invisible Visible in Statistics

Improving the ability to gather information disaggregated by gender, race and ethnicity, disability, age and other features associated with exclusion is a basic step for governments in promoting inclusion. Such information is critical for better program design and for more effective targeting and program evaluation. Twelve countries in the region included questions on ethnicity and race in the 2000 round of population censuses, some for the first time (Honduras, Peru). Some countries conduct stand-alone censuses to measure disability (Brazil, Chile, Nicaragua), and the Mercosur countries have begun to coordinate and standardize this information. In addition, specialized surveys include questions to identify excluded individuals and present disaggregated data on them.

Preliminary lessons from these efforts show the desirability of working with a package of statistical instruments to increase the reliability and check the validity of the data collected with any one instrument— and of combining census information with more detailed information from household surveys and qualitative instruments. Cultural variations in the definition of excluded groups and the often negative affect associated with excluded categories can introduce biases and measurement errors in data collection (from both interviewers and respondents). Census data, while defining the baseline for socially excluded populations, are limited by their extended timeframe (every 10 years, at best) and by their brevity (typically one to three questions on race, ethnicity, disabilities, and other attributes of social exclusion). So, surveys and studies conducted more regularly (household surveys) or specialized surveys (such as indigenous censuses) are fundamental to producing reliable statistics on excluded populations.

When using self-reporting to categorize people in excluded groups, this measure should be complemented by alternative definitions to

Table 1.1. Examples of Social Inclusion Initiatives in Latin America

Common features of exclusion	Actions and instruments[1]	Examples
1. Invisibility	*Visibility, diversity promoted by:*	
	Government statistics (censuses, surveys)	Argentina: Both household surveys and censuses include questions on self-identification for 19 indigenous groups. Brazil: Collects data on race and ethnicity on both census and household surveys in categories of black, white and indigenous. Colombia: Questions based on self-identification and for indigenous groups questions on their language. Honduras, Ecuador and Nicaragua: Strengthening their censuses and statistics bureaus to include race and ethnicity in future censuses.
	Constitutional laws on multicultural diversity, legal recognition of autonomous territories	Recognizing multicultural nations: Bolivia, Colombia, Ecuador, Mexico, Paraguay. Recognizing indigenous peoples as distinct groups with specific constitutional rights: Argentina, Bolivia, Brazil, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru, Venezuela. Recognizing indigenous customary law: Bolivia, Colombia, Ecuador Nicaragua, Panama, Paraguay, Peru. Recognizing special jurisdictions for indigenous peoples to exercise jurisdictional functions within their territories, or recognizing legal systems of autonomous territories: Colombia, Peru.
	Multicultural curriculum and bilingual education	Chile: Bilingual program since 1993. Colombia: Afro-Colombian studies curriculum, Ministry of Education. Ecuador: Bilingual education system since 1988.

[1] Actions and instruments may address more than one feature of exclusion.

Table 1.1. *(cont.)*

Common features of exclusion	Actions and instruments	Examples
2. Structural poverty and disadvantage	*Targeted actions and specialized agencies to increase assets and opportunities of poor through:*	
	Educational and health subsidies, including scholarships	Brazil: Diversity in Access to Higher Education Program, Rio Branco Institute—provides preparatory courses for Afro-descendents to enter foreign service; establishes quotas for state universities for Afro-descendents in the State of Rio de Janeiro, and at the State University of Bahia. Colombia: Subsidized programs for Afro-descendents (since 1999). Mexico: Scholarships provided for Afro-Mexicans in Oaxaca.
	Local and regional development	Chile: Special indigenous development funds program. Nicaragua, Guatemala: Atlantic Coast development programs. Panama: Darien Project.
	Land reform and titling	Colombia: Law 70/1993, Plan for Afro-Colombian Development. Ecuador and Chile (for indigenous groups): land reform and titling program.
	Specialized government agencies	Argentina, Colombia: Indigenous Affairs Division of the Ministry of the Interior. Bolivia, Ecuador: Ministry of Ethnic Affairs. Brazil: Special Secretariat for the Promotion of Racial Equality, thematic working group on racial discrimination, national and local councils to combat discrimination, working group for the elimination of employment-related and occupational discrimination, interministerial working group for the promotion of the Afro-descendent population. Costa Rica: National Indigenous Council.

Table 1.1. Examples of Social Inclusion Initiatives in Latin America (cont.)

Common features of exclusion	Actions and instruments	Examples
		Mexico: Independent commission for the drafting of anti- discrimination laws, High Commissioner for Persons with Disabilities, Federal District Institute for Youth. Almost all countries: Women's offices or ministries.
	Social protection	Colombia: Social Emergency Program. Guyana: Social Impact Amelioration Program. Jamaica: Social Safety Net Reform Program. Mexico and Nicaragua: Demand-driven transfer programs.
3. Stigma	*Tolerance, solidarity and empowerment promoted by:*	
	Communication and education campaigns to change stereotypes	Argentina: National Aids Program. Brazil: Sexually Transmitted Disease and AIDS Program.
	Strengthening advocacy organizations in civil society	Brazil: *Comunidade Solidária* Program Caribbean/Latin American Working Group (networks on social exclusion and land reform). Costa Rica: Arias Foundation for Peace and Human Progress (supports NGO networks).
4. Discrimination	*Leveling the playing field through:*	
	Preferential policies, including scholarships, quotas for hiring and for political parties, etc.	Argentina ,Bolivia, Brazil, Costa Rica, Dominican Republic, Ecuador, Mexico, Panama, Peru, Venezuela: gender quotas. Bolivia, Brazil, Costa Rica, Guatemala, Nicaragua, Panama, Venezuela: Quotas for persons with disabilities. Brazil: National Program of Affirmative Action (Executive Order 4.228) for targeted hiring of people of African descent, women and people with disabilities (at least 20%).

Table 1.1. *(cont.)*

Common features of exclusion	Actions and instruments	Examples
		Brazil, Colombia (since 1991 Constitution): Quotas for ethnic groups. Colombia: Law establishes that 30% of decision-making positions in the government need to be occupied by women. Venezuela: Three legislative seats reserved for indigenous groups.
	Anti-discrimination legislation and enforcement	Bolivia, Brazil, Costa Rica, Ecuador, Guatemala, Nicaragua, Panama, Peru, Venezuela, Mexico: Civil protection for socially excluded groups against discrimination in key areas, such as employment, accommodations, education, trade union membership, and provision of goods and services.
	Tailoring infrastructure and services to increase access	Brazil: Rio de Janeiro urban revitalization increases access to disabled. Chile: Persons with disabilities are given 10 extra points when applying for public subsidies or housing programs. Colombia: National Museum "where everybody sees." Mexico: Accessibility in public buildings has been enhanced for persons with disabilities by building ramps and making public transportation accessible.
	Labor market intermediation and training	Argentina: *Argentina Joven.* Chile: *Chile Joven.* Chile: Regional program for increasing access to the labor force for blind persons. Mexico: PROBECAT; SEDESOL program for female heads of household. Peru: PROJOVEN.
5. Cumulative disadvantages	*Increasing assets and opportunities to the doubly excluded by targeting services and resources, empowering and building a common support base*	

obtain more reliable estimates of the size of these populations, since people often will choose not to self-identify with a characteristic not valued in society. When an index of racial intensity (from 0 to 10) was used to identify excluded populations in urban Peru, respondents scored themselves with higher values of white intensity and lower values of indigenous intensity than the scores interviewers gave them (see Chapter 12).

The identification of excluded groups through nationally recognized statistics, and their participation in survey design and collection, improves the quality of the statistical outcome and increases these groups' visibility and self-recognition. National statistical institutes need to expand participation of excluded populations in all phases of the statistical cycle by developing and testing initial questions on race and ethnicity; undertaking pilot surveys; training representatives from excluded groups to help conduct the surveys and interpret the results; carrying out education and awareness-raising among excluded groups; and encouraging dissemination and use of data by excluded groups.

A key lesson is that there is a great difference between "participation" and "consultation." Consultation or "providing information" after the fact, once questions have been developed or data have been collected, tends to reduce the response rate, utility and applicability of data for excluded groups. Without participation from the outset, excluded groups may not overcome years of concern about identifying themselves as belonging to an excluded group—or overcome fears on how the information will be used.

For censuses and many other survey instruments, there are welcoming "economies of scale" in applying the lessons from developing questions from one excluded group to another and using the same basic data collection framework, since these tasks usually fall under the same office or staff member in national statistical agencies (Massiah, 2003). The umbrella concept of social inclusion used here should facilitate this learning.

Breaking the Intergenerational Transmission of Disadvantage

Excluded groups need better access to assets and opportunities to overcome structural or permanent poverty. And indeed, a growing number of

government actions increase their access to quality services by modifying or tailoring service delivery to their needs and by targeting services. A well-known example of "tailoring" is Rio de Janeiro's use of universal design principles (with all users in mind, regardless of their physical ability) in a 1994 massive urban revitalization project, partly responding to advocacy by organizations of persons with disabilities. Modifying the design of crosswalks and street fixtures increased the mobility and spatial access of persons with disabilities. Transport vehicles were also adapted for the same purpose. Similarly, a number of projects are using ethno-engineering principles to increase indigenous peoples' access and use of social infrastructure, including housing and health clinics (Perafán, 2001).

Education is a well-known tool to break intergenerational disadvantages, with tailored interventions becoming more common. Examples are programs that:

- Provide bilingual education, as in Bolivia, Ecuador, and Honduras.
- Expand physical access and introduce innovative pedagogy to include people with disabilities in regular classrooms, as in Mexico's 2002 "inclusion in higher education" program.
- Adapt curricula to stress multiculturalism and the contributions of Afro-descendents and indigenous cultures, as well as to combat cultural stereotypes, as with Colombia's Ministry of Education chair on Afro-Colombian studies.
- Offer educational subsidies, scholarships and admission quotas to students from excluded groups, as in Brazil's scholarships for Afro-descendents to prepare for foreign service exams and state university reserved places for *pardos* and *pretos*.

These efforts suggest that tailoring physical and social infrastructure to meet the needs of excluded groups is viable and affordable. In the United States, where data are available, universal design for the disabled adds less than 1 percent of the total costs in new infrastructure projects. One issue here is the design of separate or inclusive services. For instance, inclusive education often is a preferred option for the disabled, but sepa-

rate educational curriculum may be more appropriate to teach indigenous languages. Another issue is the choice of targeting mechanisms, when targeting is used.

Project experience suggests that general poverty targeting (always imperfect) usually is not enough, and that operations need to make special efforts to reach excluded populations. An Inter-American Development Bank project review showed that poverty-targeted projects that did not include specific objectives to reach excluded populations often reinforced their exclusion (Nelson, 2001). In addition, when the poor also belong to excluded groups, general lessons from projects that target the poor are even more applicable. The lessons show the importance of:

- Matching targeting goals with sufficient resources during implementation to achieve targeting objectives.
- Developing long-term strategies.
- Strengthening political alliances to ensure project sustainability.
- Strengthening the professional and technical capabilities of nongovernmental and grassroots organizations that represent excluded groups, advocate on their behalf, or implement project components (Goodman, 2002; Morrison, 2001).

Projects that target excluded populations with services need to guard against the potential stigma that can be associated with targeted interventions—with an even greater risk when the poor also belong to excluded groups. They must also build alliances and garner political support from other (more politically powerful) actors who will also benefit from the project (suppliers, contractors, government employees).

The low educational attainment of most excluded groups in Latin America (women are the exception) underscores the importance of schooling in inclusion initiatives. But the elimination of gender gaps in schooling in the region has only modestly reduced gender gaps in employment and income in the short term. This suggests that education is not the silver bullet for eroding social exclusion, especially exclusion associated with ethnicity and race. Education needs to be complemented by labor market and other interventions to enhance assets and opportunities (Hannum and Buchmann, 2003).

Expanding Access to Labor, Land and Capital Markets

As shown in Chapter 8 of this volume, the European experience reveals that the labor market is one of the weakest links between excluded groups and mainstream society, so expanding the labor market insertion of excluded populations can be an effective tool to combat poverty (Tsakloghu and Papadopoulos, 2001). Latin America is using technical training and labor market intermediaries to increase the labor force participation of women and persons with disabilities. Examples of IDB-financed projects include a Mexican initiative to expand access to the disabled; technical training and labor intermediation projects for disadvantaged youth, including women, in Argentina, Chile and Peru; and technical assistance to Argentina, Chile and Uruguay to help with labor force participation of the blind.

A preliminary lesson from these efforts is that close collaboration with the private sector boosts efforts to enhance labor force participation by the excluded. As in developed countries, the combination of training with placement directly in a private sector job has helped improve the performance of excluded groups. In addition, organizations that represent the excluded have helped employers identify the supply and the skills. To improve access and labor market performance for excluded populations, consideration needs to go to at least three modes of intervention:

- Specialized programs for the excluded when appropriate, such as workforce training for those with disabilities.
- Universal programs with recognition of excluded groups' special needs, such as national youth training programs with outreach efforts to increase female participation.
- Rights-based legislation and enforcement to overcome labor market discrimination.

Access to productive assets also breaks the structural poverty of excluded groups. A new generation of land titling and land reform programs benefits women, indigenous peoples and Afro-descendents, recognizing collective and community land ownership when relevant.

Colombia's Law 70 in 1993 mandated a collective land titling program, which granted 4.6 million hectares of land to Afro-descendents on the Pacific Coast from 1997 to 2000 (Grueso, 2002). Land titling programs implemented throughout the region in the 1990s have granted women (especially women who head agricultural households) individual or joint land ownership (Deere and Leon, 2000). Experience shows the importance of land titling—and the limitations. For land acquisition or titling to result in productivity growth, complementary inputs such as capital and technologies are required. Programs often fail when the land intervention is not supported with additional investments.

Land ownership increases access to credit, since it can be used as collateral. Another vehicle for increasing access to capital is microfinance. Latin America has a long history with microfinance, which has expanded women's access to credit, among other gains. Four lessons have emerged from more than two decades of such programs. First, if appropriately tailored to reduce the transaction costs of small borrowers, microfinance projects do not need to specifically target excluded groups (in this case, women) to reach them. Second, women are good credit risks and can repay real interest rates. Third, credit increases women's productivity and thus empowers them. And fourth, despite the benefits, the impact of microfinance is limited. For example, rarely does microfinance "graduate" female small borrowers into formal lending (Berger and Buvinić, 1989).

The experiences suggest, nonetheless, that land titling and microfinance are effective tools for governments to redress inequality and exclusion. But there is a need to document the impact of these programs on productivity and well-being, and to identify complementary interventions to overcome inherent limitations.

Implementing Integrated Local Development Projects

In response to the territorial (spatial) dimension of social exclusion, as well as its multidimensionality, Latin America is replicating the European experience with decentralized, local development initiatives. It is implementing integrated community development projects with marginalized

populations in urban areas (slum and neighborhood upgrading), and with indigenous and Afro-descendent populations in rural areas (integrated community development). Initiatives with IDB financing have included *Favela Barrio* in Rio de Janeiro, Brazil, the Darien and Boca del Toro projects in Panama, and the Atlantic coast project in Nicaragua.

Experience is too recent to yield reliable information on the effectiveness of these projects as vehicles for inclusion. But some tentative lesson are emerging:

- *Targeting territories works.* It facilitates multi-sector coordination and increases the probability of reaching the excluded with universal service provision, which is feasible in demarcated territories, avoiding the selection errors and political costs of individual targeting mechanisms. By relying on multi-actor participation (e.g., by local government, private employers, nongovernmental organizations, and federal agencies operating at the local level) working on a cross-sector basis, integrated local development projects can have a greater impact on the daily lives of the excluded.
- *Professional providers and empowered clients are key.* The success of these interventions increases with transparent and efficient governance, a management-by-results orientation, and beneficiary participation and empowerment.
- *Segregation is a concern.* These programs are susceptible to segregation and even stigmatization of beneficiaries, though less so than income-targeted anti-poverty programs, and they cannot respond to many of the structural constraints that affect the socially excluded. They need to be complemented by effective decentralization and sector interventions that combat structural constraints.
- *The role of the central government is key.* Only the central government can ensure both appropriate and effective resource transfers and good coordination with national policies. To be avoided is the further isolation of a region from the national economy through inadequate buy-in and participation from national authorities.

Combating Stigma and Discrimination with Laws and Preferential Policies

In Latin America and the Caribbean, legislation has been a preferred response to meet social inclusion objectives. Legislation has included broad constitutional laws recognizing the multicultural character of nations and the rights of socially excluded groups (Bolivia, Colombia, Ecuador, Mexico and Paraguay). It has also included anti-discrimination and equal opportunity laws in Chile, Costa Rica, Guatemala, Nicaragua and, most recently, Mexico.

Laws help bring about cultural change, but laws alone do not suffice. There is a gap between these mandates and their implementation, and legal action against acts of discrimination and exclusion are few. There are three reasons for this. First, people lack knowledge of these legal instruments. Second, there is no accurate counting of these groups in official statistics. And finally, the judiciary system does not have the capacity or training to handle discrimination cases.

A variety of mechanisms and tools are needed to translate laws into practice, and the overall judiciary system needs strengthening to deal with legal action against exclusion. One example of such a program trained judges in selected countries to uphold and use international women's rights conventions. A result of this training is that judges now use these conventions in sentencing court cases.

Affirmative action programs sometimes have accompanied these legislative efforts, and in other instances have been enacted prior to any legislation. A broad range of compensatory, corrective and redistributive preferential policies (including targeting excluded groups with services and resources) can be grouped under the affirmative action title. Affirmative action is by no means synonymous with quotas, but it is best known by their use. In addition to the educational quotas mentioned earlier, Latin America has a good track record with quotas to increase women's participation in representative government bodies (see Chapter 17). At last count, 11 countries had adopted them to increase women's representation in legislatures. Quotas increase access mainly by mandating that women be rep-

resented in party election lists. In the 1990s, they helped raise women's presence from 5 to 17 percent in the senate and from 9 to 13 percent in the lower chamber of congress (Women's Leadership Conference of the Americas, 2001). In addition, some countries (Colombia) have explicit quotas for women in high positions in the executive branch of government.

Latin America is ahead of other regions in the implementation of these quotas for women, though countries elsewhere are quickly catching up and sometimes implementing more radical versions. France amended its constitution to require equal representation of women and men on candidate lists, adding a financial penalty for parties that do not comply. First applied in the 2001 elections, the law overcomes deeply held resistances to women's political participation. Where the law is applied, there is no shortage of qualified women candidates, and the number of women in elected office rises sharply (Gaspard, 2003).

In Latin America, quotas for women's political representation have sparked little or no adverse public reaction (or generated much public and press interest). The same cannot be said for the recently-instituted reserved places for Afro-descendents in the main state universities in Brazil. The program has provoked heated controversy, partly because it affects a much larger part of the targeted universe (40 percent of student places in Brazilian state universities versus a single-digit increase for women's political representation). In addition, class, race and ethnicity overlap, making affirmative action measures based on them more threatening than gender-based ones, where all classes are represented. It is also possible that places in universities are perceived as more desirable than places on party lists and seats in congress.

These differences notwithstanding, the experience with women's quotas suggests that they, as other preferential policies, can work in the short term. But they have to be well conceived. They must help applicants qualify or expand the pool of qualified applicants, as with women's entry into politics. And they have to contribute to expanding opportunities and changing cultural stereotypes.

The possible disadvantages of using quotas in the region include the risk that they might become permanent tools; the limits of their reach;

and that their application mostly benefits a small, more successful minority within the socially excluded. There should be less concern about the well-known issue of the potential adverse effect of quotas on weakening merit incentives, given the high levels of inequality and exclusion in Latin America, the restricted population of potential quota beneficiaries, and the incorporation of merit criteria in many quota programs.

Empowering Socially Excluded Groups

The final group of actions to address exclusion aims to increase the voice and policy influence of excluded groups in national agendas, change stereotypes, and promote solidarity, social cohesion and a culture that accepts diversity. These changes are central to inclusion agendas, but there is not much information available on the range of programs that could bring them about. One agreed-upon priority is to strengthen organizations in civil society representing the excluded by expanding their leadership capabilities and membership, their links with international and national organizations, and their financial solvency and sustainability. As initial steps, governments and international agencies are establishing permanent or ad hoc policy dialogue mechanisms with representatives of excluded groups, naming representatives of excluded groups into key government positions, and strengthening the capacity of these groups to engage in dialogue.

Building these coalitions between advocacy organizations and development agencies, as well as enacting the needed policy and institutional reforms, provides an enabling environment to empower excluded groups (Bennett, 2003). Most governments have established specialized agencies or offices to watch over the interests of the excluded. More than two decades of experience with women's offices suggests that their effectiveness is often constrained by inadequate resources and their marginal status in the government's machinery. In addition, mainstreaming tends to be an ongoing struggle for these offices, suggesting that this effort needs to be approached modestly, with a long-term perspective, and that separate activities and budgets are important steps on the road to full inclusion.

Policy Challenges

Perhaps the main implication from the common understanding of the characteristics of exclusion, including those shared across excluded groups, is a comprehensive way of thinking about social policy and anti-poverty interventions. To be effective, policy interventions need to combat exclusion on two fronts: by establishing national civil and social rights frameworks to address and remedy discrimination, and by addressing the multiple causes and consequences of exclusion through inclusionary social and economic policy. This two-track approach to development policy requires:

- Comprehensive interventions to confront the multiple aspects of exclusion.
- Shifting the unit of analysis and project targeting from individuals to groups, disaggregating data by categories that define the group, and analyzing the interaction between individual and group effects.
- Strengthening the organizational and advocacy capacity of excluded groups.
- Designing anti-poverty interventions that increase the economic assets of excluded groups and change sometimes deeply ingrained social practices, attitudes and beliefs toward them (Rodgers, Gore and Figueiredo, 1995; Rincón Gallardo, 2002).

Other policy implications emerge from the fact that exclusion concentrates inequalities in groups. Group-based inequalities prompt mobilization and advocacy, and if they are not remedied they can lead to conflict and violence, especially in countries with high inequality and ethnic diversity (Stewart, 2001; Easterly, 2002). The response must be social inclusion policies that use the tools of dialogue, conflict resolution and negotiation. Also needed are social learning processes that educate the entire citizenry about the value of diversity and the riches to be gained from cultivating differences.

The cumulative nature of exclusion based on gender, ethnicity and race has intensified gaps in well being, especially for women in the region. Social policy needs to level the playing field to favor women in

excluded groups. For this to happen, development and advocacy discourses need to bridge the divide created by these different circumstances. Race and ethnic discrimination issues should become centerpieces in the gender equality agenda, and gender concerns should take on greater importance in the agendas of socially excluded groups. A gender equality agenda informed by social inclusion objectives will emphasize poverty reduction. A social inclusion agenda with a gender perspective will foster the cultural identity of the excluded groups, while at the same time challenge cultural norms and behaviors that relegate women. In the United States, the civil rights movement was the impetus for the women's suffrage movement (O'Connor, 2003). In Latin America, the women's movement, with its experience and accomplishments, could push forward the social inclusion agenda and provide needed broad-based support. The main challenge for governments in the region is to make social inclusion a central priority in national development policy (and government budget allocations). The international development agencies, in turn, need to fully mainstream social inclusion objectives in their operations. Both should be helped by evidence that shows the instrumental value of meeting social inclusion objectives, as well as what works, how it works and how much it costs.

As this chapter has shown, there is a wealth of experience in Latin America in the separate areas of combating exclusion based on gender, ethnicity, race, disability and HIV/AIDS. Each should be analyzed more systematically for the lessons it can offer in promoting a more comprehensive inclusion agenda. Insights can also be gained from the European experience, particularly in developing national and regional social inclusion plans and policies and in using the labor market as a key tool to overcoming exclusion.

These analyses should especially examine the structure of incentives and alternative institutional mechanisms to promote solidarity and social cohesion. The available evidence suggests that much can be gained. Discrimination and exclusion are costly to the economy and society. In Latin America and the Caribbean, social inclusion policies should go a long way toward reducing structural poverty and inequality, accelerating growth, and strengthening the functioning of democratic societies.

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Economic Development and Social Inclusion

José Antonio Ocampo

For many years, some European countries have combined high levels of economic development and high standards of social equality. The European Union is also the most noteworthy—perhaps the only—case of an integration process that has put social cohesion at the top of its agenda, most notably at the Lisbon Summit in 2000.

The concepts of social exclusion and inclusion emphasize how the benefits of development, social interaction networks, and political participation are distributed inequitably. The multidimensional focus of these concepts, and their emphasis on social, political and economic processes, are welcome innovations in the analysis of social inequality and the design of economic and social policy. This said, a simple fact must be emphasized: social exclusion manifests itself in Latin America most clearly in persistent unequal income distribution, which gives rise to poverty that is worse than the region's level of development would suggest. There have been few signs of advances in recent decades, and ground has even been lost.

Added to the dominant social dimension of exclusion are ethnic dimensions such as insufficient recognition of the cultural rights of indigenous peoples, and high levels of poverty among people of African descent. There are also gender dimensions. The slow inclusion of women into the working world and into political power, despite their educational advances, and the unfair roles assigned to women in the home, are the main manifestations of gender inequality. Despite the importance of these ethnic and gender dimensions, however, the focus here is on the dominant

factor: poverty and the inequitable distribution of income, which point to the need for a comprehensive economic and social agenda.

Trends since 1980

Poverty increased rapidly in Latin America in the "lost decade" of the 1980s, then declined gradually with the economic recovery from 1990 to 1997. But this headway was again interrupted during the "lost half decade" after the Asian crisis. Worse, relative poverty in the past five years—at about 44 percent of the population—remains above 1980 levels. That per capita income is only slightly higher than it was then is a clear sign of deteriorating distribution over the past two decades. And despite a relative reduction, the absolute number of poor people remained at around 200 million between 1990 and 1997, increasing since then to about 220 million today.

Changes in relative poverty have been uneven. The most significant factor affecting it has been economic growth. But there has not been a mechanical relationship between growth and changes in poverty in each country. The relationship is strong only when growth is accompanied by the dynamic creation of quality employment, which has not been the dominant trend. Unstable economic growth has also been decisive, since in the absence of adequate social protection institutions, recessions have hit the lowest-income segment the hardest. Even so, some countries managed to reduce poverty by efficiently channeling monetary transfers from the public sector to less favored sectors and by putting the brakes on hyperinflation.

During the lost decade, there was a sharp deterioration in the distribution of income. In the 1990s, this trend continued in half the region's countries and was clearly reversed in only a few (notably Uruguay). No country in the region has current levels of inequality lower than they were three decades ago, and in many they are higher. These trends are all the more troublesome, since Latin America already had the highest inequality in the distribution of income.

The high level of social inequality, therefore, is not a feature of the current model of development. Instead, it is related to severe prob-

lems of social stratification transmitted from model to model and from generation to generation. Analyses by the Economic Commission for Latin America and the Caribbean (ECLAC) show these inequalities to be due to factors involving education, labor, wealth and demographics.

Higher demand for skilled labor and the growing gap between the wages of persons with a university education and the rest of the population—as well as the growing dualism characterizing the growth of the productive sectors during the reform period—have offset the positive effects of the increase in average levels of education in the past decade. It is possible that the great inequality in the distribution of wealth even worsened.

The increase in poverty and inequality reflect, in part, the deterioration of the labor market. Despite the recovery of economic growth, unemployment tended to increase after 1990, rising three percentage points in the region, and much more in some countries. The quality of employment also deteriorated, as indicated by the relative increase in informal employment (with seven of 10 new jobs in the expansionary period), temporary employment, and the proportion of wage earners without social security coverage or even a work contract.

These trends occurred despite higher social spending, one of the main dividends of the spread of democratic regimes. This spending rose in the 1990s from 10.4 percent of GDP to 13.1 percent. Reforms to social services systems that accompanied this process also included more progressive criteria for allocating spending—as well as advances in its financial sustainability. A third group of innovations, private participation schemes, have had rather ambivalent results, given the tendency of private supply to concentrate in sectors with the greatest income, and the absence of clear principles of solidarity in the design of some of the corresponding schemes.

A Comprehensive Economic and Social Agenda for Inclusion

Greater public welfare requires dynamic economic growth, but this is insufficient when the patterns of economic growth generate unfavorable income distribution. No matter how good social policy may be, it cannot

correct these adverse trends. So the only appropriate route is to find areas where economic growth and equality are mutually complementary and, therefore, include basic social goals in economic development goals—that is, to make equality the centerpiece of the development agenda.

International experience and Latin America's history show that social development must be understood as the product of three basic factors:

- A long-term social policy aimed at increasing equality and guaranteeing inclusion.
- Stable economic growth that generates a suitable volume of quality employment and a favorable atmosphere for the progress of small companies.
- A reduction in the internal dualism of the productive sectors, lowering the productive gaps between different economic activities and between different productive agents.

Long-term Social Policy

The need for a long-term social policy is generally recognized today. It requires an ambitious education policy based on making public schooling universally accessible and aiming selected policies at the poorest sectors. It also involves an active labor policy aimed at guaranteeing more and better employment with adequate social protection, and at improving the ability of workers to adapt to technological change and to the economic cycle, this being an essential part of a competitive labor market in the global era. To reconcile these two objectives, it is essential to promote social dialogue at the highest national, regional, sectoral and corporate levels to enable the development of common interests between workers and entrepreneurs. A long-term social policy also must include universal, comprehensive social security systems based on principles of solidarity, facilitating the development of sustainable welfare states.

To reach this goal, it is necessary to overcome both the segmented protection schemes characteristic of the past and the vision of social policy as a compensatory tool. These have become widespread in the past

two decades, in both cases setting aside the principles of universality and solidarity, the very essence of good social policy. Moreover, these two principles must be solidly established to break down the barriers that fragment society—fragmentation that tends to reproduce itself both in social policy and in other areas. Indeed, the entrenchment of a dual system of social services—in which quality services for privileged sectors of the population develop alongside deficient services for marginalized sectors—is becoming one of the most dangerous mechanisms for engendering social inequality in the region.

Stable Economic Growth

Economic development accompanied by social development is impossible if social goals are not made the centerpiece of economic policy. Dynamic economic growth is necessary—though not sufficient—to generate a sufficient volume of quality employment. It is not only an illusion but perhaps even counterproductive to think that this result can be guaranteed in the absence of this macroeconomic prerequisite, whether by making labor markets more flexible or, to take the opposite approach, through greater legal protection of jobs. Indeed, the history of Latin America suggests that making the labor market more flexible in conditions of slow economic growth can generate some additional jobs, but make many more jobs precarious. Excessive legal protection in a context of slow economic growth, meanwhile, becomes a mechanism for social segmentation.

Studies on microenterprises and small and medium-sized businesses show that they require economic growth to prosper. So, although massive support for small production units is essential to guarantee their dynamic participation in the productive sector, this is very unlikely to be successful in a bad economy.

The history of the region also shows that all forms of macroeconomic instability have high social costs. The regressive effects of high inflation have been amply demonstrated. So have the effects of exchange rate crises, since the exodus of capital assures sufficient coverage for the powerful sectors, while later changes in exchange rates, sharpened by the outflow

of capital, increase the cost of servicing foreign debt and redistribute this cost among other social sectors. The "lost decade" and the severe macroeconomic fluctuations of the 1990s have clearly shown that real instability—unstable economic growth and employment—also have high costs.

All this underlines the importance of achieving greater macroeconomic stability in the broadest sense of the term—including not only fiscal control and low inflation, but also stable economic growth and foreign balances. Achieving stable prices or rapid economic growth with unfavorable exchange rates is costly in the long run, as are procyclical policies that worsen the effects of international financial cycles on economies or the overly strict application of price-stabilizing objectives, ignoring other aspects of stability and the transaction costs that can be generated by anti-inflationary policies.

Less Dualism in Productive Sectors

Slow economic growth affects equality through another decisively important channel for developing countries: the dualism of productive structures. Growing dualism was indeed a feature of Latin America in the 1990s, as the region generated more companies capable of integrating into the global economy. But informal activities also increased. Indeed, there are no automatic mechanisms to guarantee that rapid technological innovation in dynamic sectors translates into accelerated economic growth. Linking the modernization of leading sectors with the rest of the economy is therefore important not only for growth but also for equality. Strategies for developing production can play a key role in both dimensions.

This spotlights the importance of wide distribution of productive assets. Evidence shows that broad distribution of assets that generates a large number of viable small businesses is associated with better distribution of income and less concentration of power. Therefore, policies democratizing access to productive assets—capital, technology, training and land—are essential for growth and equality. They include rural development policies as well as policies that formalize microenterprises. A key

element is the gradual expansion of social security systems to workers in small companies and to self-employed workers.

An Integrated Vision

Given the irrefutable relationship between economic and social development, it is essential to design integrated policy frameworks. These frameworks must explicitly recognize the relationship between development and equality. They must also recognize the relationships between social policies (mutual reinforcement of different social policies, especially through integrated poverty eradication programs) and between economic policies (connections between the macro- and micro-economy to facilitate the development of small businesses in dynamic sectors).

One of the weakest points in this area is the lack of institutions to promote integration. These institutions must first create regulations that facilitate the "visibility" of the social effects of economic policies. What does this require? The macroeconomic authorities, including the central banks, must periodically examine the anticipated effects of their policies on employment and income among the poorest sectors. Regulations that require draft laws on government budgets and tax reform must include an analysis of the distributive effects of public spending or higher taxes. In addition, the public authorities in charge of technological, industrial and agricultural policy must regularly determine who benefits from their programs. This visibility must be the starting point for efficient coordination between economic and social authorities that facilitates the inclusion of social priorities in the very design of monetary, fiscal, production and technology policy.

Economic development can be consolidated only by means of a social agreement based on an integrated vision of this kind. Indeed, until now the world had not seen industrialized societies with the economic inequality and social segmentation that characterize most Latin American countries. In Latin America, social inequality has in fact impeded development. The marginalization of a large part of the population from the fruits of economic development reduces the accumulation of capital by

small, rural and urban businesses and limits the accumulation of human capital, today widely recognized as a basic factor in productivity. In this sense, poverty and exclusion are unjust social realities and an enormous waste of economic opportunities.

Some characteristics of the modern world support this vision even more. Competitive advantages based on low wages are fragile and unstable. To compete in a knowledge-based society, it is fundamental to have efficient production, innovative processes, product design, product differentiation, and optimal support services. Skilled human capital that can flexibly adapt to the changes in the modern world is essential to make this happen. Finally, achieving a social consensus is more complex in societies that suffer inequality. Expressed in terms by now well-known to the political history of many Latin American countries, societies with great inequalities are fertile soil for populist experiments that impede economic development and contribute little to the goal of social equality.

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CHAPTER 3

The Economic Case for Combating Racial and Ethnic Exclusion

Jonas Zoninsein

A shared economic understanding is needed to overcome the political resistance to addressing racial and ethnic exclusion in Latin America and the Caribbean. Of the total population of the region, Afro-descendents account for roughly 29 percent (150 million) and indigenous peoples for 8 percent (40 million). According to household surveys, these racial and ethnic groups make up an estimated 51 percent of the population in Bolivia, 45 percent in Brazil, 49 percent in Guatemala, and 18 percent in Peru.

The social exclusion of Afro-descendents and indigenous peoples in these four countries—and the racial and ethnic inequality that go hand-in-hand with that exclusion—generate an economic cost paid by the entire societies.[1] Gaps in investment in human capital, low wages and concentrated poverty among Afro-descendents and indigenous peoples lead to losses in national production, income and wealth creation. A quantitative analysis of the economic gains from ending racial and ethnic exclusion offers new evidence for implementing policies and programs that target traditionally excluded groups.

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[1] The disaggregated data on mean earnings and population used in this chapter are based on household surveys by government and private agencies, published by the Program to Improve the Measurement of Living Standards (MECOVI). Sponsored by the Inter-American Development Bank, the World Bank, and the United Nations Economic Commission for Latin America and the Caribbean, MECOVI is working to develop, maintain and update a data bank in the region on household surveys to help in the construction of social indicators for use in policy design and analysis. Appendix 3.1 describes the survey procedures used to identify the Afro-descendent and indigenous populations.

Social Exclusion, Inequality and Economic Growth

Racial and ethnic differences permeate poverty and inequality indicators in Latin American countries. In particular, the exclusion of Afro-descendents and indigenous peoples from access to opportunities and other fundamental aspects of society is a crucial nonmaterial dimension of inequality and poverty. This exclusion is manifested in lack of access to justice and social and political participation; assets and credit markets; adequate infrastructure (water and sanitation, transportation, housing); social services (health and education); and the labor market (employment and satisfactory earnings).

Sen (2000) emphasizes the need to differentiate between two mutually dependent aspects of poverty: insufficient income, and deprivation and the inability to lead minimally decent lives. Impoverished lives are manifestations of "relational failures." They reflect an exclusion from the process of enriching social relations—that is, the inability of individuals and groups to interact freely and productively with others and to take part in the full economic, social, and political life of a community (Bhalla and Lapeyere, 1997). Incomplete citizenship or denial of civil rights (freedom of expression, rule of law, right to justice), political rights (right and means to participate in the exercise of political power), and socioeconomic rights (economic security and equality of opportunities) are key dimensions of impoverished social lives.

In this chapter, exclusion refers to the lack of access by Afro-descendents and indigenous peoples to opportunities for investment in human capital and productive employment. Human capital is the knowledge, skills, competencies and other attributes embodied in individuals that are relevant to economic activity. It is formed and nurtured by families and community organizations, formal education and training, on-the-job training, the informal environment, and social capital (networks, norms and relationships). Human capital is an intangible asset that enhances and supports employability, innovation, productivity and income growth (OECD, 1998). Over many generations, Afro-descendents and indigenous peoples have systematically

lagged behind the white population in access to education, educational achievement, and skills.

Discrimination in labor markets—whether due to employer and consumer preferences or to perceived or real gaps in the human capital of excluded groups—can mean lower wages for Afro-descendents and indigenous peoples than for whites with the same formal education and skill levels, and who perform similar productive tasks under similar working conditions. It can also mean relegating Afro-descendents and indigenous peoples with similar formal education and skills as whites to lower productivity and lower paying jobs or requiring them to have higher qualifications than whites to earn the same wages.

Labor market discrimination and market segmentation along racial and ethnic lines, by reducing the rate of return to education and training for Afro-descendents and indigenous peoples, create a disincentive to invest in human capital. The negative impact of this disincentive on productivity growth is exacerbated when discriminatory employers invest less in training Afro-descendents and indigenous peoples than whites, and again when the legacy of social exclusion and restricted access to political and social capital causes governments, development institutions, and civil society organizations to neglect investments in the human capital of these groups. Finally, the lower than average wages of the Afro-descendent and indigenous work force may enable less innovative business firms, with lower than average productivity, to survive. Consequently, labor market discrimination and a segmented economy along racial and ethnic lines diminish aggregate production and income and slow productivity growth and economic development.

Measuring Long-term Discrimination against Afro-descendents and Indigenous Peoples

Following the original work by Brimmer (1966, 1995), this chapter estimates the gains for the economies of Bolivia, Brazil, Guatemala and Peru that would result from fully using the current education, skills and experience of Afro-descendent and indigenous peoples in the jobs they actu-

ally hold, and from raising the education and skills of people in these groups to levels similar to those of the white population.[2] Together, these results show the potential gains in GDP from ending discrimination against Afro-descendents and indigenous peoples and from eliminating the gaps in human capital and labor force productivity between them and the white population.

Estimating Gains from Ending Racial and Ethnic Exclusion

The first step is to estimate the gains in production and income that would result from full use of the existing education and skills of Afro-descendents and indigenous peoples—in other words, if they had the same average productivity and earnings as white people with the same level of skills and education, and if discrimination against them were eliminated. Data from household surveys in 1997 and 1998 were disaggregated by sex, age and education levels as well as by race and ethnicity.[3]

For each age, sex and education group reported in the household surveys, the mean earnings from all jobs of Afro-descendents and indigenous peoples (ages 15 years and older) were multiplied by the number of individuals in each category (see Table 3.1) to calculate the monetary income (base income) received from all jobs by these groups in a given year (Table 3.2). Next, for the same categories, the mean earnings of Afro-descendents and indigenous peoples were set to equal the mean earnings of whites, and the total was recalculated to yield the percentage increases in earnings from all jobs. This is identified in Table 3.2 as Adjusted Case I, which is the full use of current education.

Then, the gains in income from all jobs were estimated based on raising the education levels of Afro-descendents and indigenous peoples to the level of the white labor force and ascribing to these groups the same mean earnings as whites with the same level of education. The percentage

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[2] For an earlier application of Brimmer's technique, see Zoninsein (2001).

[3] In addition to racial and ethnic background (differentiated among the three general categories— Afro-descendents, indigenous peoples, and whites) and gender, the groups for which the economically active population and mean earnings from all jobs served as the basis for all calculations were differentiated by four age categories (15-24, 25-34, 35-44, and 45 years and older) and five educational achievement categories (no education, some elementary school, completed elementary school, secondary education, college and graduate studies).

increase in earnings resulting from these calculations relative to the income under Adjusted Case I is called Adjusted Case II, which is the full use of improved education. The combined percentage increases from Adjusted Cases I and II are then calculated as Adjusted Case III, which is the total gain in income from full use of present and improved education.

Finally, the income gains of Afro-descendents and indigenous peoples obtained in Adjusted Cases I, II and III were used to calculate the gains in GDP from eliminating racial and ethnic exclusion (see Table 3.3). The economic gains for society as a whole are substantial: Bolivia's economy grows by 36.7 percent, Brazil's by 12.8 percent, Guatemala's by 13.6 percent, and Peru's by 4.2 percent. The small gains for Peru are a direct expression of the artificially low share of indigenous groups in the total population reported in the household survey.

Table 3.1. Unemployment Rate, Education and Earnings of Afro-descendents/Indigenous and Whites

	Bolivia 1997	Brazil 1997	Guatemala 1998	Peru 1997
Population	7,826,844	156,046,423	10,553,326	24,328,072
Share of Afro-descendent and indigenous people in economically active population[1] (%)	49.32	43.94	44.70	17.82
Unemployment rate (%)				
Afro-descendent and indigenous people	0.74	8.95	0.92	1.49
Whites	2.29	7.44	2.34	4.83
Average years of schooling				
Afro-descendent and indigenous people	5.07	4.57	2.59	5.87
Whites	9.11	6.67	5.42	9.16
Monthly mean earnings (all jobs, national currency)				
Afro-descendent and indigenous people	650.14	324.70	827.66	366.15
Whites	1,308.63	651.30	1,560.79	621.66

[1] Age 15 and older.

Source: Author's calculations based on household surveys.

Table 3.2. Gains in Earnings from Full Use of Present vs. Potential Educational Achievement

Country	Base income	Adjusted Case I		Adjusted Case II		Adjusted Case III	
	Amount	Amount	Percent (2)/(1)	Amount	Percent (4)/(1)	Amount	Percent (6)/(1)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Bolivia, 1997 (thousands of pesos)	12,390,288	7,164,339	57.8	8,188,829	66.1	15,353,168	123.9
Brazil, 1997 (thousands of reals)	114,726,744	42,075,308	36.7	69,212,557	60.3	111,287,865	97.0
Guatemala, 1998 (thousands of quetzales)	17,242,528	5,560,216	32.2	10,951,149	63.5	16,511,365	95.8
Peru, 1997 (thousands of nuevo soles)	8,505,871	3,053,778	35.9	4,255,390	50.0	7,309,168	85.9

Source: Author's calculations based on household surveys.

Table 3.3. Estimated gains in GDP from Full Use of Present vs. Potential Educational Achievement of Afro-descendents and Indigenous *(In percent)*

Country	Adjusted Case I	Adjusted Case II	Adjusted Case III
Bolivia, 1997	17.12	19.56	36.68
Brazil, 1997	4.85	7.98	12.83
Guatemala, 1998	4.59	9.04	13.63
Peru, 1997	1.76	2.45	4.21

Source: Author's calculations based on household surveys.

For Brazil, a comparison of household survey data for 1990 and 1997 shows an improvement in the aggregate monthly mean earnings of Afro-descendents relative to whites, from 0.468 in 1990 to 0.499 in 1997 (see Table 3.4). This positive change suggests the general redistributive effects of the macroeconomic reforms introduced after 1993 more than it does an explicit strategy to combat racial exclusion. Neri and Camargo

(2000) present evidence on the positive redistributive effects of price stabilization for all population groups. From 1990 to 1997, the Gini coefficient for income from all jobs for the employed population declined from 0.60 to 0.58, and the Gini coefficient for all sources of income for the economically active population declined from 0.60 to 0.58.[4]

The change in mean earnings can be used to compare gains in total earnings of Afro-descendents and in GDP for 1990 and 1997 in Brazil.[5] The gains in total earnings from the full use of the current educational achievement of Afro-descendents (Adjusted Case I) would have declined from 41.4 percent in 1990 to 36.7 percent in 1997. This difference reflects both the relative gains in the mean earnings of Afro-descendents and a small increase in their share in the Brazilian population, from 44.2 percent in 1990 to 45.1 percent in 1997. The gains in GDP from the full use of the current educational achievement of Afro-descendents (Adjusted Case I) would have declined from 5.48 percent in 1990 to 4.85 percent in 1997. The gains under Adjusted Case III would have declined from 13.46 percent in 1990 to 12.83 percent in 1997.

Table 3.4. Changes in Racial Inequality in Brazil in the 1990s

Year	Monthly mean earnings from all jobs		Ratio of earnings of Afro-descendents to whites	Afro-descendent share of total population	Gains in GDP Adjusted Case III
	Afro-descendents	Whites		(%)	(%)
1990 (cruzeiros)	15,085.00	2,212.00	0.468	44.2	13.46
1997 (real)	324.70	651.30	0.499	45.1	12.83

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[4] Gini coefficients are aggregate measures of inequality that vary from 0 (perfect equality) to 1 (one person or group holds all income). The Gini coefficient typically lies between 0.50 and 0.70 for countries with highly unequal income distribution and between 0.20 and 0.35 for countries with relatively equitable distribution.

[5] Since the disaggregated information on mean earnings and population by racial, ethnic, sex, age and educational achievement categories was not available for 1990, aggregate mean earnings for Afro-descendents and whites from the 1990 and 1997 household surveys in Brazil were used to estimate the changes in potential income and GDP gains between these two years. The lack of information for the other three countries precluded a comparative assessment of the changes in the 1990s.

Complementary Measures for Eliminating Racial and Ethnic Exclusion

The estimates presented here reflect the changes in the volume of aggregate production and income that would result from ending occupational discrimination and increasing investment in the human capital of Afro-descendents and indigenous peoples. However, the effective economic impact of policy initiatives to eliminate their social exclusion would also depend on adjustments to a broad set of economic, social, political, institutional and cultural factors not made explicit in this empirical exercise. Especially important is the overrepresentation of indigenous peoples and Afro-descendents in rural, economically backward regions, whose residents tend toward exclusion in the region regardless of race or ethnicity. Thus, differences in productivity and prices between rural and urban regions will contribute to the educational and income gaps by race and ethnicity. Sustained changes in all these factors are required for successful implementation of policy initiatives to eliminate social and economic exclusion.

In a comparative study of schooling and earnings in South Africa and Brazil, Lam (1999) found that differences in schooling explain much of the earning inequality in both countries. He found that changes in schooling over time had different impacts on reducing income inequality in the two countries. He also demonstrated that inertia in income inequality was in part a result of differential rates of transmission of educational achievement across generations.[6]

Elimination of racial and ethnic exclusion, poverty and inequality in Latin America is thus a tall order. It will demand profound transformations in economic structures, including the development of backward rural regions, as well as the mobilization of vast amounts of financial and human resources. In this sense, the analysis presented here could be perceived as an oversimplification of the complex processes involved in social transformation.

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[6] Some of the direct and indirect links between parents' higher level of education and children's schooling are parents' greater ability to help children with homework, improvements in the language skills of the parents, changes in income, social opportunities in the community, and neighborhood characteristics resulting from increases in parents' income.

A social inclusion strategy could start by promoting more and better investment in the human capital of Afro-descendents and indigenous peoples and by ending occupational discrimination. These changes would increase the productivity and reduce unemployment among these socially excluded groups, leading to increases in production, expenditure and income. National markets would expand, leading to increases in the productivity of labor and capital, the incentives to invest in new plant and equipment, and the competitive strength of the economy as a whole, including activities oriented to external markets. These changes would in turn help to sustain and reinforce the primary production and income effects of the social inclusion strategy. The result would be a spiral of equitable development in Latin American countries where excluded racial and ethnic groups represent a large proportion of the population, as is the case of the four countries in this study.

Conclusions

Racial and ethnic discrimination represent morally unacceptable elements in the process of development in Latin American countries that can and must be eliminated. A necessary starting point for confronting long-term racial and ethnic discrimination and designing policy initiatives to redress the resulting inequalities in the region is to expand the availability and reliability of disaggregated data by race and ethnicity. Detailed knowledge of the nature and mechanisms of discrimination and social exclusion can help in the design of more effective programs—in such areas as education, training, affirmative action, leadership promotion, access to credit, identity awareness, and control of violence—that deal openly with racial and ethnic discrimination.[7]

Mobilizing the political will to design specific interagency and community development programs and policy instruments to reach traditionally excluded groups is a complex endeavor. This political task can be given impetus from evidence of the broad negative impact of social exclusion in the region and the need for explicit attention to racial and

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[7] For a discussion of the importance of addressing racial and ethnic discrimination in the context of economic and social reform in Latin America, see Birdsall and Torre (2000). For an analysis of the relationship between ethnic identity and economic reform, see Healy and Paulson (2000).

ethnic differences in order to achieve equitable growth. Evidence of the economic gains for society as a whole from ending racial and ethnic exclusion in countries where inequality is persistent can help to overcome the political resistance to openly confronting racism and discrimination in the public policy debate.

Racial and ethnic exclusion and the low incomes of socially excluded groups are two different yet interrelated aspects of poverty and inequality in Latin America. The relevance of Brimmer's seminal approach lies in demonstrating the gains for society as a whole—not only for excluded individuals—of ending racial and ethnic discrimination. The gains in aggregate production and income estimated in this chapter suggest that a strategy for combating social exclusion based on race and ethnicity can generate economic returns that can be strong enough to counter the political resistance involved in adopting such a strategy.

Appendix 3.1

The household surveys used in this report and the government agencies that produced and carried them out are as follows: in Bolivia, the *Encuesta Nacional de Empleo,* carried out by the *Instituto Nacional de Estadística* (INE); in Brazil, the *Pesquisa Nacional por Amostra de Domicilios*, carried out by the *Fundação Instituto Nacional de Geografia e Estatística* (FIBGE); and in Guatemala, the *Encuesta Nacional de Ingresos y Gastos Familiares,* carried out by the *Instituto Nacional de Estadística* (INE). In Peru, the *Encuesta Nacional de Hogares sobre Medición de Niveles de Vida* was produced by *Instituto Cuanto S.A.,* a private research organization. The Inter-American Development Bank processed the data that is presented in this appendix. For a detailed explanation of the data and race and ethnicity questions, see Zoninsein (2001) at http://www.iadb.org/sds/doc/soc%2DZoninsteinJonasi.pdf

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CHAPTER 4

Social Inclusion and Indigenous Peoples' Rights[1]

Nina Pacari Vega

Cultural and ethnic diversity in Latin America and the Caribbean is reflected in the presence of three large population groups: mestizos, indigenous peoples, and Afro-descendents. Their presence and status is a result of a long historical process of economic, social and political domination. Dealing justly and effectively with cultural and ethnic diversity today is one the main points of conflict within Latin American democracies. Distinct approaches and solutions are testing the capacity of states to reform and consolidate themselves as inclusive structures, while at the same time finding new ways for the entire society to interact.

Until only a few years ago the countries in the region were seen as mono-cultural, mono-ethnic and monolingual, with a single national identity. However, the diverse character of the region, which remained invisible for so many years, gained prominence, strength and dynamism in the 1980s. While some observers define this decade as "lost" because economic development goals were not attained, indigenous people define it as a "winning decade" because groups previously excluded began to emerge and position themselves socially and politically. This positioning brought to light the structural strength of these groups' traditional institutions, as well as a new influence on national politics.

Three important legal and constitutional developments contributed to this change, providing a legal foundation for the rights of indigenous peoples. One is the constitutional reforms that recognize

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[1] This chapter is based on a speech by the author, Nina Pacari Vega, Minister of Foreign Affairs of Ecuador at a seminar entitled "Good Practices in Social Inclusion: A Dialogue between Europe and Latin America and the Caribbean." The seminar was sponsored by the Inter-American Development Bank and held in Milan, Italy in March 2003.

states and their societies as multi-ethnic and multicultural. In many cases, constitutions have gone further by acknowledging the specific rights of indigenous peoples in terms of their languages, culture and customs, traditional medicine, land and territories, institutions, and organizations.

The second legal development was Convention 169 of the International Labour Organization, a treaty that calls for diversity by defending the rights of indigenous and tribal peoples worldwide. In many Latin American countries, ratification of this international instrument gave impetus to simultaneous constitutional reforms. In Mexico, for example, constitutional reforms (to Article 4) were introduced to comply with the treaty. Just a few days after Convention 169 was ratified by Ecuador's national parliament, it became the fundamental legal instrument in support of constitutional changes that guarantee the rights of indigenous peoples and Afro-descendents.

The third legal development is the Universal Declaration of the Rights of Indigenous Peoples by the United Nations and the Organization of American States, which proponents hope will be approved in 2004, before the end of the World Decade of Indigenous Peoples. However, progress here has been disappointing. The world community needs to propose a new decade truly dedicated to supporting development programs by indigenous peoples based on their identity, autonomy and initiatives.

Given the persistence of extreme poverty, illiteracy and marginality, indigenous peoples have sought to redress disparities and should continue to do so. At the same time, they have made a qualitative leap forward through actions that question exclusionary state models and through creative proposals that are "democratizing democracies." This is why citizen participation and promotion of a different type of citizenry have been central themes in the indigenous movement. Citizen participation has permitted the emergence of new approaches to development with identity and equity, as well as new pillars to sustain a political life that is more inclusive and that provides the foundation for governance based on the exercise of horizontal power.

Indigenous peoples are increasing their political presence through organized collective entities. The increasing presence of indige-

nous local authorities—as mayors, governors, prefects, congressional representatives, senators, ministers, and more—has helped to make indigenous peoples the executors of decentralization policies. The desire for corruption-free administration and political decisions based on citizen consultation has prompted the emergence of regional and other public assemblies. The application of principles such as the Ama Llulla (do not lie), Ama Shua (do not steal), and Ama Killa (do not be idle) has helped in the battle against corruption.

Social inclusion should be viewed from two perspectives: the inclusion of the views of indigenous peoples in the national economic and political debate, and the social inclusion that indigenous authorities should exercise for their local societies by voicing their communities' opinions and participating in local decision-making. This means that form and content are part of a whole, part of an integrated vision. Inclusion should be explicitly declared a political obligation in these new times—for all actors.

These are not just local processes. The recent electoral process in Bolivia demonstrates the progress of the indigenous movement both in discourse and action. The movement came very close to assuming the responsibility entailed in gaining political power. The indigenous leader, Evo Morales, has become an important and international figure, worthy of greater attention not only from political pundits and sociologists, but also from the continental indigenous movement.

In Ecuador, the indigenous movement is the backbone of the Pachakutik political initiative, which in 2002-03 shared responsibilities with the Patriotic Society Party in the government of President Lucio Gutierrez. Despite this new position of influence, however, social inclusion is still in its early stages in Ecuador. First, it is an unexpected alliance. Until a few years ago, it was unthinkable that there could be a dialogue between opposing social, economic and political factions, particularly between the military and indigenous peoples. The dialogue between indigenous peoples and members of the ultra-right Social Christian party in 1998, spurred by constitutional reform, provoked disbelief and even concern in some quarters. Critics called the indigenous peoples "weak"

for initiating dialogue with opposing parties and for placing their cards openly on the table. Yet this effort was necessary to support the constitutional provisions that now safeguard the rights of indigenous peoples. This time an alliance has been created between indigenous peoples (the Pachakutik movement) and the military (the Patriotic Society party). Only time and action will tell whether this alliance is fruitful.

The second reason why social inclusion is in its incipient stages in Ecuador is because while groups with distinctly different dimensions and visions can sometimes converge, there is often conflict as well. Indigenous peoples promote the building of a multicultural state that creates unity in diversity through the horizontal exercise of power that is participatory and engages in collective decision-making. The Patriotic Society party, with its preponderance of former military officers and its top-down leadership approach, has very different political characteristics and tendencies. Yet these two very different visions can converge to work together on such tasks as the struggle against corruption and the promotion of permanent participation through dialogue. In December 2002 and January 2003, national dialogues were held between the most diverse sectors of Ecuadorian society. Incorporating this citizen participation into the public policies of the new government is necessary, but will take time.

Traditional sources of power in Ecuador continue to try to assert hegemony, which is the third reason why the inclusionary process is just beginning. Indigenous peoples should not be deluded—while the composition of the cabinet was unprecedented, with members of social sectors heading state secretariats for social welfare and indigenous peoples linked to economic power groups heading the economic secretariats, the great challenge is to become a real team working for the country and the common good. This is still a considerable task that the well-established powers need to understand.

Fourth, this shift towards inclusion comes at a time of profound economic crisis. Ecuador's massive debt is one of the largest obstacles to development. The international community needs to help lift this burden to open the way for development. The creditor countries of the Paris

Club, for example, should reduce official debt through debt forgiveness or debt swaps in exchange for social investment, in order to boost the economies not only of Ecuador but of all the Latin American countries.

Fifth, the indigenous movement made a dramatic leap forward in record time. The movement participated in the last elections thinking that, at best, it would elect a good number of legislators to the national parliament and obtain a respectable number of votes, as a first step towards consolidating some political power. The election results not only surprised Ecuadorians generally, but also took the indigenous movement itself by surprise. Now the movement is deeply committed to a position of great responsibility and challenge.

The advancement of the rights and actions of indigenous peoples has been part of a complex, difficult and gradual process. The quest for social inclusion is long and requires not only a new mentality within governments, which should materialize in more inclusive policies, but also a greater consciousness within excluded groups regarding their responsibilities and duties. Ecuador has proven that inclusion is twofold: both governments and society at large, as well as traditionally excluded groups, should be willing to undertake negotiations, which may imply some concessions and will facilitate mechanisms for the redistribution of rights, assets, opportunities and access.

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Disability and Inclusion: Data Collection, Education, Transportation and Urban Development

Ernest Massiah

Inclusion is about freedom—the freedom to participate in all aspects of community life. For people with disabilities, freedom is curtailed by visual, physical and intellectual barriers. Amartya Sen's (1999) view of development as the removal of the barriers to freedom is apt, conceptually and metaphorically, to the discourse on disabilities. In his view, inclusion means removing barriers that leave people with little or no choice or opportunity to express their abilities. Traditionally, the justification for such action has been economic: fewer barriers lead to greater economic growth. The removal of barriers that do not lead to growth is harder to justify from an economic perspective. Sen argues that freedom, or a society without barriers, is a social commitment that requires no other justification.

These two perspectives—human rights and economic—are common to debates on disability and on inclusion. Often, they have been portrayed as antagonistic, with government and civil society responses over the years stressing one or the other perspective. However argued, for people with disabilities the removal of barriers—physical, social and economic—is at the core of their struggle for inclusion.

Awareness of disability issues has increased in Latin America and the Caribbean over the past decade. So has the societal response. At the policy level, there have been important regional developments such as the Inter-American Convention for the Elimination of All Forms of Discrimination against People with Disabilities. At the national level, legislation such as Mexico's draft federal law on the prevention and elimination

of discrimination is putting in place the legal architecture that will help guarantee rights and provide a basis for challenging their infringement.

These developments take place against a backdrop in which children with disabilities lack access to an education, especially in rural areas. Many children with disabilities can be accommodated only in special, segregated schools, and few of them complete secondary school or enter institutions of higher education. In the job market, people with disabilities who are able to surmount labor market discrimination and secure a job face physical barriers and inaccessible transportation systems that make traveling to work a challenge. In sum, most people with disabilities are effectively excluded from participating in their country's development.

The Inter-American Development Bank has identified three key challenges for disability and inclusion: to gather more data, increase inclusive education, and make transportation more accessible. As work in these areas has evolved, new issues have emerged, such as the need to focus data collection efforts on the household impact of disabilities and not solely on the individual, and to develop methodologies for evaluating the impact of inclusive education. This chapter looks at some of the lessons from these efforts and discusses possible policy and programmatic responses.

From Handicapped to Disabled

Approaches to disability in Latin America and the Caribbean reflect the evolution of global thinking from the welfare approaches of the 1940s (ensuring minimal needs) to the human rights perspective common from the 1980s onward (promoting social inclusion). Over the past 60 years, there has been a profound rethinking of the abilities and rights of people with disabilities. Yet, in Latin America institutional perspectives and programmatic responses have not always keep abreast of evolving global policy.

Before the mid-1950s, a welfare approach governed how "handicapped" people were viewed. It was based on the "otherness" of people with disabilities, and focused on helping the handicapped meet their basic needs. The United Nations, which provided global leadership in this area, focused primarily on disability prevention and rehabilitation. The blind

and physically disabled were the populations most targeted for intervention (United Nations, undated).

In the 1970s, the international discourse on disability took on a human rights perspective. The focus shifted to discrimination by individuals and public and private institutions against people with disabilities. Whereas the welfare model saw disability as a medically defined state, the human rights paradigm considered the interaction between the social context and the disabling condition. Within this context, there was no objectively fixed status of disability. During this period the lexicon changed forever, and the United Nations abandoned the term "handicapped." The 1975 Declaration of the Rights of the Disabled incorporated all disabilities and reiterated the right of people with disabilities to the same political and civil rights as the nondisabled, including the means to help them become self-sufficient. It also acknowledged the right to economic and social security and protection against abuse and exploitation.

The distinction between the two approaches has important implications. The welfare model is based on separation. Segregated schools for the blind or the physically handicapped were established in many countries. Rehabilitation was a common theme, and schools often supported basic employment creation programs, such as weaving or the manufacture of prosthetic devices. The legacy of this era is still very obvious in the region with widespread support for rehabilitation of the physically disabled.

The civil rights model, on the other hand, is based on inclusion and the dismantling of separate institutions. A civil rights approach stresses the right of individuals to participate in the economic and social mainstream.

Under the welfare model, people are labeled according to their inabilities. Their status is based on being able to prove various disabilities—physical, intellectual or sensory.

Disability Data: Counting the Uncounted

As with many other socially excluded groups people in Latin America and the Caribbean, people with disabilities remain invisible in official statistics. Data on disability are scarce. Uncounted and understudied, the dis-

abled are excluded from normal social development discourse. In a competitive market for scarce development resources, the absence of data makes it more difficult to compete for resources when the size and nature of the population to be served are not fully known.

Data on the prevalence of disabilities in the Latin American countries are not comparable and vary widely because of differences in definition (see Table 5.1). Some surveys and censuses have used a disability (welfare-oriented) model, while others have employed a more functional classification (human rights model). Bolivia's 2001 population and household census asked, "In this house how many people are blind, retarded, paralyzed or have had an arm or leg amputated?" By contrast, Brazil's 2000 census asked sensory, mental or movement limitation questions, such as "How do you evaluate your capacity to see (even with glasses or contact lenses if used)?" The response categories were "unable," "severe permanent disability," "some permanent disability," and "no difficulty."

Table 5.1. Prevalence of Disability in Latin America
(Percent of total population)

	Prevalence	Source	Year
Chile	4.3	National Socioeconomic Household Survey (CASEN)	1996
Colombia	1.2	National Administrative Department of Statistics (DANE)	1993
Costa Rica	9.3	Multipurpose Household Survey	1998
Ecuador	13.2	National Institute of Statistics and Censuses	1996
El Salvador	1.6	General Directorate of Statistics and Censuses	1992
Mexico	2.3	XII General Population and Housing Census	2000
Nicaragua	12.3	Technical Report on Disabilities in Latin America (using data from household survey)	1995
Paraguay	1.0	National Population and Housing Census	1992
Peru	13.1	National Population (IX) and Housing (IV) Census	1993

Source: Dudzik, Elwan and Metts (2003).

Definitions can also vary over time within the same country, producing estimates of prevalence that appear contradictory. For example, Paraguay's 1982 and 1992 censuses contained disability-oriented questions, whereas questions in the 2002 census considered both disability and

functional capacity. In Colombia, the National Department of Statistics estimated in 1993 that 2.1 percent of the population had some form of disability, based on that year's census. But in 1997, the National System of Information reported a prevalence of 23.8 percent, and in 1999 the Department of Health reported that 12 percent had a physical, mental or sensory disability. Meanwhile, the National Disability Plan uses a figure of 18 percent (Corporación Síndrome de Down 2001, cited in Porter, 2002). This variation in prevalence data suggests that the often-used 1976 World Health Organization global figure of 10 percent is unlikely to reflect the prevalence of individual disabilities in Latin America.[1]

Most of the 2000 censuses conducted in the region included a question on disabilities. In some cases, such as Argentina in 2001, a more in-depth survey on disability (the *Encuesta Nacional de Personas con Discapacidad)* was conducted to complement the census data. The findings presented here are based primarily on data from the 2000 censuses in Argentina, Bolivia, Brazil, Chile, Jamaica and Paraguay. While definitions on disability differ, there are some common trends in the data.

Labor Market Discrimination and Poverty

At all ages, people with disabilities have lower levels of labor force participation and earn less than their able-bodied peers. The 2000 Brazil census shows a median monthly income of 350 reais for the nondisabled and 300 reais for the disabled. Labor force participation is strongly influenced by type of disability. People with visual impairment have the highest level of labor force participation, closely followed by people with auditory disabilities and then by people with physical disabilities. People with mental disabilities have the lowest levels of participation.

The data appear to confirm findings from developed countries that people with disabilities have lower incomes than those without disabilities (Townsend, 1979). People with disabilities are less likely to own their homes or to have substantial assets, pensions, or access to welfare benefits (Laplante et al., 1996). According to the 2000 Brazil census, 40

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[1] That figure was recently revised downward to a global rate of 5.5 percent. The figure was further disaggregated by level of development: 8.5 percent for more developed regions and 4.8 percent for less developed ones (Helander, 1999).

percent of people with disabilities earned less than the minimum wage, compared to 28 percent of the nondisabled (IBGE, 2003). In Chile, 85 percent of the disabled are not classified as economically active (Chile INE, 2003), and in Bolivia 65 percent are not economically active and 63 percent live in poverty (Bolivia INE, 2003).

Age and Disability

The prevalence of disability increases with age. There are subtle but important changes over time that may not be captured by using traditional age ranges. Data from the 2000 Brazil census suggest three distinct prevalence periods (see Figure 5.1): Childhood (0-11 years), youth-middle age (12-36 years), and middle-old age (37 years and older). Among children under seven years of age, disability prevalence is highest in the 0-1 age group, when disabilities are identified shortly after birth, and in ages 5-7, as children are diagnosed when they enter the educational system. Approximately 7 percent of children have a disability by age 11, and the prevalence increases to about 12 percent by age 36, rising sharply to 20 percent by age 42, then to 37 percent by age 60 and to 70 percent by age 75 and older (IBGE, 2003).

In the 2002 Chilean census, 44 percent of the people with disabilities were 60 years and older, compared with 10 percent of those 0-14 years old and 13 percent of those 15-29 (Chile INE, 2003).

Figure 5.1. Proportion of the Brazilian Population with at least One Disability, by Age, 2000
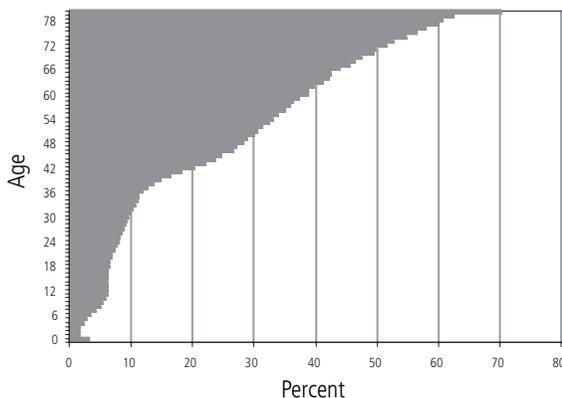
Source: IBGE 2000 Demographic Census.

Gender and Disability

The relationship between gender and disability cannot be analyzed independent of age. Data from the 2000 censuses on gender in Chile, Bolivia and Paraguay all suggest that roughly 55 percent of men and 45 percent of women have a disability (Chile INE, 2003; Bolivia INE, 2003; Paraguay INE, 2003). However, women have longer life expectancies than men, and disability prevalence increases with age. Women are likely to spend more years living with disabilities than men, but a smaller proportion of their lives with a disability. The 2000 Brazilian census estimated life expectancy at birth to be 64.8 years for men and 72.6 years for women. Women are estimated to have a disability-free life expectancy at birth of 55.9 years and men of 52.1 years, but 77 percent of a woman's life will be without disability compared with 80.4 percent for men (Brazil IBGE, 2003). The 2001 census in Chile showed that at all age ranges except those 75 years and older, women had a lower disability prevalence (Chile INE, 2003). The 2001 Jamaican census shows equal prevalence overall across gender up to age 60, after which women account from 54 to 59 percent of the disabled (Jamaica Statistical Institute, 2001).

Table 5.2. Brazil: Median Income of Disabled vs. Nondisabled, by Gender *(In reais)*

	Males	Females
With at least one disability	300	250
Not disabled	400	300

Source: IBGE 2000 Demographic Census.

Labor force participation rates are lower for women than for men with disabilities in Latin America (Montes and Massiah, 2003). In Brazil, 50-60 percent of women ages 25-59 with disabilities are in the labor market, compared with 70-80 percent of men. Women, irrespective of disability, earn less than men, but the combined effect of being female and disabled compounds their disadvantage (see Table 5.2). A woman with disabilities earns half that of an able bodied man and almost 16 percent less than an able bodied woman.

Race, Ethnicity and Disability

The 2000 Brazilian census provides one of the few opportunities to explore the relationship between disability and membership in two other excluded populations—blacks and indigenous people. Leaving aside the distinction between brown and black, the data suggest that blacks and indigenous people have a higher prevalence of disability than do whites and Asians (see Figure 5.2).

Figure 5.2. Proportion of Brazilian Population with at least One Disability, by Race and Ethnicity *(In percent)*
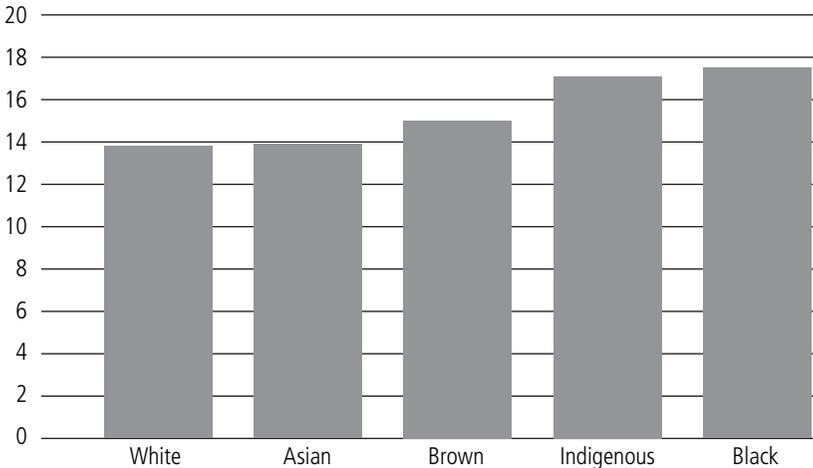
Education and Disability: Inclusion or Segregation?

As seen in Box 5.1, most children with disabilities traditionally have been excluded from the education system (Porter, 2002). The few children with disabilities who do attend school go to segregated facilities that cater only to children with disabilities, often for a single disability, such as schools for the blind. These schools have been criticized for providing separate but not equal education and for reinforcing the social exclusion of chil-

> **Box 5.1. Special Education Programs in the Region**
>
> In Jamaica, moderately or severely retarded children attend schools operated by a government-funded NGO, the Jamaica Association for Persons with Mental Retardation (JAPMR). Founded in 1956, the "Schools of Hope" are private, segregated schools. There are 29 of them throughout the country, serving 1,250 students. However, as JAPMR estimates that 3,000-4,000 children qualify for the program (Duncan, 2000), for every child who receives services, two to three children are overlooked.
>
> El Salvador has some 222,000 school-age youths with disabilities, according to Inclusión Interamericana (2000). About 2,000 of these take courses at one of the country's 30 special education schools, meaning that less than 1 percent attend school.
>
> Nicaragua has an estimated 150,000 children with special education needs. Of these, the national system can accommodate only 3,600 children, or about 2.4 percent. The needs of 97.6 percent of children with disabilities are unmet.
>
> In Chile, traditional schools direct their special education efforts towards children with mild disabilities, ignoring those with more severe problems (Milicic and Sius, 1995). Moreover, most special education schools specialize in only one type of disability. Children with multiple disabilities are often overlooked. The country's 300 special education schools can accommodate only 30,000 students, a third of those who need the services.
>
> *Source:* Porter (2003).

dren with disabilities. The social and educational ethos of many of these schools have their antecedents in the welfare approach that dominated thinking on the education of the "handicapped" in the early 20th century. While access and quality have improved, the practice of segregated schooling is still widespread, and most children with disabilities have no access to an education.

Estimates of the number of children with disabilities vary widely. UNICEF (1999) suggests that 11.6 percent of children in Central America have a disability. A study by the Canadian Association for Community Living concluded that childhood disability prevalence in Latin America and the Caribbean was 18 percent (CACL, 1989). Notwithstanding differences in measurement, there are consistent trends across the region.

First, people with disabilities are more likely than their nondisabled peers to have no access to education. The lack of inclusive education, the limited training for special education, the lack of physical access and transportation to educational facilities, and the stigma of disability are such that most adults with disabilities have not had any schooling.

In Mexico, an estimated 10 percent of the population could benefit from special education, but the state is able to provide services to only about 1 percent (see Table 5.3). Most of this 1 percent represents explicit demand—parents who know of and ask for services, while other parents are unaware that services exist to accommodate their child's specific needs, or that their child could benefit from an education.

Table 5.3. Special Education Supply and Demand in Mexico, 1992

	Language disorders	Intellectual disabilities	Learning disabilities	Hearing and language impairment	Neuromotor disorders	Visual impairment
Demand	1,224,350	1,170,000	916,200	244,865	204,055	40,811
Population served	17,663 (1%)	36,580 (1%)	134,096 (3%)	8,128 (1%)	3,703 (3%)	1,062 (2%)

Source: Fletcher and Kaufman (1995).

In Brazil, some 44 percent of men with disabilities in 1981 had no schooling, compared with 22 percent of men without disabilities. This relationship was also true for women, with 56 percent of those with disabilities receiving no education compared with 25 percent without disabilities. This finding is consistent with the data from Costa Rica and Nicaragua (Montes and Massiah, 2003). The differential becomes more pronounced as children progress through the education system: few children with disabilities enter or complete secondary school (see Tables 5.4 and 5.5). At the post-secondary level, most students with disabilities are directed into vocational education rather than academic or university programs.

The second trend in the region is that women with disabilities are also less likely to have had access to an education than men with disabilities. The advances made in increasing girls' access to education do not apply equally to girls with disabilities.

Third, segregated education in small, specialized schools that cater only to children with disabilities remains the primary option for such students. Inclusive education for the disabled in the same classroom with able-bodied students is not common in the region.

The final trend of note is that the proportion of young people with disabilities is higher in rural areas (UNICEF, 1999), while access to

**Table 5.4. Educational Levels among Men Ages 22-25,
with and without Disabilities**

Country	Year	Level of schooling attained								Total population	
		None		Primary		Secondary		Post-secondary			
		No.	%	No.	%	No.	%	No.	%	No.	%
With disabilities											
Brazil	1981	739	43.6	765	43.3	209	11.0	39	2.0	1,757	100
Costa Rica	1998	69	13.0	302	56.7	92	18.7	53	11.5	517	100
Nicaragua	1993	213	33.0	234	40.6	93	16.4	52	10.0	592	100
Without disabilities											
Brazil	1981	14,815	21.88	35,421	49.1	17,752	21.2	6,495	7.5	74,826	100
Costa Rica	1998	318	3.44	4,014	48.8	2,092	29.8	1,053	18.0	7,532	100
Nicaragua	1993	785	26.73	1,049	40.2	690	26.0	196	7.2	2,720	100

Source: Montes and Massiah (2003).

**Table 5.5. Educational Levels among Women Ages 22-25,
with and without Disabilities**

Country	Year	Level of schooling attained								Total population	
		None		Primary		Secondary		Post-secondary			
		No.	%	No.	%	No.	%	No.	%	No.	%
With disabilities											
Brazil	1981	648	56.1	410	33.7	115	8.9	16	1.4	1,189	100
Costa Rica	1998	79	15.7	260	51.4	91	20.6	50	11.7	484	100
Nicaragua	1993	269	34.6	302	43.0	129	18.6	27	3.9	727	100
Without disabilities											
Brazil	1981	18,748	25.3	37,976	48.2	19,256	20.7	5,295	5.7	81,652	100
Costa Rica	1998	298	3.0	4,099	48.9	2,322	31.1	1,083	17.0	7,830	100
Nicaragua	1993	856	26.0	1,170	42.9	737	25.3	167	5.8	2,930	100

Source: Montes and Massiah (2003).

educational facilities in those areas is even more limited. Disparities in access to education and diagnostic facilities for special needs are greater in poorer than in wealthier areas, in agricultural than in industrial regions, and in isolated interior than in coastal regions (Kochhar and Gopal, 1998; Quiroz, 1997). In Jamaica, children from Kingston make up half the population at the special education School of Hope, but they constitute only 25 percent of the population of children with disabilities (Duncan, 2001). In Guyana, five of the eight special education institutions

in operation in 1996 were in the capital (International Bureau of Education, 2001). Georgetown provided 90 percent of the country's special education, but serviced only 23 percent of the population (O'Toole, 1995). Special education services in Uruguay are available only in urban and suburban areas (de Lorenzo, 1995).

Barriers to Expanding Inclusive Education

In Latin America and the Caribbean, a variety of institutional, attitudinal and logistic problems prevent the expansion of integrated or inclusive educational opportunities for children with disabilities.

Stigma and discrimination. Stereotypes, negative attitudes and discriminatory actions are the main barriers to the inclusion of children with disabilities in mainstream schools. These attitudes and behaviors permeate all levels—administrators, parents and teachers. Parents of children with disabilities may find the social context of the school to be exclusionary and may prefer to send their children to segregated schools to shield them from discrimination. Shame, taboo and a strong desire to protect their children prevent many parents from allowing their child to attend school or from believing that their child could benefit from an education.

Invisibility. Children with disabilities, particularly those with intellectual or severe physical disabilities, are often "invisible" in their communities. Kept inside, they have infrequent contact with the outside world. Education authorities are not likely to seek out these children or encourage their parents to send them to school.

Gender discrimination. The data on access to education suggest that boys with disabilities are more likely to be sent to school than girls. Girls, particularly those who have intellectual disabilities, must overcome their parents' concerns about their safety and unwanted pregnancies. This is of heightened concern to parents of girls with intellectual disabilities. Girls with disabilities are more vulnerable to physical and sexual abuse in school or on the way to school. The lack of appropriate physical infrastructure in bathrooms and changing rooms can heighten parents' con-

cerns about the privacy and safety of their daughters. Anecdotal evidence suggests that girls with disabilities are more likely than nondisabled girls to be seen as better suited for domestic chores and unlikely to benefit from an education.

   Lack of accessible transportation. Even where schools are available, getting to them is a problem for children with disabilities. Very few public or private transport systems can accommodate children with disabilities. In many cases, an adult member of the family has to accompany the child. The Jamaican case described in Box 5.2 is not uncommon. Parents of children with disabilities are faced with a trade-off between work and the time required to transport children to and from school. Children with disabilities from poor households may be withdrawn from school to help maintain the household income. Poor households, even if they wish to have their child educated, often cannot afford the indirect costs.

Box 5.2. Disability, Poverty and Transport in Jamaica

Joyce, from Jamaica, is a single mother of two: Willa, a 3-year old girl, and Thomas, a 6-year old boy with physical and learning disabilities. Thomas is unable to walk. His situation is made worse by not having a wheelchair. This means he must move about by crawling, by using a wooden platform mounted on wheels, or by having Joyce carry him.

   Across the street is a regular public school where Thomas has nearly completed kindergarten. He has been granted permission to attend the first grade and could be taken to school by his grandmother, who lives with the family and provides child care for Willa, allowing Joyce to have a full-time job.

   But two major barriers have emerged. First, the first-grade classrooms are located on the second floor, to which Thomas lacks physical access. Second, no first grade teacher is willing to accept Thomas in the classroom. The school principal says he can do nothing about this. Even the Ministry of Education official with whom Joyce met can only offer to enroll Thomas in a special education school on the outskirts of town.

   Since no transportation is provided to this special education school, Joyce would have to accompany Thomas on a public bus for the one-hour journey each way. She would arrive at her job late and would then have to return to the school by 2:30 p.m. to accompany Thomas home on the bus. Because Joyce needs to work, Thomas's education is now jeopardized after only one year.

Source: Porter (2002).

Perceived cost. Analyses of the cost of education for children with disabilities are based on the assumption that this would require expanding the segregated special education model. To cover the needs of all children with disabilities this model would be very costly. Using the example of El Salvador, which has about 30 special education schools serving some 2,000 students, Porter (2002) estimates that expanding the special education model would require the construction of 3,300 schools and the hiring of 23,000 special educators to join the 210 currently employed. Most school facilities do not incorporate universal design principles: children with disabilities cannot access classrooms, recreation facilities, toilets or water. Creating inclusive schools would not be as costly as expansion of the segregated education model (Porter, 2002). It would require certain infrastructure changes, the introduction of new technologies, and teacher training (see Box 5.3). In addition to infrastructure adjustments, there would be additional curriculum and personnel costs.

Box 5.3. Inclusive Education: Lessons from Chile

The *Junta Nacional de Jardines Infantiles* (JUNJI) serves more than 92,000 children ages 3 months to 5 years in 1,300 education centers in Chile. It initiated an inclusive education program in 1995 that targeted children from poor families. JUNJI has integrated 600 children with disabilities into its program, mainly boys ages 4-6.

The key lessons from JUNJI were to make participation voluntary for teachers; develop a sensitization program for all staff to allay the fears of those who were apprehensive and to support teachers who participated in the program; and not limit the type of disabilities to be included—many students with severe disabilities were successfully integrated.

The main problem facing the program is the lack of inclusive education programs for students who graduate from JUNJI schools. Acceptance of JUNJI by mainstream schools is limited. To make the transition more successful, the mainstream education system needs to obtain additional resource materials, train teachers, and adapt the school infrastructure. In addition, an umbrella institution needs to coordinate the collection and sharing of experiences at the national level.

Source: Quiroz (1997).

Lessons Learned from Inclusive Education

Very few inclusive education programs in the region have been subject to rigorous evaluations. In addition, there is great variety in approaches to

inclusion and the types of disabilities that are included. Porter (2002) identified several lessons from inclusive education initiatives in Latin America and the Caribbean.

Providing support teachers. One of the most promising approaches in inclusive education classrooms is the introduction of support teachers. The presence of an additional teacher in the classroom increases the ability of schools to meet students' special needs (Porter and Stone, 1998). The support teacher can individually address a child's physical, behavioral, and, in some cases, learning needs (Porter, 2002). Support teachers may assist the regular classroom teacher in planning and developing teaching strategies rather than provide direct service in the classroom. In the pilot project developed by the *Associaçoes de Pais e Amigos dos Excepsionais* in São Paulo, Brazil, support teachers, despite their limited experience in regular classrooms, were welcomed by the regular classroom teachers because of their experience in addressing the behavioral and social problems of children with disabilities (Porter, 2002).

Grouping students heterogeneously. Students should be grouped heterogeneously, not by ability. Ability grouping can put students with disabilities at a disadvantage and slow their academic development. Heterogeneity tends to produce higher levels of student achievement as a whole. Nonetheless, only 38.7 percent of children in Latin America attend schools that practice heterogeneous grouping.

Teacher training. Teachers require thorough pre-service and ongoing in-service training to ensure the success of inclusive education (Perner and Porter, 1998). Throughout Latin America, however, only 54.8 percent of students are considered to have well-trained teachers (Willms, 2000). New skills are required to adapt curricula, develop new instructional strategies, identify individual student needs, develop individualized education plans, and monitor student progress.

Multilevel instruction. Multilevel instruction caters to the varying skills of students by providing appropriate learning opportunities within the same core lesson (Perner and Porter, 1998). Multilevel instruction can accommodate the range of skills and needs of students with disabilities. Students and teachers can develop a variety of instructional approaches

and practice new skills. This approach has proven useful in helping teachers develop new instructional strategies (Perner, 1993).

Freedom to Move: Disability, Accessible Transportation and Urban Development

The student, worker or elderly person with disabilities in Latin America and the Caribbean has difficulty getting around in most cities in the region. Lack of accessible transport can severely limit the ability to get to educational institutions or job sites. Frequently, other household members have to accompany people with disabilities as they navigate the transportation system. A well-planned transportation system can facilitate the movement of people with a variety of limitations so that less than 1 percent of the population requires special assistance. Yet there are few themes in the transportation sector as controversial as how to incorporate the needs of the disabled. There are three common misconceptions about creating more accessible transportation infrastructure (Wright, 1992):

- *Interventions for people with disabilities will not benefit others.* More accessible transportation infrastructure benefits all—including the special needs of the elderly, pregnant women, people with children, and the disabled.
- *Accessible systems are very expensive.* On the contrary, as experience in Curitiba, Brazil has shown, inaccessible systems are more costly. They generally have longer travel times and lower passenger loads, so the cost per passenger transported is higher. Accessible systems are cost effective. Small adaptations to inaccessible systems can be costly.
- *Most people with disabilities use wheelchairs.* This view of consumer demand for accessible transportation equates universal design principles with meeting the needs of people with disabilities without taking into account the benefit to a wide range of users. Most people with disabilities are not wheelchair bound. For example, in Franca, Brazil, when the new transport network was being developed, system designers took into account the special needs of the elderly, pregnant

women, accident victims, people with hearing or vision impairments, people with low literacy levels, and wheelchair users (Boareto, 2001).

Lessons from Accessible Transportation

A review of experience in Latin America and the United States suggests three principles for the development of accessible transportation systems in urban areas (Wright, 2001).

1) Use universal design principles. One of the first steps is to make pavement and sidewalks accessible. In most Latin American cities, more than 80 percent of the population walks rather than drives to conduct their daily activities. Making bus stations accessible will have a limited impact if people cannot easily get to them.

Sidewalk improvement programs must be accompanied by efforts to ensure that they are maintained and cleared of obstacles. When the city of Campina Grande, Brazil initiated a sidewalk improvement program in 1983, officials conducted an education program to advise residents and storeowners of the program and their role in keeping sidewalks clear. Twenty-six inspectors were trained to follow up with property owners to ensure that no plants or other obstructions blocked sidewalk access. Any obstructions—including garbage, billboards and construction materials—would be confiscated or removed upon 48 hour notice.

Programs to improve traffic safety must follow sidewalk improvements. Most cities in the region have chaotic traffic circulation patterns that make movement difficult and dangerous (Vasconcelos, 1996; Mouette and Waisman, 1998), especially for people whose mobility depends on assistance from others. Improving traffic safety for all also reduces impediments to mobility for people with disabilities. Improving traffic safety includes constructing or widening sidewalks, creating pedestrian-friendly streets, closing residential streets to vehicular traffic, installing traffic lights with phases that correspond to the walking speed of all pedestrians, and constructing walkways over high velocity roads and highways (Wright, 2001).

2) Focus on equal access to public transportation. Programs that have tried to target a specific number of vehicles for the disabled have

been unsuccessful. In the 1970s and 1980s, millions of dollars were spent in the United States equipping buses with mini-elevators. Problems with the equipment and limited understanding of the needs of people using wheelchairs resulted in low levels of use. Wheelchair users are varied. Some need assistance, while others are able to maneuver on their own. Thus, even when vehicles are accessible to all, people in wheelchairs may find boarding and disembarking difficult, especially during rush hour. Bus stops may also be too far away for some people with disabilities to access them. A phased implementation of equal access bus systems can provide transit authorities with an opportunity to learn how to train conductors and assistants, modify buses, change schedules and market services, and learn from public feedback. In phasing programs it is better to have a specific line on which all buses are equipped for all needs rather than to have a few special buses spread across the entire bus transport network. On the dedicated line, all users know that they can be transported.

3) *Offer special services for people with special needs.* In Curitiba, Brazil, the city decided against adapting all of its nonaccessible buses, but developed dedicated services for people with special needs. People with special needs could choose special taxis, a route on which buses were equipped with elevators (the route went to the main hospitals and orthopedic clinics in the city), or the *Sistema Integrado de Transporte de Ensenanza Especial* (SITES), which included buses equipped with elevators, vans and taxis, and 40 conductors and 70 assistants (two for each bus) trained in disability issues. Approximately 2,500 children were transported daily from their homes to special education schools. Much of the transport was door-to-door. Children did not have to walk more than three blocks from their homes to get to a bus stop. Through a scholarship system, 60 percent of children from poor households traveled for free, while other users paid a small fee.

Moving Forward: Policies and Actions Needed

Inclusionary policies and programs for disability are new and relatively untested in Latin America and the Caribbean. The civil rights and

women's movements in the United States have two important lessons for the disability movement in Latin America and the Caribbean. First, changing the social, economic and legal status of a given population group is a long-term process. Second, inclusion movements have synergies. The work to increase inclusion of people with disabilities will affect and be affected by the general tide of inclusionary efforts, particularly when new legislation is enacted. For example, in the United States, women and people with disabilities benefited from the legal precedents set by the civil rights moment that gave blacks greater rights.

Whatever the cultural context, population concerned, or stage of national development, social movements to increase inclusion share common features. What may differ is the importance of an advocacy strategy or activity at a given time in the evolution of an inclusionary movement. In Latin America and the Caribbean, the future should include the initiatives described below.

Increase advocacy by people with disabilities. The disabled are a relatively voiceless population with limited political influence in the region. The disability community has not been able to use its numerical strength to leverage political support and influence national agendas. This stands in contrast to what some Afro-Latin communities and networks of people living with AIDS have been able to achieve through a mixture of civil disobedience, demonstrations, use of the mass media, and political consensus building.

Disability organizations are weak and fragmented by disability area—deafness, visual impairment and so on. To become more effective advocates, disability organizations need to develop and expand their management and leadership capacity, network more extensively with nongovernmental organizations and think tanks in developed countries, and increase their awareness of social development and macroeconomic issues. By focusing solely on disability issues, disability organizations often fail to make strategic alliances or understand how the broader financing and development agenda can affect their efforts. For example, partnerships with international NGOs are extremely beneficial to AIDS organizations in Latin America and the Caribbean. These linkages facili-

tate the flow of resources and technical assistance for implementing advocacy strategies. Such contacts also provide information on global issues and allow regional perspectives to be placed on the global agenda. In the development dialogue, disability organizations have not effectively linked disability to poverty as they have to human rights issues. Both perspectives are necessary in advocacy efforts.

Reduce stigma and penalize discrimination. There are legislative frameworks in Latin America and the Caribbean to support the inclusion of people with disabilities, but legislation often lacks time-defined targets for inclusion, and enforcement is weak because agencies charged with implementation of anti-discriminatory policies are underfunded. Two other factors contribute to the failure to take legal action against discrimination. Excluded populations are often unaware of their rights, since laws are not properly publicized or understood. And legal systems are unwelcoming and unaccustomed to anti-discrimination cases involving the disabled. People with disability may be reluctant to pursue legal action when they believe they have little chance of success. The empowerment of disability organizations will increase their members' understanding of their rights, as well as their willingness to take discrimination cases to courts.

An example from another movement—advocacy for the rights of people with HIV/AIDS—shows just how effective such efforts can be. In 1998, the Venezuelan NGO Citizens Action Against AIDS presented a case of workplace discrimination against people with AIDS on behalf of four HIV-positive military personnel whose status had been revealed by their superiors. In a precedent-setting ruling, the court ruled in favor of the right to work, to privacy and against discrimination, for dignity and health care, psychological counseling, and economic assistance for those infected by HIV. Alfredo Ducharne, one of the country's 15 high court judges, argued that the state was responsible for the economic, social, psychological and health needs of people with HIV/AIDS and must guarantee their human dignity. The case was decided in just four months, record time for the high court.

Take affirmative action. Stigma cannot be changed by legal action alone. The inclusion of people with disabilities requires a variety of affirmative action programs. Including children with disabilities in mainstream schools will ensure that they get an education, and that their able-bodied peers will learn to interact with them and understand their special needs. In the long term, the success of policies to ensure that people with disabilities can compete in the labor market is linked to efforts to increase their access to a quality education. While debates on quotas often shift to discussions of unfair advantage and length of implementation, in the short term, when people with disabilities are unlikely to be considered for jobs for which they are qualified because of stigma, quotas are necessary to help break stereotypes and change norms.

Increase disability data. The lack of data on the prevalence of disability and the social and economic conditions of people with disabilities and their households restricts advocacy efforts and limits the design and evaluation of disability policies and programs. By comparison, for HIV/AIDS there are data on prevalence, gender, age, resource needs and gaps, socioeconomic conditions, poverty, and other aspects. Thus, even if HIV/AIDS data are limited in a particular country, regional or subregional data can provide useful points for extrapolation. In the short term, attempts to improve the quality of disability data should focus on several areas, starting with producing better disaggregated data. In addition to collecting prevalence data, disability data should be disaggregated by poverty level, gender, race and ethnicity. The tendency to look at people with disabilities as a population independent of their other characteristics is simplistic: gender and race affect societal responses.

Prevalence estimates are based on the individual, but the impact of disabilities is felt at the household level. Members of the household may have to limit their labor force participation to care for a member with disabilities. Women are more likely to be the caregivers and limit their participation in the labor market when there is a person with a disability in the household. In Latin America and the Caribbean, using the household as the unit of analysis would demonstrate the wider impact of disability.

Developing data collection networks is also critical. Given the fragmented approach to disability data collection and the methodological issues to be addressed, regional and subregional research networks should be established. Initially, these groups could be organized around national statistics offices, many of which have undertaken disability surveys or included disability questions in censuses. These networks could help in identifying academics and other researchers working on disability data.

A core task of these networks is reaching agreement on a definition of disability. The 2000 censuses provide the most recent data on disabilities, but a wide range of definitions were employed. In addition, not all countries in the region conducted a census in 2000. A common definition, and the piloting of this methodology, will help in the design of the disability questions for the 2010 censuses and assist countries that conduct censuses before then.

Finally, improving the relationship between users and producers of data is critically important. Data collection efforts must be coordinated with the users of data, particularly civil society groups, so that the data can be used to strengthen advocacy efforts. In the case of HIV/AIDS, for example, the strong links and networks between advocacy groups, NGOs and researchers involved with this issue ensure that information is known and packaged to enhance advocacy efforts. While significant data already exist on disabilities in Latin America, governments and disability organizations often are unaware of it, or the information is not presented in a form that is useful to them.

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Anti-Discrimination Legislation and Policies in Mexico

Gilberto Rincón Gallardo

The struggle against discrimination in Mexico has just begun. The legal and institutional steps taken, though essential, are only a first small step toward a goal that remains some distance away. Thus, while Mexico's experience is too new and incomplete to serve as a model for the rest of Latin America and the Caribbean, countries in the region could benefit from reflection on the route Mexico is following and the approach and priorities it has established.

Prior to 2000, the official position of the Mexican government was that discrimination did not exist. It was acknowledged that the Mexican people suffered from great socioeconomic inequality, but the existence of social patterns that systematically excluded large groups was denied, as was the possibility that many people suffered from social stigmas that contributed to their exclusion. One of the innovations accompanying the change in political power in Mexico was a new openness to social discussion that made way for another perspective on discrimination. This new atmosphere made it possible to show that the fight against discrimination and social exclusion is an essential part of building a democracy.

Draft Law to Prevent and Eliminate Discrimination

In February 2001, with the support of the new federal government, the Citizens Commission for Studies against Discrimination was established. Pluralistic and inclusive, the commission was made up of representatives of

the main political parties, including legislators, public employees, advocacy organizations, academics, and other specialists. Its work reflects this diversity. In an intense year of effort, the commission produced two works of great importance. The first was a groundbreaking, systematic study of practices of discrimination and social exclusion in Mexico, a kind of "White Book" on discrimination entitled "Discrimination in Mexico: Toward a New Culture of Equality." The second was a preliminary draft of a federal law to prevent and eliminate discrimination, which the government used in preparing draft legislation that it presented to Congress. This proposed legislation is now under discussion, with good prospects of passage.

The draft law sets out to implement article 1, paragraph 2 of the Mexican Constitution, which explicitly prohibits discriminatory practices. Paragraph 2 represents an important legal advance in the struggle for equality in Mexico. It states: "All discrimination is prohibited if motivated by ethnic or national origin, gender, age, different capabilities, social condition, state of health, religion, opinions, preferences, marital status or any other condition in detriment to human dignity and for the purpose of denying or reducing the rights and freedom of persons."

Some of the criteria underlying the federal draft law that could help to guide legal and institutional reform efforts in other countries in the region are discussed below.

Creating or Applying a Constitutional Mandate for Legal Reform to Combat Discrimination

The fight against discrimination derives enormous social and political influence from its legal grounding in the Mexican Constitution, which confers the status of a "fundamental guarantee," equivalent to a basic individual or human right, or the right to be free of discrimination. Although the Constitution does not go beyond prohibiting discriminatory practices, it does not prevent the federal law from including state obligations to compensate and aid persons who belong to stigmatized groups or who are vulnerable to social exclusion. The federal draft law has broadly interpreted the spirit of the constitutional text, adding mandatory affir-

mative action in favor of certain groups and establishing a specialized institution to evaluate policy measures on discrimination and to intervene in cases of discriminatory practices.

The affirmative action measures in the draft legislation would, for example, obligate the Mexican government to provide any technical assistance necessary for each kind of disability at all levels of obligatory education; establish a scholarship system for indigenous people that promotes literacy, completion of education at all levels, and job training; and create incentives for mixed education, encouraging girls and women at all education levels to stay in the education system.

Regional and International Mechanism to Combat Discrimination

The Mexican government has signed and ratified several regional and international anti-discrimination conventions, making them legally binding instruments in Mexico, with or without any implementing legislation. While difficult to apply and publicize, these conventions helped to inform the language of the constitutional anti-discrimination clause, and the new federal law incorporates many of their provisions. The Citizens Commission for Studies against Discrimination also conducted a comparative study of national legislation on discrimination, which helped identify the groups requiring specific protection against social exclusion or special compensation and opportunities. The law provides protection against discrimination for women, the disabled, indigenous peoples, children, the elderly, the sick, religious minorities, and those with unconventional sexual preferences. Drawing on elements of these international conventions and the legal and institutional practices of other nations helped to publicize best practices in the search for social cohesion and the fight against discrimination, and to defuse political opposition to provisions of the law.

Comprehensive Approach to Protecting against Discriminatory Practices

The draft law is comprehensive and does not allow for "degrees" of protection against discrimination. Anyone who belongs to a group vulnerable to discrimination or exclusion has a universal right to be free of discrimination. The federal law acts as a kind of new charter of civil rights, requiring a set of specific protection measures and institutional actions, each to be developed in detailed laws, regulations and public policy criteria applicable to each specific group. Although the law lists groups that are considered especially vulnerable to discrimination, based on sociological evidence of systematic exclusion and social marginalization, this in no way compromises the law's universal nature. The comprehensive approach allows the legal project to be understood as a tool for advancing social cohesion, not for increasing social differences or perpetuating the disconnection of minorities from the social life of communities. By creating a more positive public attitude toward vulnerable groups (such as the disabled), the law makes it possible to align them with more socially challenged groups (such as groups with unconventional sexual preferences and religious minorities) and to sensitize the population to the harmful nature of all kinds of discrimination.

Regulating Practices and Attitudes in Public and Private Spheres

Although combating discrimination is an essential part of the fight for full respect for human rights, national institutions that defend human rights have sometimes failed to intervene in instances of marginalization and social exclusion that take place outside the public domain. In Mexico, institutional defense of human rights has concentrated on protecting people against abuses of state power. However, protection against discrimination also requires strong institutional interventions in relations generally considered private or partially private, such as labor relations or those involving health care and education, and where discriminatory practices are widespread. Effective legislation against discrimination must therefore have the authority to intervene in the private domain whenever necessary.

Social Cohesion and Affirmative Action

The Mexican Constitution calls for material equality (covering affirmative or institutional action by the state) only for indigenous groups, which could also be interpreted as protecting Afro-descendents. The draft law further develops the concept of compensation and special opportunities for children, women, the elderly, and people with disabilities. Affirmative actions are not absolute privileges, but rather temporary and flexible measures to provide true equality of opportunity for members of groups that have traditionally been excluded or marginalized. In the words of Amartya Sen, it is a matter of taking public action to stimulate the development of "basic capabilities" in people who could not otherwise develop them. Thus, affirmative action measures would not include groups such as religious minorities or those with unconventional sexual preferences. In these cases, the state's role is simply to protect them from social pressure, stigmatization or violence.

Changing Attitudes instead of Applying Legal Sanctions

Although anti-discriminatory legislation must include penalties and other legal sanctions for specific violations, the long-term task is to achieve social cohesion and develop a cultural atmosphere of respect for differences. For this reason, the legal project does not include judicial action against discriminatory practices, but rather conciliatory measures and administrative actions. The greatest importance is given to increasing public awareness through education and persuasion, and to amending current regulations to give attention to specific cases of discrimination, which are to be reported to the institution created to deal with them. While common to legislation against discrimination in many countries, these criteria have been brought together in Mexico in a unique legal proposal that makes them part of the foundation of a more equitable and inclusive society. As has often been said, discrimination not only deserves to be condemned, but also requires an alternative.

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Part II

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Perspectives
from Europe

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European Origins of Social Exclusion: Application to Developing Countries

Peter Oakley

Social exclusion provides an analytical basis for understanding poverty that draws not only on economics but also on other social sciences. It examines why some groups are disadvantaged and seeks ways to end their marginalization.

As an analytical concept, "social exclusion" was coined in France in 1974 to refer to categories of people—the mentally and physically disabled, single parents, substance users, and others—who were unprotected by social insurance. As the use of the term spread in the 1980s, it came to refer to a broad range of socially disadvantaged groups and became central to French debates about the "new poverty" associated with rapid economic transformations.

Social exclusion in this context referred to the rise in long-term and recurrent unemployment and to the growing instability of social relations: family instability, single member households, social isolation, and the decline of class solidarity. The concept included material, spiritual and symbolic aspects. It was seen as the progressive rupture of the social and symbolic bonds—economic, institutional and meaningful—that normally attach individuals to society. Social exclusion and appropriate responses to it became an important contemporary basis of poverty analysis (Silver, 1995).

The European Union and many of its member states have taken up social exclusion as central to the formation of social policy. The

Maastricht and Amsterdam Treaties and the Structural Funds included a commitment to combat social exclusion. The European Union has promoted funding for social insertion through the European Social Fund, the European Anti-poverty Network, and anti-poverty programs. A significant change in terminology also took place between the European Union's first anti-poverty program, in which "poverty" was the central concern, and the third program, in which the central concern was "social exclusion" (de Haan, 2000).

By the early 1980s, the concept of social exclusion had become an important framework for thinking about alternative European social policies, particularly in relation to the notion of welfare provision. It also became a radically innovative concept to describe deprivation. The concept's advantage is that it focuses attention on central aspects of deprivation. For example, Sen (2000) welcomed the social exclusion framework because of its focus on the "relational roots of deprivation." According to Maxwell and Kenway (2000), the strength of the social exclusion model is that it puts causes more firmly in the picture. Poverty is seen as resulting from different processes in the realms of rights, resources and relationships: the focus is on institutions. A further strength of the approach is that it encourages poverty analysts to look at the trajectories of disadvantage that extend over years—poor educational opportunities, low wages and insecure employment.

Examination of the concept by the International Institute of Labor Studies in the mid-1990s, which included primary analysis of its relevance in India, Peru, Russia, Tanzania, Thailand and Yemen, distinguished between two broad understandings of social exclusion: the first as an attribute of individuals, and the second as a property of societies.

Social exclusion as an attribute of individuals focuses directly on the nature of the lives people are leading. Socially excluded people or groups are seen to be in a situation of disadvantage. They are socially isolated in some sense, lacking social ties to the family, local community, voluntary associations, trade unions, or even the nation. They also may be disadvantaged in the extent of their legal rights or their ability to use them effectively. Individual disadvantage is seen as a multidimen-

sional situation, involving both consumption-related and work-related aspects of disadvantage.

As a property of societies, social exclusion may be part of the basic institutional framework and ongoing institutional arrangements within a nation. Social exclusion in this sense refers to the institutions and rules—formal and informal, explicit and tacit—that enable and constrain human interaction. Social exclusion is a property of society if racial, sexual and other forms of discrimination are present, if the markets through which people earn a livelihood are discriminatory, or if public goods, which in theory should be available to everyone, are limited to the few (ILO, 1996).

The analysis of social exclusion is concerned with the causes of poverty, the specific nature of essential needs in different societies, access to the services and opportunities which would make it possible to meet these needs, and the civil and political rights of individuals. Essentially, social exclusion analysis is seen as a way of examining how and why individuals and groups fail to have access to or benefit from the possibilities offered by societies and economies. In this respect, it is essentially a multidimensional and multidisciplinary concept that links both social rights and material deprivations. It encompasses lack of access to goods and services and also exclusion from security, justice, representation and citizenship.

Exclusion has to do with inequality in many dimensions—economic, social, political and cultural. While the dimensions of exclusion interact and may coincide, they are not necessarily congruent. Permanent exclusion needs to be distinguished from exclusion that is created and recreated by the operation of social and economic forces. Some patterns of development have exclusion built into them. In this respect, it is important to identify actors who include and exclude, and to understand how and why they do so. Actors may be social groups, the state, business enterprises, the military, local authorities, religious bodies, or local elites.

It is also important to look at the role of the excluded in promoting their own inclusion, as well as the various levels at which social exclusion can be understood: national, regional, institutional, social group, or individual. Finally, because people can be excluded by the actions of many

different groups and exclusion can happen at each level of society, it is important to understand the processes that cause it.

Global Relevance

As an analytical tool, the concept of social exclusion has always had firmer roots in social policy debates and in explanations of relative poverty in developed countries than in developing countries. Indeed, its first substantial introduction into developing countries was through the International Institute of Labor Studies research program in the 1990s, which took the concept to several developing countries as a means of strengthening the focus on the characteristics of poverty and deprivation and the processes that cause them.

There is an element of "old wine in a new bottle" in the recent flurry of social exclusion analysis. It would be erroneous to suggest that developing nations are strangers to a social, political and economic understanding of poverty. There is no shortage of literature since the 1960s that is essentially grounded in a social exclusion understanding of poverty (Freire, 1972; Elliott, 1975; Stavenhagen, 1977; Sen, 1980). However, the force of this contemporary concept is in the notion of exclusion as a deliberate act of individuals, groups or the state.

A major issue has been the question of whether the concept of social exclusion is globally applicable. At one level, Wolfe (1995) has argued that the processes of globalization have forced many of the world's nations toward inclusion in a global system of production, consumption, expectations, and cultural and political norms, while at the same time excluding the majority by continually changing the rules of the game. At another level, regional reviews of the literature on poverty, deprivation and marginalization in Africa, Asia, Latin America and the Middle East have reinforced doubts about social exclusion analysis, while recognizing that the concept could be used in building a framework for the analysis of poverty.

The reviews were skeptical about the idea of deploying concepts formulated in Western Europe in developing countries. Exporting ideas

in this way might simply be re-labeling longstanding locally developed approaches to social problems and obscuring other more important causes of poverty than exclusion—such as structural heterogeneity or the terms on which people participate in the economy and society. Poverty and deprivation are not always associated with lack of integration, but are often more closely linked to structural processes in economies and societies. Disengagement and withdrawal have, in many countries and regions, been a way of surviving.

Yet, the concept of social exclusion can be useful by allowing for the integration of loosely connected notions of social disadvantage, and by broadening the notion of deprivation by directing more attention to poverty as a process involving agents and institutions, making explicit the interplay between its material and nonmaterial dimensions. Gore (1995) suggests that the value and relevance of the social exclusion approach for policy analysis in a global context are descriptive, analytical and normative:

- *Descriptive.* As a description of a state of affairs, social exclusion reinforces the definition of poverty as relative deprivation. It offers a way of defining poverty that is relevant on a global scale, given differences in what is considered essential in different societies.
- *Analytical.* The approach seeks to understand the relationships between poverty, productive employment, and social integration. It can be applied in various ways, which in turn can lead to different policy conclusions.
- *Normative.* The approach raises questions about the nature of social justice. It can direct attention to the question, "equality among whom?"

Concepts of distributive justice assume the existence of a community within which rights are held. Social exclusion also focuses on relational aspects—inadequate social participation, lack of social integration, and lack of power. Gore (1995) further argues that the specific value of the approach is that it offers a way of reconceptualizing and understanding social disadvantage as the globalization of economic relations occurs.

He recognizes, however, the need to modify social exclusion analysis to take account of regional differences and global dimensions of processes of social exclusion. In Western Europe, the early work on social exclusion focused on the labor market, regular work, decent housing, and community services. In other contexts, broader issues have emerged, such as international movements of trade, aid, and migration; access to the basic factors of agricultural production; civil and political rights; and institutional practices of exclusion. This broader perspective makes the concept more relevant to understanding the fundamental issue of livelihoods in developing countries.

Adapting the Analysis to Developing Countries

Rodgers (1995) has addressed the issue of adapting social exclusion analysis to the realities of developing economies, where the emphasis would be on three forms of exclusion:

- *Exclusion from goods and services affecting levels of living.* Exclusion from public goods and services is often a question of location, knowledge, connections and ability to pay.
- *Exclusion from livelihood.* Livelihood is also threatened by exclusion from land or other productive assets or from markets for goods. Land is a source of livelihood as well as a means of social integration. Reasons for exclusion are land degradation, concentration in land ownership, and removal of local residents in favor of logging or tourism.
- *Exclusion from security and human rights.* The attainment of particular basic human rights may be a precondition for overcoming economic exclusion. For example, the right to freedom of assembly and expression is important as a basis for effective mobilization to overcome exclusion.

Certainly much of the discourse and dimensions of social exclusion analysis that have been developed in a Western European

context—decent housing, social protection at work, social security systems, and "secure" jobs—is of limited relevance to all but a small part of the populations of developing countries. For most, the issue is still the gross inequalities and imbalances that have become institutionalized and impervious to decades of development initiatives. Exclusion is not merely material, amenable to regulation by timely state intervention. It is historical, political, geographical and often racial. It demands more radical action.

Several major themes emerge when a social exclusion analysis is applied to developing country contexts, as has been done by the International Institute of Labor Studies:

- The deeply hierarchical nature of many developing countries, which reinforces historical conditions of exclusion.
- The dominant influence of modernization as a development strategy in many developing countries since the 1960s, resulting in clear patterns of socioeconomic differentiation and the exclusion of whole regions and social groups.
- Endemic exclusion, in many instances, of the majority of populations from both basic needs and basic rights.
- Entrenched exclusion of certain socioeconomic or ethnic groups, such as women, the illiterate, and indigenous people.
- Geographical exclusion of regions that historically, or for ethnic or political reasons, has never been at the center of national development.

The evidence suggests that social exclusion provides a basis of analysis for understanding poverty that is less focused exclusively on economics and is able to explore historical, regional, ethnic and other reasons for people's relative and absolute poverty. It demands a much broader analytical base that draws on the disciplines of other social sciences. It also focuses on explaining why certain groups are in a disadvantageous position relative to other social groups and the issues that will need to be confronted if this disadvantage is to be reversed.

Social Exclusion and Poverty Analysis

Analysts have compared the ability of poverty analysis versus social exclusion analysis to address the fundamental problems of poor people. Abbey (2000) argues that once poverty is considered as multidimensional and not restricted to income poverty, there is significant overlap between the two terms. Sometimes exclusion is seen as a facet of poverty and sometimes poverty is seen as a facet of exclusion. An individual can be excluded without being counted among the poorest—such as minorities that are socially excluded but whose members may be well off. Often, however, exclusion is part of a poverty trap and can imply a higher probability of sinking into poverty.

At one extreme, social exclusion is considered one element within a narrow definition of poverty as living below a bare minimum standard. At the other extreme, social exclusion can be seen as an alternative to poverty for understanding the lives of poor people. As a multidimensional concept of poverty, social exclusion analysis can broaden traditional poverty analysis by introducing aspects of social participation and citizens' rights.

Social exclusion also focuses more on the processes of impoverishment rather than on the characteristics of poverty, which allows for causal analysis. It directs the focus to the variety of ways people become poor and the ways their poverty becomes institutionalized, with their resulting exclusion from active citizen participation. Bourgignon (2000), for example, suggests that too much attention to the concept of absolute poverty over relative poverty or social exclusion led to inadequate policies. Social exclusion analysis helps to broaden the analysis of poverty to examine the role of ethnicity, state action, lack of access to land and credit, and deprivation of political, social and labor rights. Finally, social exclusion analysis draws attention to the existence in many societies of certain social groups that experience multiple and self-reinforcing exclusion, with persistent disadvantages transferred from generation to generation.

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The European Union Experience with Social Inclusion Policy

Tony Atkinson

Gleaning lessons from the experiences of the European Union with social inclusion policies begins with a review of the development of European social policy from the 1950s to the major innovations at the EU Lisbon Summit of 2000. Responding to concerns that the social dimension had been left behind, heads of state decided at Lisbon that the European Union should adopt the strategic goal for the next decade not only of becoming "the most competitive and dynamic knowledge-based economy," but also of achieving "greater social cohesion" (European Union, 2000).

Following the Nice Summit in December 2000, it was agreed to advance social policy on the basis of an open method of coordination, with EU institutions drawing up guidelines and monitoring their implementation by member states. Two key elements were agreement on a common set of social indicators to monitor performance and the requirement for member states to produce national action plans to address poverty and social exclusion. This chapter describes how the member states agreed on comparative indicators for social inclusion within the framework set out by the EU, considers the principles underlying the choice of indicators and their characteristics, and examines the development of the national actions plans and their relationship to the social inclusion policies. This chapter also reviews the involvement of civil society organizations, the diagnosis of social exclusion, gender mainstream-

ing, and minority groups in the context of EU policy. Finally, the chapter draws lessons on policy and institutional cooperation from the EU experience for Latin America and the Caribbean.

Development of Social Inclusion Policy in the European Union

The European Union began as the European Coal and Steel Community under the Treaty of Paris in 1951, with a supranational body, the High Authority, charged with taking decisions in the common interest of the six members (Belgium, France, Germany, Italy, Luxembourg, and the Netherlands). Over the years, new communities were established, the membership was successively enlarged, and the Treaty of Maastricht established the renamed European Union (EU), which came into operation in 1993. There are currently 15 member states: Austria, Denmark, Finland, Greece, Ireland, Portugal, Spain, Sweden, and the United Kingdom, plus the founding six. In 2004, 10 additional countries are due to join.

The institutions of the early European Community (EC) had very limited powers in the social field. Social policy was seen largely as a means toward removing barriers to labor mobility and ensuring that differences in the costs of social protection did not impede competition. Social policy was relevant insofar as it contributed to the success of the EC's free trade area.

At the same time, however, there was recognition that the four freedoms of movement—goods, services, capital and persons—had a social dimension. From the start, economic and social policies were seen to be intertwined. While the relative stress on social and economic elements has varied over the years, the role of social factors continued to be acknowledged as economic integration proceeded. The report on the social dimension of the common internal market stated that "taking account of the social aspect of the internal market is a key factor in its success" (European Commission, 1988, p. 7). The final report of the European Parliament (1994, p. xi) on the social consequences of economic and monetary union (EMU) concluded that "for the EMU to work and be seen to work, it must

not only deliver an improved macroeconomic performance…but also ensure that the fruits of faster growth are sufficiently well distributed among regions and social groups…[C]ohesion policy and macroeconomic policy need to be developed in tandem."

Social Action and Poverty Programs

Social programs have developed progressively over the years, but with a number of important landmarks. The first was in 1972, when the Paris Summit of heads of state resolved that they "attached as much importance to vigorous action in the social field as to the achievement of economic and monetary union" (quoted by Lintner and Mazey, 1991, p. 115). Agreement that the European Community needed to move beyond a minimal social policy reflected concerns that the benefits of the common market had been spread unevenly, which was especially evident in geographic inequalities. Reform of the European Social Fund had as its twin objectives tackling unemployment in declining regions and alleviating labor market imbalances directly attributable to EC policy.

The 1972 Paris Summit charged the European Commission with producing a Social Action Program. Adopted in January 1974, the program recognized that the members of the European Community had independent responsibilities for the formation of social policy and agreed on the implementation, in cooperation with member states, of specific measures to combat poverty. After a complicated gestation period, the first European Poverty Program was established in July 1975 as a series of pilot schemes and studies. Getting the program off the ground was difficult because of the oil crisis of 1973 and because of the constitutional issues raised by such an endeavour (Dennett et al., 1982).

The program was made up of many locally based action projects and seven cross-national studies. The local projects included such initiatives as community action in an inner-city district of Brussels, a Danish project to secure the integration of vagrants, projects to help homeless families and those living in short-term accommodations, family day care centers in Liverpool and London, an Edinburgh festival accessible to local

residents in need, and rural community development schemes, welfare rights activities, projects to assist travelers, and aid to battered women in Ireland. The cross-national projects covered perceptions of poverty, effectiveness of social policy in combating poverty, persistence of poverty, and poverty in nomad populations. Originally agreed upon for two years, the program was later extended to 1980.

In the Council Decision of 1975 establishing the program, poor people were defined as those "whose resources are so limited as to exclude them from the minimal acceptable way of life in the Member States in which they live." In a further departure for the European Commission, a 1981 evaluation report on the poverty program made a statistical estimate of the extent of poverty in the European Community, using a concrete poverty line of 50 percent of the mean income of the member state. By this estimate, 36.8 million people in the European Community in 1975 were living in poverty. This was a major factor leading to the authorization of a second program for 1985-88.

The second program authorized the European Commission to undertake three types of activities:

- To promote research on new methods for helping people in poverty or at risk of poverty, with an emphasis on fostering the participation of the people involved, and addressing the problems common to several member states.
- To disseminate and exchange knowledge about anti-poverty measures.
- To regularly collect comparable data on poverty.

This was followed by the Community Program for the Social and Economic Integration of the Least Privileged Groups (1989-94), known as Poverty 3, set up by Council Decision in July 1989. Its scope and aims were described in a report by the European Commission (1993a, p 40): "Obviously, Poverty 3 is neither intended nor able to tackle all aspects of poverty in the Community, as the activities and policies to be pursued in this field are the responsibility of the member states and their national, regional and local authorities. Its aim is to promote experimentation with

new strategies for fighting poverty, and thus to contribute to identifying good practice, encouraging policy and stimulating public debate."

Program resources were concentrated on 41 local projects, linked through a cross-national network. These included 29 large-scale model action projects demonstrating the potential of an integrated approach to area-based deprivation and exclusion, and 12 smaller projects focusing on innovative techniques (European Commission, 1993c).

An Observatory on National Policies to Combat Social Exclusion was established in 1990. Members wrote reports on national policies relevant to social exclusion. The coordinator summarized the reports, identifying issues of common concern and drawing implications for European social policy (Room, 1992). These reports can to some extent be seen as forerunners for analytical sections of the national action plans against social exclusion.

The 1990s saw major developments in the European Community. The Maastricht Treaty established the European Union, and the common currency (the euro) was planned. But social policy, confined to the Protocol and Agreement on Social Policy (signed by 11 of the 12 states, the United Kingdom dissenting), saw less progress. The European Commission produced a consultative Green Paper on options for social policy (European Commission, 1993b). There were social action plans for 1995-97 and 1998-2000 directed at promoting employment and building an inclusive society. But the decade is still best described by Pakaslahti (1996, p. 29) as "the social policy standstill of the 1990s." This may have been a result of the scars left by disagreements about the social chapter of the Maastricht process; it may have reflected the preoccupations of member states with the fiscal restraints necessary to meet the criteria for monetary union; or it may have been that social policy lacked effective champions among Europe's political leaders.

The situation changed dramatically at the Lisbon European Council in March 2000, when heads of state decided that the European Union should adopt the strategic goal for the next decade not only of becoming "the most competitive and dynamic knowledge-based economy" but also of achieving "greater social cohesion." This reflected the feel-

ing of many people that the social dimension deserved more priority. The language is not always precise. "Social cohesion" may be thought of as a more general concept than "social inclusion," though it is often used as a synonym. Social inclusion itself means different things to different people. The broad coalition of support may indeed reflect the latent ambiguity of the term. But there can be little question that both social cohesion and social inclusion have positive resonance.

Later in 2000, at the Nice Summit, an open method of coordination was adopted for advancing social policy, based on the recognition that social policy remains the responsibility of member states. The open method uses "a 'management by objectives' approach, whereby EU institutions draw up guidelines and monitor their implementation by member states" (Ferrera, Hemerijck and Rhodes, 2000, p. 83). The European Commission is invited to report annually on progress, using commonly agreed upon and comparable social indicators. As in the case of employment, which needs a similar process of open coordination, it was decided that each member state should implement a two-year national action plan. The 15 members submitted their first national action plans to combat poverty and social exclusion in June 2001, with the next round of submissions due in July 2003.

On the basis of the indicators and the national action plans, the EC member states were to produce the Joint Report on Social Inclusion. The first was published at the end of 2001 (European Commission, 2002). Comparisons of performance help to identify countries where policy needs to be reconsidered—and may lead to agreement on EU-wide targets.

While the European constitution is the subject of debate, it seems likely that social policy will continue along the lines described above, with member states retaining responsibility but the EU setting overall objectives and steering national policies through a process like the open method of coordination and national action plans. The comparative indicators for social inclusion and the national action plans play a key role, as discussed below.

Comparative European Indicators of Social Inclusion

Understanding social indicators in the context of their role in the European drive for social inclusion requires an understanding of the principle of subsidiarity, which governs the determination of social policy in the European Union.

The principle of subsidiarity is often misunderstood. The public finance literature on decentralization analyzes the allocation of functions among different levels of government, particularly between the federal level (the European Union in the present context) and the local level (member states). Some have argued that functions should be allocated to local governments where there are marked differences in preferences across local areas. Subsidiarity would then leave each member state free to determine the extent of social protection on the basis of the expressed preferences of its electorate. Some countries would choose a highly redistributive policy, with associated higher taxes, and other countries would provide lower levels of social security.

This is not what is envisaged in Article 3b of the Treaty on European Union, which states that "the Community shall take action, in accordance with the principle of subsidiarity, only if and insofar as the objectives of the proposed action cannot be sufficiently achieved by the member states and can therefore, by reason of the scale or effects of the proposed action, be better achieved by the Community." It refers explicitly to "the objectives of the proposed action." It does not leave national governments at liberty to determine the objectives of redistributive policy. The freedom of member states lies in the choice of the means by which common objectives are to be achieved. To quote Leibfried and Pierson (2000, p. 268), "national welfare states remain the primary institutions of European social policy, but they do so in the context of an increasingly constraining multi-tiered polity."

It is here that social indicators enter the stage. Social indicators embody commonly agreed-upon objectives. The process of open coordination involves fixing EU guidelines, establishing quantitative and qualitative indicators to be applied in each member state, and monitoring the indica-

tors periodically. At the Nice Council, the European Commission was asked to monitor implementation of the social agenda and to prepare an annual scoreboard of progress. Doing that required agreement on a set of indicators that could be applied across all member states in a comparable way, so that, for example, the commission could say that the level of financial poverty is 15 percent in country A but 10 percent in country B, or that poverty in country A is now 15 percent, down from 20 percent five years earlier.

Principles for Constructing European-wide Social Indicators

To reach agreement quickly on a common set of indicators, the EU Social Protection Committee established a Sub-Group on Social Indicators. The Belgian presidency, charged with overseeing the process, commissioned an international team to prepare a report on the design of social indicators (Atkinson et al., 2002). Reflecting the degree of agreement among experts, the report of the sub-group (European Commission, 2001) was accepted first by the Social Protection Committee and then by the Employment and Social Affairs Council in December of 2001. This agreement was a significant achievement. The indicators now form the basis for EU policymaking. They are described in more detail below.

   Output indicators. The international team working on the design of the EU social indicators began by considering the principles to be applied. Many social indicators measure inputs, such as the level of replacement rates in pension schemes, or the number of people per doctor, or the number of teachers per 100 children. The social indicators, however, needed to focus on social performance: that is, on outputs not inputs.

   The focus on outputs reflects the principle of subsidiarity. Member states have agreed on the indicators for assessing performance, but they are free to choose the methods for realizing these objectives. One member state may reduce poverty rates through active labor market policies, another through social transfers. In one member state, training may be associated with apprenticeships; in another it may be part of the school

system. The aim of the indicators, therefore, is to measure social outcomes, not the means of achieving them.

Several principles were important in designing the indicators. One is that an indicator should identify the essence of the problem and have a clear and accepted normative interpretation. Translating policy goals into quantitative measures requires focusing on aspects of central concern to the problem to the exclusion of others. The indicators should be in a form that allows national targets to be set and performance to be assessed. Indicators should also be recognized as meaningful by users of all kinds and should have intuitive validity. This implies that the general principles of the method used must be understandable. The best way to ensure all this is to adopt a participatory approach to the construction of performance indicators, involving people at risk of social exclusion and the organizations that represent their views.

A second principle is that an indicator should be robust and statistically validated. An indicator should be measurable in a way that commands general support. The data employed should be regarded as statistically reliable, avoid arbitrary adjustments, and be validated to the extent possible by reference to other evidence. Indicators derived at the European level should be cross-checked against information available at the level of individual member states. Any indicator will necessarily involve some error—the circumstances of those suffering social disadvantage are among the most difficult to measure statistically—but it should not be systematically biased or liable to unpredictable or inexplicable fluctuations. Special care is needed in the use of indicators that are liable to change for reasons unrelated to social policy, such as those that are sensitive to the economic cycle. This applies both to the values of the indicators and to the yardsticks being applied, such as a poverty line set as a percentage of median income.

A third principle is that an indicator should be responsive to effective policy interventions but not susceptible to manipulation. It is misleading, and politically unacceptable, to have a poverty measure that records no change despite genuine improvements in the circumstances of the poor. The indicators must be of a form that can be linked to policy

initiatives, while minimizing the scope for member states to improve their score through artificial policy changes.

A fourth principle is that an indicator should be measurable in a sufficiently comparable way across member states and be compatible to the extent possible with internationally applied standards. Full comparability is not generally attainable, since even if data are harmonized across member states, variations in institutional and social structure can affect interpretation of the data. The aim should be to reach an acceptable standard of comparability. This affects the choice of indicators. Some indicators are more sensitive than others to differences in social structure across member states. For example, an indicator of poverty should be equitable across countries with rural populations of differing size, and hence with differing degrees, of production for home consumption.

A fifth principle is that an indicator should be timely and susceptible to revision. Politicians have become accustomed to receiving highly current macroeconomic information. It is much more difficult to obtain up-to-date data on social inclusion. Portugal's National Action Plan on Social Inclusion of June 2001 (Portugal, 2001) notes that the most recent data on poverty pre-dated important changes in labor market and social policy that were believed to have had a significant impact. Revision not only of data but also of the underlying concepts is equally important where advances are made in understanding and where there are changes in policy concerns.

A sixth principle is that measurement of an indicator should not impose too large a burden on member states, enterprises or citizens. The design of social indicators should, wherever possible, use information already available. Where new information is needed, it should be obtained to the extent possible using existing instruments—for example, by adding questions to existing surveys.

Portfolio of indicators. Another set of principles was applied to the composition of the whole portfolio of indicators. One such principle was that the portfolio should be balanced across different dimensions. No set of indicators can be exhaustive, and having too extensive a range of indicators reduces transparency. A set of indicators risks losing credibili-

ty if member states can simply pick and choose from a long list. A selection must therefore be made. It is important that the portfolio of indicators command general support as a balanced representation of Europe's social concerns. The selection should therefore ensure that all the main areas of concern are covered, and take account of differences across member states in terms of the importance attached to various areas. Some countries may be particularly concerned about precariousness in the labor market, others about reducing child poverty.

A second principle is that the indicators should be mutually consistent and that the weight of individual indicators in the portfolio should be proportionate. "Proportionate" refers to the fact that interpretation of the set of indicators is greatly eased when individual components have degrees of importance that, while not necessarily exactly equal, are not grossly different. It would be hard to make sense of a set of indicators that lumped together measures of central importance, such as national poverty rates, with indicators that would generally be regarded as of a more specialized or local interest.

A final principle is that the portfolio of indicators should be as transparent and accessible as possible to citizens. There is a great deal of public confusion about the form and purposes of social indicators. It is therefore important that the indicators be easy to read and understand, as the commission has stated (European Commission, 2000, p. 9). Indicators should be comprehensible to civil society, not just to statisticians.

Indicators Adopted by the European Union

The 10 primary indicators adopted by the European Union at its December 2001 Council are summarized in Table 8.1. Seven of them call for breakdowns by age or other characteristics, so that some 50 numbers are requested as primary indicators.

Three of the ten indicators relate to poverty. Indicator 1 is concerned with its extent among population subgroups. Indicator 3 looks at the dynamics of deprivation by measuring the persistence of poverty while recognizing the considerable volatility in the circumstances of the

Table 8.1. Primary Social Inclusion Indicators for the European Union

	Indicator	Definition	Breakdown	Gender breakdown
1a	Low income rate after transfers by age	Percentage of persons living in households where total equivalized income is less than 60 percent of the national median	Total and by five age groups	Yes
1b	Low income rate after transfers by activity status	See 1a	By activity status (five categories)	Yes
1c	Low income rate after transfers by household type	See 1a	By household type (11 categories)	No
1d	Low income rate after transfers by housing tenure	See 1a	By tenure (two categories)	No
1e	Low income threshold	Value of 60 percent of national median in euros or purchasing power parity		na
2	Distribution of income	Ratio of share of top 20 percent to share of bottom 20 percent in distribution of equivalized income		No
3	Persistence of low income	Percent of persons living in current year (n) and at least two of years n-1, n-2, n-3 in households where total equivalized income is less than 60 percent of national median		Yes
4	Relative median low-income gap	Shortfall from low-income threshold of median income of persons below the low-income threshold, expressed as percent of low-income threshold		Yes
5	Regional cohesion	Coefficient of variation of employment rates across regions		No
6	Long-term unemployment rate	Total number of people unemployed 12 months or more, expressed as percent of total active population		Yes
7	Persons living in jobless households	Persons under age 65 (or 60) living in eligible households where no one is working; eligible households are those where someone is between ages 25 and 64 (or 59) or 18 and 24 and active or not in education		No
8	Early school leavers not in education or training	Percent of those aged 18-24 having achieved an education level of ESCED 2 (International Standard Classification of Education) or less and not attending education or training		Yes
9	Life expectancy at birth	Life expectancy at birth		Yes
10	Self-defined health status	Ratio of percent in bottom and top quintile groups (by equivalized income) of the population aged 16 and over who classify themselves as in a bad or very bad state of health		Yes

Source: European Commission (2001).

poor (avoiding poverty for one past year does not mean that the person has escaped persistent poverty). Indicator 4 is concerned with the depth of poverty, but recognizes the measurement problems with the poverty gap. Since the average poverty gap may be unduly influenced by inaccurately measured income, it uses instead the median poverty gap. These indicators all reflect more than two decades of EU concern with measuring financial poverty.

Indicator 2 is a measure of income inequality. From the standpoint of social inclusion, there is a distinct concern with the gap between the bottom and the top of the distribution. The case is well stated by a much earlier writer concerned with social cohesion. Plato argued that "if a state is to avoid…civil disintegration…extreme poverty and wealth must not be allowed to rise in any section of the citizen-body, because both lead to disasters. This is why the legislator must announce now the acceptable limits of wealth and poverty" (quoted by Cowell, 1977, p. 26). For the European Union as a whole, the ratio of the quintile shares is around 5, which may be contrasted with ratios of more than 10 in some Latin American countries (IDB, 1998, p. 12).[1]

Three of the indicators relate to employment. The long-term unemployment rate reflects issues related to persistence. The other two indicators require some comment. Indicator 7 on jobless households has been criticized for identifying a highly heterogeneous group whose economic circumstances can be very different. It includes, for instance, women who have never been in the paid labor force and men who are long-term unemployed. It is wrong, however, to see the reduction of joblessness as an instrumental goal. If the concern is that joblessness leads to financial poverty, then it is financial poverty that should be measured. Joblessness is justified as an indicator because of an intrinsic concern for employment as a force for social inclusion.

Indicator 5 relates to regional cohesion. Why is it right to consider regional differences in employment but not regional differences in poverty rates? Why is employment the focus and not health status? For this reason, the report written for the Belgian presidency (Atkinson et al.,

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[1] It should be noted the EU and IDB studies are based on different definitions.

2002) recommended giving regional information for all indicators of social inclusion for which it is meaningful and for which data permit reliable disaggregation. There would thus be an additional column in Table 8.1 for regional data. This would give greater importance to the regional dimension, which is of considerable significance to member states.

Indicator 8 relates to education and Indicators 9 and 10 to health. While differences across member states in Indicator 9 on life expectancy at birth are relevant to social cohesion in the European Union, they are not relevant to social inclusion within a country. One country may have higher mortality than another on account of dietary, smoking or other behavioral differences, but this does not necessarily imply a problem of social inclusion within that country. In the case of health, mortality as such is not the concern but rather differential mortality according to socioeconomic or other characteristics. Indicator 10 attempts to capture such differences with regard to disease.

In sum, the experience of designing social indicators has demonstrated that, given the political will to reach agreement, it is possible to arrive at a set of common social indicators that can be applied in a comparable way across countries. Much remains to be done, however. The selected indicators could be revised, and there are important areas not yet covered. In particular, the Indicators Sub-Group has pointed to the need to develop indicators of homelessness and poor housing.

National Action Plans on Social Inclusion (2001 and 2003) under the EU Framework

The national action plans against poverty and social exclusion are a key part of today's EU social inclusion process. This section reviews some of the main elements of the 15 plans submitted in June 2001, many of which are substantial documents. The plans vary in length from Spain's 128 pages to Germany's, at half that length, and together total some 1,200 pages. (For further detail the plans are available on the EU website; see references.) Member states have separately set labor market targets and indicators in national action plans on employment.

Member states had only about six months to draw up the initial national action plans against poverty and social exclusion. The plans were to follow an agreed structure of four objectives:

Objective 1a   Policy measures for employment.
Objective 1b   Access to resources, rights, goods and services.
Objective 2   Prevention of the risks of exclusion.
Objective 3   Actions to help the most vulnerable.
Objective 4   Mobilization of all relevant actors.

Within this broad structure, the plans vary considerably in scale and scope. The national action plans on employment provided a precedent, but social inclusion is less well defined than employment. A number of plans provide general accounts of the countries' approach to social protection; others discuss recent legislative changes in detail. Some plans propose new measures; others refer to ongoing strategies. Some plans have explicit targets; others express general aspirations.

The plans also differ in style and contain varying amounts of statistical information. Spain's plan, for example, gives a set of basic statistics for each heading. For instance, under the heading "access to housing," there is data on the number of housing units not meeting minimum standards, number of ruins, number living in bidonvilles, and number living in disadvantaged areas of large cities (in each case with a reference to the source of the data). This is followed by data on government expenditure (actual expenditure for 2000 and planned expenditure for 2001-03) under such headings as the eradication of bidonvilles.

Preparation of the plans and the open method of coordination have contributed to the development of a more unified policy on social exclusion. The multidimensional nature of the indicators not only reflects the fact that exclusion is a multidimensional concept, but also serves to underline the need for cooperation between government agencies. The overlap with the national action plans on employment is an obvious example. Reducing long-term unemployment and joblessness requires joint action by ministries of employment and social affairs. All of the

social inclusion indicators potentially involve joint action by different agencies, and one of the latent functions of the open method is to promote coordination not just across countries but also within countries.

The need for government coordination raises the question of the role of regional and local government. The extent of devolution of responsibility varies across member states, but the action plans and social indicators provide a focus for all levels of government. Spain's 2001 action plan describes the production of a document that brings together for the country as a whole the different areas of action for social inclusion as "unprecedented." If member states are setting national targets in the 2003 round, then lower-level governments will be concerned with monitoring local performance.

The European Union was keen to involve the social partners (employer organizations and trade unions) and civil society in the preparation of the action plans. The commission worked to involve stakeholders, even organizing a series of bilateral seminars on the social inclusion process. Member states also made efforts in that direction. The Finnish working party held two hearings for third-sector organizations and other interest groups. The Irish government placed an advertisement in national newspapers inviting submissions and organized a roundtable at the request of community and voluntary organizations. The Belgian process, following the model of the earlier General Report on Poverty, sought a dialogue with excluded people and with organizations that speak for the poor.

The 2001 action plans were drawn up before the agreement on common indicators, so they did not uniformly employ the indicators shown in Table 8.1 (although a number of the indicators were presented in the Joint Report on Social Inclusion). Nevertheless, a clear convergence is discernible in the analysis, no doubt reflecting the discussions going on at the same time in the Indicators Sub-Group of the Social Protection Committee. Some of their main points are summarized in Table 8.2.

Table 8.2. Highlights of European National Action Plans to Combat Poverty and Social Exclusion

Austria	Focuses on an integrated economy, employment, and welfare policy; based on ongoing policy measures, but a few new policy developments announced.
Belgium	Focuses on recent policy measures; active welfare state approach; integration in labor market a key element.
Denmark	Views developing inclusive labor market as best approach to social inclusion; emphasizes ensuring financial support and improving living conditions for the most vulnerable.
Finland	Preserves the basic structure of the social security system, while putting more emphasis on the primacy of work.
France	Extends and supplements the approach pursued since 1998; two-pronged strategy based on access to employment and mobilization of social rights.
Germany	First government Report on Poverty and Wealth published April 2001; focuses on welfare state and avoidance of poverty cycles.
Greece	Includes great number of policy measures, with three responses: unemployment and transition to new economic conditions, delivery of social policy, and information handling.
Ireland	Draws on National Anti-Poverty Strategy, established in 1997 and under review at time of the drafting of the action plan.
Italy	Draws on National Social Plan of April 2001; integrates new planning policy; emphasizes decentralized, partnership-based and multisectoral approach and rebalancing of public expenditure on social protection.
Luxembourg	Focuses on an active social state, providing everyone with sufficient income, fostering integration into the world of work, and avoiding crises.
Netherlands	Focuses on employment and income security, with benefits and minimum wage indexed to wages.
Portugal	Mainstreams social inclusion; lays down quantitative objectives with a view to eradicating child poverty and reducing poverty in general.
Spain	Focuses on employment component of social protection; multidimensional nature of exclusion makes it hard to implement a consistent inclusion policy.
Sweden	Promotes a vigorous employment policy as key to fighting poverty; the government commits to further increase employment rate (target of 80% percent by 2004) and to halving social assistance dependency by 2004.
United Kingdom	Long-term strategy tackles issues in relation to the life cycle; strong commitment to employment as route out of poverty; commitment to eradicate child poverty within 20 years.

Analyzing the Joint Report on Social Inclusion

The Joint Report on Social Inclusion, prepared by the European Commission, evaluated the national plans. Following a series of bilateral meetings, the joint report was submitted to the Laeken Council and published in 2002 (European Commission, 2002).

In diagnosing the determinants of poverty, the joint report emphasizes macroeconomic factors, specifically the overall employment rate. A core thesis is that "the major cause of exclusion is the lack of employment" (Summary for Spain). High employment rates are seen as a strong deterrent to poverty in Austria, Denmark, Sweden and the United Kingdom, and low employment rates are seen as a cause of poverty in Greece and Italy. The joint report draws a clear distinction between (low) employment and (high) unemployment. It notes that high unemployment rates exacerbate poverty in Belgium, France, Germany, Greece, Italy and Spain. Unemployment is affected by short-term macroeconomic policy as well as by structural factors, and a booming economy is seen as a positive contributor to poverty reduction in Austria, Denmark, France, Finland, Ireland, Luxembourg, the Netherlands, Sweden and the United Kingdom.

The positive association of growth and employment with a reduction in poverty is important both for predicting the evolution of poverty in the European Union and for designing policy. At the same time, there is recognition that employment does not necessarily ensure inclusion. In the case of France, the joint report notes that "although poverty and exclusion are mostly associated with being out of work, people with a job may also be affected" (European Commission, 2002, p. 115). For Italy, the joint report notes that family-based welfare has a negative effect on female employment, but that there is also a reverse effect: expansion of female employment may reduce family-based welfare. In the short run, economic growth may leave behind those at the bottom, so that growth may lead to rising relative poverty. In the case of Ireland, the joint report notes growing income disparity.

The second key element in the joint report analysis is the role of social protection. Comprehensive social protection systems are identified

as positive factors in reducing poverty in Austria, Belgium, Denmark, Finland, Germany, Luxembourg and Sweden. Improvements are identified in coverage (Spain) and in benefit levels relative to average wages (the Netherlands). In the United Kingdom, the persistence of income inequalities and poverty, despite strong employment, is linked to shortcomings in social protection.

A Review of National Social Inclusion Plans

The national plans differ in their handling of policy. Many refer to existing policy, which in some cases means there is a general reference to the national approach to social protection and to employment generation, often with cross-references to the national action plan for employment. In other cases, countries have already adopted an explicit strategy for combating poverty and social exclusion. Ireland initiated its national anti-poverty strategy in 1997. France passed an act in July 1998 described as "the real breakthrough in French policy to combat poverty and exclusion" (European Commission, 2002, p. 117). The Luxembourg coalition plans for 1999-2004 encompass measures for social inclusion. The change of government in the United Kingdom in May 1997 led to a large number of initiatives that underlie its long-term strategy. In a few cases—the Belgian plan is the most notable example—the action plans were used to announce new policy measures.

All the plans lack a comprehensive analysis of the gender dimension of social exclusion, a shortcoming noted with disappointment in the joint report. The national action plans on employment provided a precedent, so it is surprising that the work done on women's employment issues did not have more of an influence on the analysis of social exclusion. This is especially surprising in light of the fact that the European Union has adopted a policy of gender mainstreaming as a result of women being economically disadvantaged.

The treatment of minority groups—ethnic minorities, immigrants, and the geographically isolated—also requires fuller attention in the national plans. Most countries identify minority groups as among the

most vulnerable, and a few discuss policies directed specifically toward these groups. Greece's action plan refers to the position of the Muslim minority in Western Thrace and to efforts to upgrade the quality of minority schools. It notes that Greece has become an immigration destination. It describes an integrated action plan for the Roma, with particular stress on education, identifies the needs of those living in mountainous regions, and announces new measures. Needed in the next round of plans is a more systematic treatment of minority groups.

Second Set of National Action Plans on Social Inclusion

Instructions from the Social Protection Committee on the second set of national plans begin by noting that "while such plans should allow for the diversity of situations and policy priorities at the national level, some degree of coherence is necessary as regards their structure and contents in order to facilitate their use in a process of mutual learning" (European Commission, 2003, p. 1). The Social Protection Committee goes on to propose that in approaching the common EU objectives more attention should be given to:

- Linking the action plan process more clearly with existing policy-making processes and ensuring that a concern with poverty and social exclusion is mainstreamed into all policy areas.
- Increasing awareness of the social inclusion process among the general public and among policymakers and practitioners, including national parliaments.
- Acknowledging the importance of regional and local dimensions while respecting the different distribution of competencies in different member states.
- Developing an integrated and strategic approach to key issues that cuts across common objectives, such as addressing child poverty, disability, immigration, and ethnic diversity.
- Identifying and developing policy responses to assist the most marginalized and excluded people who experience particularly severe

integration problems. Depending on specific national circumstances, such excluded groups might include women from ethnic minorities, former prisoners, drug addicts, the homeless, street children, and people discharged from institutions.

- Ensuring better integration of areas such as health and culture with other policy domains.
- Setting clear objectives and specific targets for reducing poverty and social exclusion.
- Mainstreaming gender at each stage of the plans, from identification of challenges to design, implementation and assessment of policies, selection of indicators and targets, and involvement of stakeholders.
- Ensuring good coordination between the preparation of national action plans against poverty and social exclusion and those for employment, so that each reinforces and complements the other.

In sum, as the European Commission (2003, p. 1) noted: "The national action plans against poverty and social exclusion are a fundamental component of the open method of co-ordination as established in the conclusions of the Lisbon European Council." The plans indeed represent a major departure and are much more far-reaching than earlier European poverty programs. Their full impact is yet to be seen. Indeed, the main challenge will come if the European Union finds itself failing to perform significantly better in addressing the indicators of social inclusion chosen to represent its social objectives.

Lessons for Latin America

The fight against social exclusion is a common challenge for the countries of Latin America and Europe. There is, therefore, scope for mutual learning, despite differences in circumstances and living standards between the two regions. In considering the lessons from the EU experience, one must bear in mind that inclusion is a challenge across countries, but particularly within countries. The emphasis on European union in recent decades, and the more tentative steps toward economic integration in Latin

America, should not obscure the fact that many dimensions of social exclusion are longstanding problems of individual countries.

The campaign for a social dimension to the European Union grows out of long-run concerns that poverty and disadvantage persist in wealthy countries. Much of the relevant experience, therefore, concerns the policies of national governments. Countries in Latin America, for example, may be interested in Ireland's experience in setting national targets as part of its national anti-poverty strategy. At the same time, the European Union has had a significant impact, and its functions can be expected to grow. It is, therefore, also important to draw lessons on the role of cross-country social policy development. The institutional form in Latin America will undoubtedly be different, but there are potential parallels.

The lessons drawn here may be grouped under three headings: indicators and the identification of social exclusion, mutual learning about policy, and the institutional process of cooperation.

Indicators and Identification of Social Exclusion

Statistics are important to policy formation. The estimate of the number of poor people in the European Community was used in a powerful way by EC President Jacques Delors to mobilize action in the social dimension. This is why the scientific foundation for such indicators has received considerable attention.

The study of poverty and income inequality is well developed in Latin America (Psacharopoulos et al., 1993; Lustig, 1995), and this work would undoubtedly form the basis for the detailed construction of social indicators in the region. The principles described here may still be of value, however. Making them explicit may serve to underline general agreement or to identify points of disagreement. Either way, the principles have a role to play. The single most important lesson from the European Union experience is the liberating effect of rejecting all indicators of inputs. Choice of inputs reflects history, political compromise, and government structure. Agreement on output objectives is not easy, but it is easier than also agreeing on the means for achieving them.

Perhaps of most interest in the European Union experience is the way different intellectual traditions have come together to encompass different concerns without disappearing into vacuity. The multidimensional approach has managed to arrive at a reasonably balanced portfolio of social indicators covering nearly all dimensions, within a manageable scope. There has also been recognition that different countries would like to break these statistics down in different ways, although the range of breakdowns has so far been rather restricted.

Mutual Learning about Policy

Learning from the experience of other countries is a common practice. The French social affairs minister, for example, visited several European countries seeking ideas for pension reform. The European Union has institutionalized this process of learning from others. Preparation of national action plans forces governments to voice their policies in a common format. Peer review of each country's performance is a two-way process. Fourteen member states learn from the successes and the mistakes of the country being evaluated.

Mutual exchange would be less if the process were set in terms of inputs. It is the contrasting of different policies to achieve the same objectives that allows for experimentation. If all countries had the same target replacement rate for pensioners, there would be no way to judge the relative effectiveness of state and private pensions in reducing poverty in old age.

Policy learning is concerned with more than the details of programs. One feature of the European experience has been a convergence on a broad approach to policy formation. This is well illustrated by the relation between social and economic policy and the growing acceptance that social policy is not necessarily in conflict with achieving strong economic performance. One of the important developments in the European policy debate has been recognition that "social policy is a productive factor facilitating change and progress, rather than a burden on the economy or an obstacle to growth" (European Commission, 1996, p. 1).

The relation between economic and social policy is often misperceived as being inherently conflictual, as if giving more weight to social objectives necessarily means giving less weight to economic goals such as macroeconomic stability or economic growth. Economists often discuss the relationship as though there were trade-offs, i.e., more generous social protection means less growth. While this is possible—some social measures may cause people to save less for retirement or to retire early—it depends on the institutional structure of social policy. Conflict is not inevitable. Policies can be designed to achieve progress on both fronts. A clear example is improved economic performance from ending racial or gender discrimination in the labor market. This simply reiterates a point already made forcefully by Lustig (2000, p. 19) in the Latin American debate: "Establishing efficient, properly funded safety nets to protect the poor from sharp, short-term income falls not only enhances equity, but also can promote economic growth."

Institutional Cooperation

In considering the lessons from the EU experience, it is important to note that the process was not linear. Progress was both slow and halting, sometimes even appearing to be heading in reverse. Just before the 1972 launch of the Social Action Programme, for example, there had been a proposal to scale down the staff of the relevant European Commission office. Progress also was often timid—the first poverty program was envisioned with only a two-year lifespan.

Member states have participated in the development of social policy with varying degrees of enthusiasm, and this has been accommodated. Ireland, for instance, has played an active role at several stages, while the United Kingdom opted out of the Protocol on Social Policy until 1997. The succession of presidencies from the Portuguese, through the French and Swedish to the Belgian, was instrumental in seeing through the social wing of the Lisbon process. One lesson is therefore the need for patience.

The key to progress has been the identification of an acceptable balance between EU-wide decisions and national policy prerogatives. In this respect, the subsidiarity principle and the open method of coordination have been crucial. As "soft law," the open method of coordination is often dismissed as "cheap talk." There are no policy institutions to back up social policy as the European Central Bank does in the case of economic policy. There are no financial penalties as there are under the Stability and Growth Pact. Member states can ignore the social indicators. Whether they do will be influenced by the European Convention and the forthcoming Intergovernmental Conference (Vandenbroucke, 2002), but there are good reasons to suppose that member states will take seriously the biannual reviews of progress toward social inclusion and their performance on social indicators. Peer pressure from other member states cannot be ignored. Frequent contacts at ministerial levels have their effect. This form of "soft" cooperation could be copied in other contexts.

At the governmental level, coordination appears to work well. But policy formation involves other actors, and here European policy has been less successful. The European Commission has sought to engage relevant actors, but there has been only limited participation by civil society. The social indicators could, for example, be used by organizations that advocate for the socially excluded. But relatively little use has been made of this political instrument. Thus, a final lesson is that any future exercise of this kind needs to work harder to be participatory. In this respect, there may be more lessons for Latin America in the local action projects that formed part of the poverty programs of the European Community in the 1980s.

In sum, the process of promoting social inclusion in Europe within an EU framework has been a dynamic one. Yet, this process continues very much to evolve: Europe faces major challenges with the accession of new member states with standards of living considerably below those of existing members. Eventually, Europe needs to develop its concern for inclusion on a global scale. Resolving these problems is an especially European challenge, but the fundamental problems are ones faced by all continents.

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European Country Policies to Promote Social Inclusion

Hilary Silver

The approaches of European countries to overcome discrimination and address social exclusion include such policy interventions as legal enforcement of anti-discrimination laws, preferential, group-targeted and affirmative action programs, and comprehensive spatially-targeted interventions. This chapter examines the policies of European states to promote the social inclusion of disadvantaged groups—as opposed to policies under the European Union framework, which were discussed in the previous chapter. Several models of state policy are discussed, and lessons then are drawn for Latin America and the Caribbean.

The emphasis is on groups excluded because of gender, race and ethnic background. There are, of course, many other disadvantaged groups in Europe and throughout the world, most notably the sick and disabled, whose need for social inclusion is particularly urgent. Societies often single out many groups as policy targets because of their vulnerability to poverty and exclusion—the United Kingdom's Social Exclusion Unit, for example, deals with what it identifies as "deviant" groups, such as teenage mothers, truants, internal migrants, the homeless, ex-offenders and substance abusers. However, since every target group is the subject of different policies and strategies that vary across countries, it is not possible to cover each in its full specificity here.

In fact, this chapter makes clear that the social inclusion of groups is often a far different challenge than anti-poverty policy. Social

and cultural sources of exclusion—including low self-esteem, stigma, discrimination and denial of citizenship—are often rooted in informal social relations and cultural practices as much as in official institutions. These non-economic dimensions of exclusion have received much less attention from both scholars and policymakers. But there are probably limits to what laws and policies can do to eliminate cultural exclusion, and for that reason, a more sociological analysis is necessary as well.

The inclusion of groups, then, is a somewhat different goal than the social inclusion of materially deprived people. Poverty, even when broadly defined as exclusion from the means necessary for full participation in the normal activities of society, is largely a question of access to resources and services. Exclusion of groups, or of individuals within that group, is foremost a denial of respect, recognition and rights. Group exclusion is "horizontal" in that it may affect even affluent and privileged members of excluded groups. Exclusion or differential treatment of individuals because of their group membership is discrimination, whether motivated by prejudice or by statistical reasoning.

The social inclusion of groups is not simply symbolic. It has economic implications. On the micro level, group membership affects individual outcomes through peer group, role model, selective information, and externality effects (Durlauf, 2001). Networks and norms influence life chances. Discrimination impedes efficient market functioning on the macro level, just as poverty reduces demand needed for economic growth. Exclusion of groups from the labor market wastes or misallocates productive human resources. Segregation allows insiders to earn monopoly rents at the expense of the excluded. Stigmatization, marginalization and humiliation also deny people's essential humanity, making it difficult for them to be fully productive citizens. Discrimination is thus construed as a violation of human rights.

International, regional, national and local legal systems outlaw discrimination. Thus, Europe and Latin America share basic concepts of discrimination as international organizations define the term. The universal right to equality before the law and protection against discrimination is recognized by such mandates as the Universal Declaration of

Human Rights, the United Nations Convention on the Elimination of All Forms of Discrimination against Women, the International Convention on the Elimination of All Forms of Racial Discrimination, and the United Nations Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights.

Regional institutions also monitor state performance on discrimination. The Inter-American Commission on Human Rights has a long history of protecting Latin Americans from nondemocratic governments, and the European Convention for the Protection of Human Rights and Fundamental Freedoms plays a similar role.

Direct and Indirect Discrimination and Social Inclusion

Most policies to combat discrimination take a "rights" approach. Yet, because the ability to make rights real varies with national institutions, there are limits to a rights-based approach to social inclusion. The European Union defines two types of discrimination: direct discrimination, where one person is treated less favorably than another in a comparable situation on grounds of racial or ethnic origin; and indirect discrimination, where an apparently neutral provision, criterion or practice— unless objectively justified by a legitimate aim that employs means that are appropriate and necessary— would put people of a particular racial or ethnic origin at a disadvantage compared with others.

While direct discrimination violates the principle of formal equality between an individual and the reference group to whom treatment is compared, indirect discrimination refers to substantive equality with respect to the reference norm and rules of treatment, or "full equality in practice."

Direct discrimination is a concept squarely within liberal, neoclassical economic thinking. In direct discrimination, formal equality dictates the Aristotelian adage that "like shall be treated alike." It compares individual productivities in supposedly competitive free markets. Since employers must pay majority workers a premium to exercise their "taste" for discrimination, inequality ought to erode over time. Disadvantaged individuals will

work for less, encouraging nondiscriminatory competitors to hire them and forcing prejudiced employers out of business. (Marxist theories also predict an erosion of group inequalities over time, as class-consciousness ultimately overcomes capitalist divide-and-rule strategies.)

In contrast, institutional theories of labor market segmentation and efficiency wages identify those apparently neutral provisions, criteria or practices that help to explain why social exclusion persists. Barriers to access and equal opportunity are often embedded in social, legal and political institutions, requiring structural change, outside intervention or affirmative action to promote the social inclusion of disadvantaged groups. The prohibition against indirect discrimination is very circumscribed, but aims to address institutional racism and sexism in which discriminatory intent is not at issue. One way to remedy indirect discrimination when the practical application of apparently neutral rules harms a protected group is to take "positive action" (the European term for affirmative action) that intentionally favors that group.

In practice, indirect discrimination has been easier to prove when nationality (Article 12 EC Treaty of Rome) and free movement of workers (Article 119, now 141 EC) rather than gender discrimination is involved. Indirect discrimination cases appeal to the proportionality principle and require statistical evidence that differential treatment by a specific employer is systematic and structural, not random or occasional. Many states and enterprises do not collect this information. For this reason, institutions such as the International Labor Organization (ILO) are calling for the collection of group-disaggregated and "gender-sensitized" statistics. Even when excluded groups are granted token participation in biased institutions, they usually have no real influence in decision-making. This has led to demands for "empowerment" as well as inclusion.

Discrimination against women is the form of discrimination most commonly shared by Latin America and Europe. In fact, some scholars believe that gender inequality is ubiquitous, despite the fact that anti-discrimination laws covered women before many other groups and served as the prototype for subsequent legislation.

History of Anti-discrimination Policies

European anti-discrimination laws originated in efforts during the 1950s to eliminate barriers to the creation of a common market. Thus, the first treaty articles against discrimination concerned nationality and freedom of movement. These considerations also prompted the original prohibitions against gender discrimination, the most important of these, Article 119 of the 1957 Treaty of Rome, mandates "equal pay for equal work." The article was included at the insistence of France, whose equal pay statutes raised the cost of female labor in textiles relative to comparable workers in the Netherlands, giving Dutch companies a competitive advantage. After passage, the clause was rarely invoked because by the 1960s, immigrants had taken the place of women in textiles. The equal pay clause was not really binding until the second DeFrenne v. Sabena decision (1976), in the case of a female Sabena flight attendant forced to retire at age 40, unlike her male counterparts.

The initial approach to discrimination emphasized equal treatment, and the burden of proof in equal pay complaints fell on the plaintiff. Laws guaranteeing equal rights to access or opportunity are often insufficient, for they place most of the onus of enforcement on the victim. However, Article 119 ultimately became the basis of more far-reaching laws against gender discrimination. In Finanzampt Koln-Altstadt v. Schumacher (1995) the European Court of Justice ruled that discrimination refers to "the application of different rules to comparable situations or the application of the same rule to different situations" (Ellis, 1998, p. 110). Thus, the court allowed flexible affirmative action policies for women to correct for earlier discrimination. Through Article 119, anti-discrimination law gradually extended into such institutional areas as decision-making, political parity, and family obligations that influence employment and occupation.

Philosophically speaking, European approaches to gender ran up against the tension between the principle of equal treatment under the law and the recognition that gender difference has long been a legal category. Anti-discrimination law can become a "liberal straightjacket"

because it declares that gender does not justify differential treatment (Numhauser-Henning, 2001). Whereas gender equality in EU law was initially motivated by market considerations and then fell under the "social dimension," and hence the Directorate-General for Social Affairs, it has slowly moved under the rubric of "human rights." The Amsterdam Treaty transformed non-discrimination against nationality into a basic rights issue of many different groups through the Charter of Fundamental Rights of the European Union (Maier and Klausen, 2001).

National efforts to transcend equal treatment and promote gender equality through "positive action" nevertheless met opposition in the European Court of Justice. Early German and Swedish positive action programs were struck down. In the 1995 Kalanke case, the European Court of Justice ruled that "formal equality" (equal treatment of individuals) trumps "substantive equality" (of two groups), thereby limiting "positive action."

The Amsterdam Treaty of June 1997, which went into effect in June 1999, included several articles that enlarged the scope of gender equality and prodded many national governments to change their laws. More recently, equal treatment has become easier to enforce, and the burden of proof in discrimination complaints has shifted from workers to employers.

The third wave of EU gender policy included two new initiatives: equal participation in decision-making, and mainstreaming gender equality into all areas of social life and EU institutions (Hubert, 2001). In 1995, the Fourth World Women's Conference in Beijing committed UN members to gender equality, transforming women's rights into human rights and, hence, making it enforceable. Justifications for parity in representation went beyond the deepening of democracy for all to legitimation of civic education and reparation for historical legal discrimination. In 1996, again interpreting Article 119 of the Treaty of Rome, the Council of Ministers issued a "Recommendation for the Balanced Participation of Women and Men in Decision Making."

Member states responded. Belgium and Italy changed their electoral laws, and France and Portugal amended their constitutions. Women were not simply restricted to a quota below their fair representation, but would now constitute a proportionate share of candidates for political

office. In 1994, women held on average 17 percent of the seats in the lower (or single) houses of western European parliaments, a modest increase from 13 percent in 1987. However, there is much national variation (Maier and Klausen, 2001, p. 11). In 13 European countries, more than 15 percent of the ministers or members of the government were women in 1994. In the Netherlands and Scandinavia (Denmark, Finland, Iceland, Norway and Sweden), the share of seats held by women has continued to rise, and by 2002 women held more than a third of the parliamentary positions. French women drew inspiration from the high percentage of women in political office in Italy and the Nordic countries (Cresson, 1998). In mid-1999, the French Constitution was changed to read that "the law favors equal access by men and women to electoral mandates and elective functions." France passed a law requiring all political parties to present women as half of all candidates.

Gender mainstreaming became the new strategy to promote gender equality in the Fourth Community Action Programme for Women and Men (1996-2000). Its first objective was "to promote the integration of equal opportunities for women and men dimension in all policies and activities." More recently, the European Commission adopted a Community Framework Strategy on Gender Equality (2001-05) that embraces all EU activities to eliminate inequalities. It launched a new Gender Equality Program (2001-05) to promote awareness, support analysis and evaluation, and foster transnational cooperation, networking and exchange of experiences.

The European Union is committed to promoting equality between men and women as part of the struggle against social exclusion. Recent EU economic and social policies thus include a gender dimension. Gender equality is central to the equal opportunity objective of the European Employment Strategy, and many national action plans on employment refer to progress on this score. However, the draft 2002 Joint Employment Report noted that, while employment and social inclusion action plans are better integrated, non-discrimination is generally neglected in discussions on social inclusion, and few member states set specific national targets. Action plans rarely present indicators reporting on

disadvantaged groups other than women, and they contain few explicit plans to bring about gender equality.

The latest gender initiatives have moved beyond economic and political issues to questions of security and access. Most concern circumscribed, if important, matters: trafficking of women, violence against women, women in science, and gender in regional policy. According to the United Nations report "The World's Women 2000: Trends and Statistics," there is little information about domestic violence in Europe. The United Nations has figures for the 1990s on physical abuse of women in a relationship. The rates are high for Latin America, but comparable European data are reported only for Switzerland and the United Kingdom. At the 1993 UN World Conferences on Human Rights, nongovernmental organizations (NGOs) won a resolution that redefined human rights so that Western countries can grant political asylum to women fleeing certain violence or death from husbands or relatives.

The European Court of Justice also deems sexual harassment to be a form of discrimination. Generically, harassment occurs "when an unwanted conduct related to gender or racial or ethnic origin takes place with the purpose or effect of violating the dignity of a person and of creating an intimidating, hostile, degrading, humiliating or offensive environment." According to the second European Survey on Working Conditions, 3 percent (2 million) of women were subjected to sexual harassment and 4 percent to sexual discrimination during 1996 (Kauppinen and Kandolin, 1998). In general, the European Union is ahead of national policy on this issue, prodding governments to outlaw harassment.

Policy Outcomes at the National Level

Passing a law is one thing, while putting it into practice is another. Has the EU commitment to gender equality had any real effect? Women's relative position has been improving, but very slowly, leaving large gaps. Some indicators even suggest setbacks.

Most attention has been devoted to raising female labor force participation. While such participation has been rising throughout the

European Union, there is still a gender gap. There are also measurement problems. Eurostat defines employment as at least one hour of work for pay or profit, but underestimates gender inequality arising from variation in part-time positions. And it misses some workers included in the ILO definition of the economically active population (all employed and unemployed persons, including those seeking work for the first time, employers operating unincorporated enterprises, persons working on their own account, employees, contributing family workers, members of producer cooperatives, and members of the armed forces). Nevertheless, according to the Spring 2002 Labor Force Survey (Eurostat, 2003), employment of prime-age (15-64 years old) women in the European Union reached 55.5 percent, up from 54.8 percent in 2001 (Table 9.1). It is still much lower than that of comparable men, at 72.9 percent.

The European Union's Joint Employment Report 2000 reports some progress toward the 2000 Lisbon Summit target of raising female labor force participation in every member state to 60 percent. Scandinavian countries, the Netherlands and the United Kingdom achieved this goal long ago, but rates in Southern Europe were less than 40 percent. Thus, the EU directives gave equal opportunity for women a boost in Greece, Italy, Portugal and Spain, where women's status has traditionally lagged (González, Jurado and Naldini, 2000), as well as Ireland.

National variations reflect historical patterns. Most Scandinavian countries have the highest rates (Norway being the exception), and Southern European countries (except Portugal) have the lowest. In contrast, the participation rate for women has been falling in the Eastern European accession countries. Although women's participation is rising in Latin America, women still constitute less than a third of the labor force in several countries (Belize, Chile, Dominican Republic, Guatemala, Guyana, Nicaragua, Paraguay and Venezuela), while in others (Colombia, Peru and most Caribbean countries) it is comparable to European levels. In Latin America even more than in Europe, rising gender gaps in youth unemployment indicate that young women have even greater difficulty in the labor market than do prime-age women.

Table 9.1. Share of Part-time Adult Workers in Europe, Central America and the Caribbean, 1990-2000

(In percent)

Country	1990-93 Women	1990-93 Men	1998-2000 Women	1998-2000 Men	Women part-time workers as share of all part-time workers 1990-93	Women part-time workers as share of all part-time workers 1998-2000
Western Europe						
Austria	20	2	30	4	88	83
Belgium	30	5	37	7	80	79
Denmark	29	10	23	9	71	68
Finland	11	5	14	7	67	65
France	22	4	25	6	80	79
Germany	25	2	33	5	89	84
Greece	12	4	15	5	60	63
Iceland	40	8	35	9	82	77
Ireland	21	4	32	8	72	76
Italy	20	5	23	5	71	72
Luxembourg	22	2	28	2	86	92
Netherlands	53	13	55	12	70	77
Norway	40	7	35	8	83	79
Portugal	12	3	15	5	74	71
Spain	12	1	17	3	80	78
Sweden	25	7	22	7	78	74
Switzerland	43	7	47	8	82	83
United Kingdom	40	5	41	9	85	80
Caribbean						
Bahamas	16	14	12	11	52	51
Barbados	6	3	14[a]	8[a]	60[a]	60[a]
Grenada(1994)	29	24	na	na	43	na
Jamaica	14	7	10	5	61	57
Netherlands Antilles	21	7	24	11	69	65
St. Vincent and the Grenadines	34	30	37	na	na	na
Suriname	34	10	33	11	64	59
Trinidad and Tobago	14	11	13	9	38	46
Central America/Mexico						
Belize	28	13	26	12	50	49
Mexico (1995)	31	10	27	7	61	65

na = not available

[a] Less than 40 hours a week; previous year refers to less than 25 hours per week.

Note: Part-time workers are people with paid jobs whose working hours total less than "full time." Since there is no internationally accepted standard for the minimum number of hours that constitute full-time work, the data refer to national standards or those in special regional compilations. Many countries have established demarcation points between 30 and 40 hours a week. Some countries ask workers to define their status. OECD (2000) applies a 30-hour cutoff.

Sources: ILO (2002, Table 5) and OECD (2000).

European women are much more likely to be underemployed, working fewer hours than they would like (ILO, 2003). In 1996, 17 percent of the EU labor force was in part-time jobs, but 83 percent of part-timers were women. As most new jobs created are part-time and in the service sector, more women are entering the labor force. During the 1990s, part-time jobs as a share of total jobs, whether held by men or women, rose in all European countries except Scandinavian countries. In parts of Latin America, the share of part-time jobs fell for both men and women during the 1990s (Table 9.2).

Table 9.2. Policies to Promote Cultural Rights

Policy type	Description
Exemptions	From laws that penalize or burden minority cultural practices (e.g., head coverings)
Assistance	For things the majority can do without assistance (affirmative action, multilingualism)
Self-government for minorities	Through federalism or secession
External rules	Restriction of nonmembers' liberty to protect members' culture (official language laws)
Internal rules	For members' conduct (ostracism)
Recognition and enforcement	Of traditional legal codes by the dominant legal system (aboriginal land rights, family law)
Representation of minorities in government	For increasing their voice (drawing jurisdictional boundaries around group territorial home)
Symbolic claims	Acknowledgment of worth, status, dignity, existence of groups (multicultural education)

Source: Levy (1997).

In Europe, the extent of part-time employment varies considerably across countries, as does the prevalence of women in such jobs. The Organisation for Economic Co-operation and Development (OECD, 2000) uses 30 hours a week to distinguish full-time workers from part-time workers, but in some countries like the United Kingdom, shorter hours are the norm. According to the ILO's "Key Indicators of the Labor Market," part-time work is both more common and less feminized in many countries of the Caribbean than in Europe, with the exception of the "Dutch Miracle" (Table 9.2). In the Netherlands, a majority of women

and 12 percent of men work part time, and the female rates exceed a third in Belgium, Germany, Iceland, Norway, Switzerland and the United Kingdom. Women workers hold a much smaller share of part-time jobs in other Scandinavian countries, Greece and Southern Europe. But the share of part-time positions held by women declined everywhere but in Greece, Ireland, Italy and Switzerland. Thus, as "flexible" employment expands, relatively more men are accepting it.

On other indicators, progress is less evident. European women, except in Finland, Sweden and the United Kingdom, are more likely to be unemployed and are unemployed longer than men. Profound horizontal and vertical segregation of female-dominated jobs persists, with most European women concentrated in a few sectors with high percentages of part-time positions (Maruani, 2000). Women are concentrated in service industries, their representation being 20 or even 30 percentage points higher than men's (ILO, 2003). Health and social work, in particular, are female-dominated industries in Europe, while in Latin America, women in services are usually domestic workers.

According to the European Commission (1999), private sector earnings of women in the European Union average 28 percent lower than men's. Between 1994 and 1999, the unadjusted gender gap in wages in the 15 EU countries remained stuck at 84 percent, persisting even after controlling for occupational segregation and work hours. However, there is considerable variation across countries, from 78 percent in the United Kingdom and Ireland to 95 percent in Portugal. When the ILO examined six occupations, ranging from computer programmer to welder, in a few very different countries, women's wages were almost always lower than men's. In sum, there are "assessments that the transnational policies have been of limited significance in bringing about any reduction of vertical or horizontal gender segregation in employment, though this is not to conclude that they have been without value in enhancing and, to some extent, sustaining policies directed against discrimination, if not promoting equity" (Monk and Garcia-Ramon, 1996, p. 13).

By global standards, women in the European Union marry later, have fewer children, have relatively higher incomes and education, are

more urbanized, and live longer. Compared to Latin American women, European women are also more likely to enjoy paid maternity leave, state-subsidized health care, and fewer paid work hours (Monk and Garcia-Ramon, 1996). Paid maternity leave typically lasts three months in Latin America, but four or more months in Europe (United Nations, 2000). These trends suggest a degree of national convergence in Europe, helped along by EU declarations and directives.

However, much regional and local variation in gender inequality persists within the European Union. Most of the comparable data available to support this assertion are national-level statistics that focus narrowly on quantifiable indicators of gender inequalities in the economic sphere. Data on legal and institutional barriers and subnational indicators are rarely comparable across countries. Some issues, especially within the private sphere of community and domestic life, are often concealed, excluding some of the major reasons for gender disparities in the labor market

New Approaches to Gender Equality

Welfare-state models are of limited value in the comparative study of discrimination because they have tended to neglect personal relations and the ways that welfare states themselves generate or reinforce inequalities. For example, income maintenance policies disadvantage women relative to men if they are based on earnings or family income, rather than being universal. Social services, especially child care availability and cost, also have gender effects. Labor regulations may reinforce occupational segregation through exclusionary rules, maternity leave policies, and statutory minimum working hours and continuous employment requirements (Kofman and Sales, 1996).

Only recently have welfare-state models transcended the male breadwinner model of earlier theories to encompass production and reproduction of welfare in the family (Lewis, 1992, 1997; Langan and Ostner, 1991; O'Conner, Orloff and Shaver, 1999; Hirschmann and Liebert, 2001; Jenson, Laufer and Maruani, 2000; Gornick, 1997; Meyers and Gornick, 2001). The call by Esping-Andersen (2002) for a "new" wel-

fare state that rewrites the social contract on family policy and the gender contract on work-welfare-family relations is a belated recognition that households and women's role within them contribute to well being.

If there is any clear "model" or national typology of gender inequality, it is the contrast between the Nordic and Mediterranean countries. The Mediterranean countries are the most comparable to Latin America. Southern Europe is distinctive for its conservatism, reflecting long histories of authoritarianism and Catholicism. Decentralized, less generous welfare states have meant heavy reliance on the family as a safety net to prevent poverty and exclusion. The importance of female care giving, the absence of both public and private services, and high unemployment have all placed constraints on women's labor force participation. For example, one comparison of family-based Italy with Germany, with its generous welfare state, and the United Kingdom, with its emphasis on the labor market, revealed very high unemployment among young people and women in Italy, especially in the south, where female labor force participation is extremely low and female long-term unemployment is very high. In Spain, where women's education and labor force participation are also low, women tend to be uninvolved in politics as well. In the Mediterranean countries, there was a brief upsurge of female political participation in the 1970s and 1980s, as feminism rose and democracy was established. But it was short-lived. Some suggest that women's inclusion in these countries will require family-friendly policies such as parental leave, flexible schedules, child care, and incentives for men to help at home (González, Jurado and Naldini, 2000).

National policies are not the only ways that public intervention supports the social inclusion of women in Europe. A recent assessment of gender mainstreaming reports that crucial variables in making the approach effective are strong women's organizations, a state-based feminist machinery, academics, and policy frameworks. The European Social Fund now requires a demonstration of gender awareness in applications for support (Woodward, 2001). Mainstreaming of gender in education and training programs can also be seen in the 1995-2000 Leonardo da

Vinci Program of the European Social Fund. This was a transnational training program that supported innovative projects to develop human resources and language skills through partnerships of educators, employers, unions and local or regional governments. The projects must support a "priority theme" of the Commission's White Papers, including social exclusion and lifetime learning, and each strand promotes "equal opportunities for men and women" in design, implementation and transnational vocational training pilot projects (Rees, 1998).

The third Medium-Term Action Program on Equal Opportunities for Women and Men identified women's under-representation in decision-making and promoted more gender balance in politics. The fourth action program (1996-2000) promoted gender mainstreaming, including job assessment and classification for equal pay. It mobilized all actors in economic and social life (public authorities, social partners, NGOs, education and media) to achieve equal opportunities for women and men; promoted equal opportunities in a changing economy, especially in education, vocational training and the labor market; developed pilot programs that trained women for nontraditional jobs; promoted reconciliation of family and paid work through flexible schedules, leave, child care and shared domestic responsibilities; and aimed to make conditions more conducive to exercising equality rights (European Commission, 2001). In May 2000, the action program published examples of good practices to promote gender equality in the European Union, including incubating women entrepreneurs, recognizing the autonomy of spouses in family businesses, and helping women enter the security and electricity industries.

Nevertheless, the growing move to "privatize" welfare provision to markets, nonprofits and communities ultimately rebounds to the family and to women's domestic and care-giving labor (Cochrane, 1993). This is a danger in Latin America as well. The social organization of time is a major source of women's continuing disadvantages. In some European countries, the lack of coordination among institutional schedules forces many women to organize their employment around the few hours in the day that children are in school and offices or shops are open. Part-time

jobs have increased, but outside the Scandinavian countries and the Netherlands, they rarely offer the benefits and protections of full-time employment. Ineligibility for employment-based social protection consigns women, who care for the most vulnerable members of society, to the same vulnerable group when they become infirm or elderly.

The next frontier in policies promoting gender equality is the restructuring of the relationship between home- and market-based work. A recent study found a huge difference in the gender division between paid and domestic work (housework, errands, do-it-yourself tasks, child and elder care). Not only is domestic work more time-consuming than gainful work (or study) in some countries (Belgium, Estonia, France, Hungary) and less time-consuming in others (Finland, Norway, the United Kingdom), but who does it varies considerably. In all European countries, men devote more time to gainful work or study than to domestic work, but only in Denmark and Norway is the average time in domestic work of women about the same as their time in gainful work or study.

In many ways, minority women are doubly disadvantaged. Not only do they bear a heavier burden of domestic responsibilities, but women who arrive under family reunification rules are materially dependent on and morally indebted to the men who bring them to Europe. Domestic violence is a constant threat. According to the *Fédération international des ligues des droits de l'homme la lettre,* conjugal violence is frequent in all communities in Europe. In some cases, foreign women arrive in Europe as modern-day slaves (Gaspard, 2000; Melis, 2001).

Female third-country national migrants enjoy protection against sex discrimination in pay for work of equal value. Yet Article 13 EC of the Amsterdam Treaty permits only "appropriate action to combat discrimination." It does not formally prohibit racial or sexual discrimination, and it requires a unanimous vote in the council. Only in the last few years has the commission outlined measures to implement the article, which does not cover discrimination on grounds of nationality. In contrast to discrimination law, immigration laws focus on police, criminal and judicial cooperation, attempting to combat racism and xenophobia by guaranteeing EU citizens safety and security. The minority groups most in need of

protection are excluded from protection, legally authorizing differential treatment of EC citizens and third party nationals. The common immigration policy not only does not commit the European Union to protect immigrants against discrimination, but "the same provisions are often the cause of their discrimination" (Melis, 2001, p. 40)

Racial and Ethnic Discrimination

Exclusion on the basis of gender appears to be nearly universal and is thus a shared concern in Europe, Latin America, and the Caribbean. In racial and ethnic discrimination, however, the contextual specificity of social exclusion is strongly evident. The European Union encouraged member states to break down exclusion indicators along the lines of the dominant cleavages in their societies, but this rarely led to reporting of socioeconomic status by racial, ethnic or other cultural categories. Much more work needs to be done on the economic and other disparities between majority and minority groups.

Concepts of what it means to "belong" to a society are nationally specific, and cultural boundaries of identity are often socially constructed in opposition to outsiders. Numerous studies document national differences in approach to racial and ethnic discrimination and rising social diversity (Piper, 1998; MacEwen, 1995, 1997; Castles, 1995; Forbes and Mead, 1992). Most European states distinguish "autochthonous" minorities—with many rights, and sometimes with regional autonomy incorporated into nation-states, but often forcibly homogenized with loss of languages and cultures—from recent immigrant minorities, who were supposed to be temporary and were not intended to be integrated (Baubock, Heller and Zolberg, 1996).

The formation of modern nation-states within stable boundaries was a long historical process of conquest and consolidation. But those national histories are often distinctive, and the dominant narratives are selective, as states perpetuate nationalist myths in order to cement social cohesion. There continue to be sometimes violent struggles for cultural autonomy or national self-determination in particu-

lar regions (Northern Ireland, Basque country, Corsica, the Balkans). The question of how much autonomy, sovereignty, self-determination or group rights to accord internal ethnic cultures has long plagued Europe (Shapiro and Kymlicka, 1997; Hannum, 1990). Levy (1997, p. 25) has worked out a classification of policies that take into account the cultural claims of ethnic and linguistic groups and is general enough that it might bridge both the European and Latin American contexts (Table 9.2).

Visible minority populations in the European Union are a small share (3 percent) of the total population. Belgium, France, the Netherlands and the United Kingdom have the largest minority populations. Europeans strongly resist acknowledging the existence of "race." There is some irony in this because race must be legally recognized to outlaw racial discrimination. One review of measures to combat racial discrimination notes that many countries do not make explicit reference to race, color, ethnic origin, nationality or language in domestic law, but rather make only a general statement about the equality of all persons (Forbes and Mead, 1992). Some countries (France, Germany, Greece, Italy, the Netherlands, Portugal and Spain) have constitutional prohibitions against racial discrimination, and race is a category in both civil and criminal law in some of these countries. Yet France is adamantly opposed to "positive discrimination" because it violates the sacrosanct republican rule against creating separate classes of citizens.

Anti-discrimination policies are rarely sufficient to guarantee equal opportunity and treatment. Victims of employment discrimination rarely file complaints, and when they do, the complaints are often dismissed for lack of evidence, allowing employers to exercise preference. Yet there is national variation in the readiness to pursue this option. In 1993, France had only two convictions for racial discrimination. When Sweden introduced a law against employment discrimination a year later, the discrimination ombudsman received 75 complaints but not one reached a work tribunal. In contrast, the United Kingdom's Race Relations Act resulted in thousands of cases being brought to industrial tribunals, and in the Netherlands large companies are legally

committed to aim for proportional representation of "non-natives" in the workforce (Wrench, 2000, p. 261).

There are at least some affirmative action policies for ethnic minorities in Europe, although these are more common in India, Malaysia, South Africa, the United States and a few other pluralistic societies with large minority groups (Wyzan, 1990). "Positive action" to fight racial discrimination—that is, a positive response to past discrimination—is used as a policy tool in the Netherlands, Sweden and the United Kingdom, while Denmark, France, Ireland, Italy, Luxembourg and Spain take positive actions for gender equality. "Positive discrimination" is practiced in Italy, but it is legal in only a few other European countries and "is not a favoured policy instrument, since even the suspicion of its practice tends to cause conflict and dissatisfaction among beneficiaries and losers alike" (Forbes and Mead, 1992, p. 1). The United Kingdom uses contract compliance policies, while Germany's industrial code prohibits discrimination by employees as well as employers (Forbes and Mead, 1992).

In Latin America, rural poverty, which is partially racial, prevents domestic markets from developing. European ancestry is tied to prosperity, while indigenous or African ancestry leads to poverty and discrimination in Bolivia, Brazil, Ecuador, Guatemala, Mexico and Peru. One thoughtful essay (Thiesenhusen, 1990) noted that economic growth in Latin America never trickles down to the majority of the population and that most opportunities for them lie in the cities. He thus proposed agrarian land reform as an "affirmative action" policy for Latin America that would encourage economic progress without displacing poor, indigenous communities in a context of weak judiciaries and limited budgets.

There is much confusion on racial, religious and ethnic terminology and ideology in Europe at the moment, with legal ramifications as well (Joly, 1998). The continental European reluctance to recognize the reality of "racial" discrimination deflects the enforcement of equal opportunity into alternative categories. Social exclusion policies might refer generically to "vulnerable" or "disfavored" groups that include the Roma (Gypsies), religious, linguistic and ethnic minorities among such noncultural categories as substance abusers, the homeless or people with disabil-

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Box 9.1. European Anti-discrimination Measures at the State Level

- Civil and criminal legal prohibitions.
- Public agency to enforce the law.
- Agency to monitor and evaluate policy or educate and inform the population.
- Contract compliance.
- Legal aid.
- Positive action (measures to address causes and symptoms of discrimination by equalizing opportunities).
- Positive discrimination (positive response to past discrimination).

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ities. A second approach is to refer to naturalization or integration policy as one legitimate social demarcation through which racial and ethnic inequalities can be indirectly addressed. Another is to target policy interventions on places where racial and ethnic minorities concentrate. Box 9.1 provides examples of European anti-discrimination measures.

A recently formed European information network on racism and xenophobia (RAXEN) links research centers, NGOs and international organizations. The data it collects and analyzes will provide the basis for effective anti-discrimination strategies for Europe. The European Monitoring Centre on Racism and Xenophobia in Vienna, established by the European Union in 1997, has championed the new directives and action program as well as the Charter on Fundamental Rights. Its annual reports have concluded that ethnic, religious and cultural minorities, immigrants and refugees are vulnerable to racist crimes and discrimination in all the member states. Racial incidents and xenophobia are increasing. The Roma, refugees and immigrants from African and Arabic countries are particularly subject to violent incidents and discrimination. While a recent survey showed that there is considerable religious tolerance throughout the European Union, immigrants and members of ethnic, religious and cultural minorities have been afraid to report racist attacks to the authorities. Under-reporting and lack of nationally uniform definitions make it difficult to keep track of racist incidents, although Germany, Sweden and the United Kingdom keep better statistics than other countries.

In Europe, new immigrants arrive with historical, comprehensive and even codified national cultures that they want to preserve. Countries have different responses. Some (like France and Germany) promote assimilation more than others. The Netherlands and Switzerland have decentralized institutions to allow for religious and linguistic diversity, while Sweden adopted its corporatist model to organize immigrant associations as state interlocutors. Where the French speak of "integration" policy, the British refer to "race relations" policy.

Of all the countries of Europe, the United Kingdom most addresses the need for cultural expression and multicultural education to combat racism. It passed a Race Relations Act as early as 1976. The Commission on Racial Equality monitors race relations for the government. Education Action Zones and other urban programs benefit the inner cities where minorities concentrate. But even in the United Kingdom, where the government has recognized minority student underachievement and racial harassment as problems, education policies still tend to be "color-blind" and "deracialized" (Burden and Hamm, 2000).

Multicultural education also takes the form of multilingual education, which is most extensive in the Netherlands and Sweden. Some small countries see immigrant languages as a cultural threat, and all countries insist that national languages also be mastered. Cross-cultural communication is essential for social cohesion, national governance and efficient labor markets (Baubock, Heller and Zolberg, 1996).

No one denies that the social exclusion of racial and ethnic minorities produces economic as well as social deprivation. Black people in Europe are more likely than white people to live in poverty (Modood, 1998). They have higher unemployment rates and are concentrated in low-paid jobs. Ethnic minority women are more likely to work at home or to work in family businesses, often without formal rights. Inability to master the local language may not condemn immigrants to unemployment, but it does channel them into particular occupational niches and limits opportunities.

The European Union entered the fight against racial discrimination in earnest only during the last decade. Many states denied that racism

existed in their countries because they had overcome historically unequal treatment of minorities or migrants, had high levels of intermarriage, or outlawed discrimination. Even in Sweden, pressure to enact anti-ethnic discrimination laws originated with international organizations, not domestic politics. But the rise of nationalist, extreme right-wing parties and violence against foreigners and minorities has exposed the hollowness of these claims.

At the October 1995 Social Summit in Florence, the Joint Declaration on the Prevention of Racial Discrimination and Xenophobia and Promotion of Equal Treatment at the Workplace called for employers to adopt voluntary measures. To provide guidance, 25 cases of "good practice" (not best practice) in member states were collected in the European Compendium of Good Practice for the Prevention of Racism at the Workplace (Wrench, 1997). The most common good practices involved training. Newcomers and ethnic minorities were instructed in the dominant language, legal framework and cultural practices, as well as in job search skills. This approach adopts the individualistic theory of social exclusion in which the burden to bring about inclusion falls on excluded individuals. However, even well-qualified individuals from "visible minority groups" suffer from discrimination and racism, so training the majority to change either attitudes or behavior is a necessary complement to minority integration policies.

It is not clear that attitudes can be changed in the short run. Laws against incitement to racial hatred assume that racism is an ideology. But racism and xenophobia are embedded in institutions as well. Hence, insisting on nondiscriminatory behavior and equal treatment is imperative. Multicultural approaches that teach majority groups about minority culture and promote minority representation in all ranks of an organization are especially effective in enterprises in which the customer or client base is diverse as well. Where there is a business justification for recruiting equally qualified minorities, everyone gains. Where fewer incentives for voluntary compliance exist, anti-discrimination policies may be required, such as codes of conduct with serious sanctions to avoid bias in selection and promotion.

Article 13 EC is the basis of two new EU directives that are especially pertinent to discussion of discrimination. Directive 2000/43/EC of June 20, 2000, "Implementing the Principle of Equal Treatment between Persons Irrespective of Racial or Ethnic Origin," prohibits racial discrimination in employment (access to jobs, pay, conditions, benefits), education, social security, healthcare, and access to public goods and services. It also provides rights of redress and sanctions for discrimination. The directive, which came into force in July 2003, shifts the burden of proof from the complainant and protects against harassment and violence. Directive 2000/78/EC on employment equality bans discrimination on the grounds of religion, belief, age, disability and sexual orientation. It requires members to bring national laws into accord with this prohibition by December 2003, with an additional three years for disability and age legislation.

In late 2000, the European Council launched a five-year, 98.4 million euro Action Program to Combat All Forms of Discrimination (except gender, which already had its own Action Program on Equal Opportunities). The program supports national legislative measures, mobilization of relevant actors, and the exchange of information and good practices through database construction. Related policies include the Community Initiative EQUAL, aimed at combating labor market discrimination of all kinds, and the Grotius Program for training judges and prosecutors about racism and xenophobia.

The Employment and Social Affairs Commissioner launched a five-year campaign entitled "For Diversity—Against Discrimination" to enlist member states, social partners and NGOs in combating discrimination. The first year will focus on workplace discrimination by unions and employers, stressing the value of diversity for business reasons such as creativity, human capital, image and diverse customers and shareholders. To improve understanding of civil rights, all national governments are supposed to designate an institution to support and guide victims of racial discrimination. A Eurobarometer survey on discrimination in the EU found that only a third of Europeans would know their rights if they were victims of discrimination.[1] A fifth of the EU respondents—and as

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[1] See www.stop-discrimination.info

many as a third of the Dutch ones—had personally witnessed ethnic discrimination. Most Europeans believe ethnicity, religion, disability, age and sexual orientation are obstacles to qualified people getting a job. Most oppose discrimination, yet they do not know what to do about it.

Wrench (2000) also provides examples of positive actions that go beyond training and anti-discrimination efforts. In some countries, workplaces instituted measures to accommodate specific religious and cultural practices of minorities, such as holidays or dress codes. But only a handful of countries (the Netherlands, Sweden, the United Kingdom) have made stronger efforts to recruit, train and mentor members of minority groups—advertising jobs through minority networks or recruiting through community employment agencies. In the United Kingdom, where under-representation is grounds for legal action, positive actions have included include recruitment, pre-entry training, and in-service training of minority workers. The Netherlands calls for acknowledging cultural differences at work after ethnically diverse workplaces are established. Sweden targets disadvantaged groups generally, helping improve the working lives of immigrants through class-based corporatism. In general, public sector employers are more likely to adopt equal opportunity and positive actions than are private sector employers (Wrench, 2000, p. 277).

In Latin America, two types of groups are among those that suffer widespread discrimination: Afro-descendents and indigenous groups. European countries have been slow to address racial and ethnic discrimination against minority groups. Thus far, the United Nations has only a draft Declaration on the Rights of Indigenous Peoples (1994) because the subjects of sovereignty, colonialism and self-determination are so controversial (Hannum, 1990). Building on the Cobo Report (1986) that called for "non-dominant sectors of society" to have the right to preserve their culture and identity, Latin American and Scandinavian countries currently support the draft's Article 3 calling for a right to opt for self-determination.

Much of the debate over rights concerns the distinction between independence and autonomy in relations between states and indigenous peoples. Many states were hostile to indigenous groups or assumed in law that they would disappear or assimilate into national culture. Others

grant indigenous groups a special protective legal status that frees them from obligations but limits their rights. Another set of states recognizes equal rights and obligations, but in addition to those held by national citizens, recognizes indigenous groups as having the "special needs" of other "disadvantaged" groups. International agencies like the World Bank usually specify that a group must be both distinctive and disadvantaged to receive special scrutiny. But it is difficult to meet legal requirements. Qualifying as indigenous to enjoy land rights often requires proof of continuous habitation, disadvantaging nomadic peoples. Proving "peoplehood" or descent is difficult if one has long-intermarried ancestors. And unlike liberal "equal rights," claiming "special" or "group rights" to land, water and other valuable resources is difficult to do in domestic courts. Tribal law rarely trumps liberal laws against direct discrimination.

Citizenship: Integrating Immigrants, Refugees and Foreigners

Particularly large numbers of emigrants have left Central America and the Caribbean over the past few decades, but the larger South American countries, while receiving internal Latin American migration, also are slowly sending people abroad. Thus, like Europe, the region is dealing not only with internal migration flows, but also with important international population movements.

European regulation of immigration and naturalization is increasingly related to "integration" policy. Whereas Europe welcomed labor migrants and guest workers until 1973, rising unemployment and international tensions after the oil shocks pressured governments across the ideological spectrum to begin restricting immigration. The first signs of the trend were in the United Kingdom, where by the 1980s Commonwealth status was no longer sufficient to allow entry. Most countries confined immigration to family members, refugees and asylum seekers. As the flow of newcomers slowed, governments instituted policies to incorporate the immigrants and their children into "mainstream" society.

In some countries, like the Netherlands and Sweden, most political parties supported changes in immigration laws, but in others, like

Austria, France, Switzerland and the United Kingdom, immigration policy was extremely politicized (Hammar, 1985). Christian Democrats and Social Democrats both supported German reforms of asylum-seeker rights in 1993, although more recent changes in citizenship laws and skilled migrant recruitment led to partisan controversies.

The Schengen Agreement encouraged European states to cooperate in immigration control, opening internal borders and tightening external ones. Italy, Spain and France began coordinating patrols of the Mediterranean to reduce illegal immigration from North Africa and the Balkans. The Amsterdam Treaty, although not legally binding, codified "Fortress Europe's" policies toward third-country nationals. All member states now have strict admission policies emphasizing security, control and expulsion aimed at restricting the flow of migrant workers, asylum seekers and family members. One review of the EU's immigration laws concluded that they are "often highly incompatible with fundamental human rights; in particular, they do not comply with EC/EU commitments against race and sex discrimination" (Melis, 2001, p. 217).

The social exclusion of new migrants went hand-in-hand with government efforts to integrate those already in Europe into society. Countries have pursued immigrant incorporation in many different ways, reflecting longstanding national concepts of belonging, integration and political institutions (Silver, 1995).

One typology (Castles, 1995) distinguishes "differential" exclusion from "assimilation" models and "pluralist or multicultural" models. Germany is the exemplar of differential exclusion, treating immigrants as guestworkers, with fewer political and social rights than citizens. Austria, Belgium and Switzerland have also adopted this model to some extent. More recently, however, Germany has reformed its immigration laws, making naturalization easier. Germany also aims to assimilate ethnic German immigrants (aussiedler) and offers some multicultural education (Piper, 1998).

France exemplifies the assimilation model, with its republican ideology of universal, equal citizenship. French law prohibits state recognition of group racial and cultural differences. But some movement

toward pluralism is discernible since the rise of the extreme right in pol-
itics. The United Kingdom once pursued an assimilation policy, too, but
by the 1970s, after immigration was curtailed, pluralist and multicultural
policies were introduced. While France tries to educate citizens and pub-
lic authorities to treat everyone equally and targets assistance to deprived
territorial areas regardless of racial composition, the United Kingdom
stresses sanctions against discriminatory behavior.

The nation-states of Europe also differ in their treatment of
"migrants," applying different sets of rights to different migrant statuses
(citizens, denizens, guestworkers, asylum seekers, refugees), complicating
the forms of exclusion experienced. Northern Europe already has a sec-
ond generation of native-born ethnic minorities to contend with, where-
as southern European migrants are more likely to be undocumented or
short-term immigrants at the bottom of the informal labor market. They
immediately need labor rights to counter economic exploitation and
housing discrimination.

> ### Box 9.2. Selected Immigrant Incorporation Policies
>
> - Housing attribution.
> - Financial support of ethnic cultural associations and institutions (ethnic media and press).
> - Incentives to participate in local communities.
> - Instruction in the dominant language.
> - Civic education.
> - Mainstreamed religious and cultural instruction in schools.
> - Targeted employment, housing, health and welfare assistance.

Different European states pursue different approaches to immi-
grant integration as well. Box 9.2 lists some common measures. To use
Soysal's (1994) typology, corporatist countries like the Netherlands and
Sweden are centralized, but society is organized into corporate groups
with state recognition and roles. Incorporation of immigrants is thus col-
lective and vertical; intermediary structures provide social rights. The
state organizes "ethnic minorities" to allow immigrants "freedom of
choice" in cultural affairs while encouraging solidarity and cooperation
with the native Swedish majority. Swedes expect immigrants to ultimate-

ly integrate into society as individuals, but have unintentionally institutionalized ethnic separation.

Liberal states like Switzerland and the United Kingdom privilege individual choice and decentralize authority to local authorities and voluntary associations. This makes the labor market the main avenue of integration, along with myriad private groups promoting "horizontal incorporation" of immigrants. UK "race relations" policy grew out of the realization that Commonwealth citizenship with full legal rights was not sufficient to guarantee "equal opportunity." The 1976 Race Relations Act prohibited discrimination in education, housing and employment, and is legally enforced on an individual basis. The Commission for Racial Equality serves largely as a monitoring and information agency that also supports local ethnic associations. Local authorities address education. Urban policies benefit immigrants living in assisted areas.

In contrast, France has a statist model of membership. A highly centralized bureaucratic state, it initiates policy from the top down. There are fewer structures mediating the relationship with individual citizens. Thus, the state is involved in incorporating immigrants as equal individuals. Associations and social movements of ethnic, religious and other minorities are organized into national organizations that can act as interlocutors with the centralized state. The French state deliberately aims to integrate immigrants as uniform citizens, in line with the secular republican notion of the social lien. Schools are an instrument of republican assimilation and do not allow for the expression of ethnic, religious or other group differences. Nor are those differences recognized in the law.

Germany combines the statist and corporatist models of incorporation with its federal structure and centralized bureaucracies and interest groups.

Countries differ in their ease of naturalization procedures for historical and cultural reasons. Canada and the United States are classic immigration societies that encourage immigrants to become citizens and bestow citizenship on those born on their territory (jus soli). Germany and Sweden, as traditional emigration societies, have only recently received large numbers of immigrants. Citizenship is based on parentage (jus san-

guinis), and immigrants must naturalize to become citizens. In France and the United Kingdom, post-war immigration was post-colonial, and citizenship laws were more complex. Some immigrants had full citizenship on arrival, while others had to naturalize or declare and register citizenship.

Countries also differ in their attitude toward multiculturalism, with Canada and Sweden adopting it as official policy and the Netherlands abandoning it in the early 1980s. The United States has adopted bilingual education, but multiculturalism is local. The United Kingdom focuses on anti-racism and equal rights, although especially at the local level, some recognition and preferential treatment is accorded to group particularities, reflecting the long tradition of national minorities (Scottish, Welsh, Irish). But France, with its republican tradition of distrust toward "communitarianism," resists all cultural distinctions among groups, and no social policy explicitly targets "immigrants." Rather, areas with concentrations of immigrants might receive special assistance (Cohen, 1999).

Soysal (1994) also identifies "fragmental" models in which state capacity is limited and primordial groups (family, village community, tribe, church) organize social life. Migrants are only partially integrated in society, participating in the labor market but otherwise ensconced in their community. To a certain extent, the shantytowns of Latin American mega-cities rely on such mechanisms of incorporation, making state neglect possible unless disorder erupts.

The legal status of immigrants determines access to social rights, including health care, old age insurance, housing, income support, and training. Legal foreigners have formal and equal social rights in Europe, even if they do not have full political rights. This is in line with the member states' commitment to non-discrimination on the basis of nationality and a desire to avoid creating a class of "special rights" for "foreigners" or "immigrants." While having equal rights helps immigrants in the process of social inclusion, it does not ensure that they overcome such problems as higher unemployment, ghettoization, and language barriers.

Since France, Germany, the Netherlands and the United Kingdom all have different ways of organizing their welfare states, immigrants have different degrees of access to benefits. Some of these countries

have more social housing than others, allowing states to disperse immigrants to avoid ghettoization. Some benefits are linked to work permits, others to residence permits, and others to family relations. Insurance is usually tied to years of work and thus contributions, which may exclude immigrants from coverage. Thus, immigrants often end up in social assistance safety net programs that usually are granted as entitlements to anyone legally in these countries (Dorr and Faist, 1997).

The European Commission has started to address issues of asylum and migration as well. As part of the human rights agenda, it examines partnership with countries of origin, including action plans to control smuggling and trafficking of migrants; a common European asylum policy with minimum standards and procedures, especially for children; a European Refugee Fund to receive, integrate and repatriate refugees; and fair treatment of third country nationals and management of migration flows. However, the fact that illegal migrants and asylum-seekers are denied full social rights means that the welfare state is also enlisted in the function of border police.

Most efforts to combat social exclusion in areas of concentrated disadvantage and ethnic segregation are national. Much less attention has been devoted to the fight against discrimination at regional and local levels. Urban revitalization and housing policies are often targeted to neighborhoods with a high proportion of ethnic minorities. Indeed, governments and public agencies are frequently responsible for such spatial enclaves of multidimensional deprivation. Even in Sweden, that Social Democratic exemplar, many suburban housing estates are almost totally inhabited by immigrants (Pred, 2000). The official explanation may sound benign: to allow groups to exercise their own cultural practices. Nevertheless, in countries with a large social housing stock, administrative agencies that create such ethnic enclaves also have the capacity to reallocate homes to those who wish to live elsewhere.

The building of local partnerships is a currently favored form of policy intervention in Europe. It appeals to advocates of active social policy and direct democracy. Yet the approach is often top-down, especially in countries accustomed to corporatist representation and bargaining. The United Kingdom, however, has largely privileged business and

emphasized capital investment. Entrepreneurial efforts have little impact on poverty. Although the EU and European governments are encouraging excluded groups to participate in neighborhood regeneration, grassroots initiatives tend to be small-scale, problem-solving efforts. Larger NGOs can help them build capacity and expertise, however (Geddes and Benington, 2001; Merklen, 2001).

Lessons for Latin America and the Caribbean

When President Lula da Silva pledged to eliminate hunger in Brazil, he articulated a new social vision for Latin America. This recognition of the need for a basic minimum income, even if provided in kind, symbolizes a renewed effort to fight precariousness and exclusion. However, material deprivations of income or assets and limited access to education, health, social services and employment are also linked to group membership. Social exclusion remains an issue even for people with a secure and basic income. Members of indigenous and ethnic minorities seek recognition, rights and respect. Discrimination on the basis of color, however much denied, persists in Latin America, curtailing full participation in social and political life (Hasenbalg, 1996; de la Fuente, 1999). Fighting discrimination based on gender, race, ethnicity or residence calls for additional policies complementing anti-poverty and economic development programs.

Limiting attention to the local and national levels misses the action at the global level. One of the ironies of an exercise in drawing lessons from Europe for Latin America is that an implicit premise of European racism is North-South inequality that propels migration from less developed countries to the North's "dual cities." Promoting social inclusion in Latin America might thereby prevent social exclusion in Europe. Furthermore, just as immigrants have sought "post-national membership" through social rights guaranteed at the supranational level of the European Union, indigenous groups have pursued their claims in international agencies. Latin American states and legal systems avoid recognizing indigenous peoples' claims, forcing these excluded groups to seek justice elsewhere.

As for gender, the UN Convention on the Elimination of All Forms of Discrimination against Women is the first international treaty embodying the civil, political, social, economic and cultural rights of women. It covers the status of women in public and private life and obliges signatories to ensure the full development and advancement of women. All the European countries have ratified the convention, although many did so with reservations.

Under Article 18, signatories commit themselves to submit national action plans for the implementation of the Beijing Platform for Action to the United Nations Secretariat. Areas covered include positive action to promote equality and prohibit discrimination in employment, the law, political life, education, health and social benefits, and to eliminate stereotypes, prostitution and trafficking in women. Only a few national action plans established comprehensive, time-bound targets and benchmarks or indicators for monitoring, and most made no reference to sources of financing for the actions identified. Nevertheless, these plans are the main mechanism for monitoring state compliance with the convention. They are reviewed by an international panel of experts in consultation with independent NGOs. Most Latin American countries have ratified the convention, although quite a few nations in the Caribbean (Dominican Republic, Grenada and Suriname) and Central America (Guatemala and Nicaragua) have not yet submitted national action plans. All South American and European countries have done so.

The institutional frameworks in Europe and Latin America are very different. The civil law and corporatist traditions have European counterparts, but compared with Europe, democracy in Latin American is fragile, the bureaucratic and fiscal capacities of states are limited, and the social structures and civil societies look very different. Moreover, the fight against poverty and economic deprivation tends to be divorced from the struggle for equal rights and social inclusion of disadvantaged groups, except on the local level. Allowing excluded groups to voice their concerns, appoint recognized representatives, and otherwise participate in the social inclusion process is one essential lesson that Latin America may draw from the European experience. In countries with one dominant political party,

anything near parity for women in political office will be difficult to achieve. But at the local level, public-private partnerships can give a seat to disadvantaged residents or to associations legitimately speaking for them.

European policies to promote social inclusion of disadvantaged groups can provide some other policy ideas for Latin America. For example, Latin American countries, singly or jointly, can put into place the same sorts of monitoring systems to track discrimination, hate crimes, and progress toward gender, ethnic, regional and other group equalities in the labor market, and in living standards and access to public services. Mainstreaming gender, racial and ethnic equality in all spheres of government policy should also be encouraged. Even refugee status has a gender bias that is rarely acknowledged.

Academic institutions, NGOs, government statistical agencies and other relevant associations should collaborate in public-private partnerships to collect and share data nationally and internationally. These partnerships should also work on local, context-specific solutions to the social exclusion of groups whose legitimate representatives meaningfully participate in these endeavors. Groups suffering discrimination should select their own spokespersons and feel free to oppose government plans without fear of reprisal. To improve understanding of civil rights, national governments might designate an independent, internationally networked institution to support and guide victims of racial discrimination through the legal process. Guaranteeing democratic procedures, transparency and good governance is thus part and parcel of the process of social inclusion in both Europe and Latin America.

Monitoring the numbers and broadening participation are important resources in fighting social exclusion, but combating discrimination depends on state enforcement. Where the judicial system is not independent of powerful interests, even legal aid and outside monitoring will be insufficient to enforce equal opportunity and punish discrimination. Even more worrisome are forms of police brutality and corruption that make the state more of a threat than an ally in the fight against exclusion.

In these contexts, it may be more effective to pursue the social inclusion of disadvantaged groups through civil society and community

organization. Through social funds, international agencies can strengthen local ethnic NGOs and funnel investment capital into places where minority groups are concentrated. They can also encourage enterprises to establish industrial tribunals, insist on union representation, and recruit workers from many localities and groups. International organizations and NGOs can help unions enforce labor standards, equal pay, and protection against violence, exploitation and discrimination. In the favelas and other squatter settlements of Latin American cities, neighborly cooperation has solved numerous infrastructural, health and safety problems. Community organizing may allow for social inclusion of new migrants if migrants and minorities concentrate in particular areas.

There is a distinctive European approach to human rights that, while it preserves 18th century revolutionary individualism, does not reject state action. While rights are protected against the state, the human rights approach also represents "the people" and so guarantees the protection of fundamental rights and human dignity (Leben, 1999). But a rights discourse has its limits. Rights are claims directed at state actors, not economic ones. Increasing state accountability is one way to encourage the social inclusion of excluded groups. Encouraging socially inclusive employment, lending and other business practices is another.

The study of European models of anti-discrimination policies is just beginning, and many political questions remain. In light of the rise of right-wing, anti-foreigner parties, should anti-discrimination policies attempt to change attitudes as well as behavior? How will Europe teach citizens to appreciate diversity as well as solidarity? Given the importance of private life and family obligations to women's paid work roles, can the European Union rightfully intervene in civil questions of marriage and childbearing? Given the dual aims of restricting immigration and integrating immigrants already residing in Europe, will integration policies simply attract more immigrants? And since positive action on behalf of disadvantaged groups requires legal recognition of those groups, will anti-discrimination efforts backfire by institutionalizing racial categories or group consciousness? These are questions of values with which any Latin American policies to combat discrimination must wrestle. That discussion should be free, lively and inclusive.

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Part III

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Human Capital and Social Exclusion

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Social Inclusion, Labor Markets and Human Capital in Latin America

Jacqueline Mazza

It is often said that excluded populations have little other than their own labor to break out of the poverty cycle. By definition, these excluded groups have more limited access to financial capital and social networks and therefore rely on their human capital—that is, their education, learned skills, innate abilities, motivation and work habits—as a ticket out of exclusion. Two important ways to build up that human capital are through the labor market and education.

Labor markets and human capital development occupy both sides of the exclusion-inclusion dichotomy. They can be principal sources of exclusion and principal resources for inclusion. In today's economies, the marketplace has replaced the state as the critical forum for social and economic interaction. While many factors interplay in creating social exclusion, labor market exclusion—the inability to generate a livable family income, the devaluing or lack of recognition for one's daily work, discrimination, and the lack of basic legal protections on the job—prompts a chain of social and economic effects that deepen social exclusion. These effects include physical segregation in marginal neighborhoods, social stigma associated with poor quality jobs, unsafe working conditions, and early departure from school—all of which can have a negative lifelong impact. Improving human capital through education, training and better quality jobs can contribute significantly to greater inclusion through higher income, greater social integration, and stronger cultural awareness and identity.

This chapter examines the role of labor markets and human capital development in the dynamics of social inclusion and exclusion in Latin America and the Caribbean, particularly in the 1990s. It analyzes labor markets as both a principal cause of exclusion and a vehicle for greater inclusion, particularly for women. This labor market paradox is explored throughout the chapter, setting the stage for the succeeding case studies on Brazil (Chapter 11), Peru (Chapter 12), and Guatemala, Brazil, Peru and Honduras (Chapter 13). These case studies use country-specific data to measure and deepen understanding of the nature and dimension of exclusion and inclusion in labor markets and education.

The chapter first looks conceptually at how labor markets and human capital development act simultaneously as agents of inclusion and exclusion. It then turns to the major Latin American labor market trends in the 1990s, matching trends with their likely impact on deepening exclusion in the region. The concluding section discusses how labor market policies and programs in the region can play a more positive role in promoting inclusion. Consistent with the definition used in this volume, the principal excluded populations of the region discussed are Afro-descendents, indigenous peoples, poor women, people with disabilities, and people living with HIV/AIDS.[1] Labor market data on these populations are limited and far from uniform across the region. Excluded populations taken together can often represent the majority of the labor force in key Latin American countries (e.g. Brazil, Bolivia, Peru) and certainly the majority of the informal sector, where most regional employment growth has occurred in the 1990s.

Understanding Labor Market Inclusion and Exclusion

Social exclusion is a dynamic, multidimensional process by which individuals, by reason of race, ethnicity, gender or other defining characteristic, are denied access to opportunities and quality services to live productive lives outside of poverty. Quality work at decent wages affords individuals not only the financial means to potentially break out of their exclu-

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[1] Migrant populations are another group excluded in many ways from formal labor markets and legal systems. They are not, however, a principle subject in this chapter.

sion, but also social and political access to the networks, services and benefits to promote inclusion in a more integrative fashion through family unity and community and civic participation. Inclusion and exclusion through work is not a straightforward process. The same job can have inclusive and exclusive elements. A job in a local plant may offer dependable wages, but have no social security or benefits, thus assisting family income in the short term but risking a different form of exclusion in later years. Families can have members in different states of labor exclusion and inclusion, with some with steady, formal sector work, and others with subsistence employment and working children.

The literature identifies three principal ways that labor markets can foment social exclusion (Weller, 2001):

- Type 1: lack of access to jobs (unemployment, severe underemployment).
- Type 2: access to only very low-wage, "poverty" employment.
- Type 3: lack of access to quality jobs with mobility.

It is important to see how an initial form of labor market exclusion—unemployment and subsistence employment in the informal sector—can be linked to other aspects of social exclusion such as segregation into poor neighborhoods, lack of access to information on other job opportunities, and long working hours that inhibit family development and schooling (Table 10.1). Having any of these types of labor market exclusion can lead to family decisions that exacerbate exclusion beyond the specific working individual (child labor, early departure from school, poor health conditions).

Until recently, exclusion in Latin America and the Caribbean was manifested more in poor quality and low-paying jobs than in open unemployment. This is changing, however. Duryea, Jaramillo and Pagés (2003) find sharp increases in open unemployment in the Andean region and the Southern Cone, particularly in the late 1990s, with more moderate increases and sometimes declines in unemployment in the Mexico-Central America region. Open unemployment is still rare in the lower-

Table 10.1 Principal Forms of Labor Market Exclusion

Type of exclusion	Chief labor market characteristics	Exclusion features
Type 1 Lack of access to jobs	Open unemployment Discouraged workers	Discrimination Family, community isolation
Type 2 Access to only low-wage "poverty" employment	Low-wage employment or employment under poverty line High rates of informality Very low returns to labor	Poverty and associated social exclusion Long working hours Lack of benefits Greater likelihood of unhealthy working conditions Physical or spatial segregation in poor regions or neighborhoods
Type 3 Lack of access to quality jobs with mobility	Underemployment Poor quality, low productivity work Low returns to labor	Lack of access to social networks for advancement Employment trap with little chance of improvement Lack of access to productivity-enhancing training

Source: Adapted from Weller (2001).

income Latin American countries of Central America and in some Caribbean economies, where the principal labor market adaptation is underemployment and outmigration.

The growth of the informal sector in Latin America is perhaps the most striking trend affecting and accelerating Type 2 and 3 exclusion. While not all informal sector employment is low wage or poor quality work, it has an exclusionary dimension: workers are outside the protection of the legal system, have no formal recognition and job status, have few (if any) benefits, and may be subject to hazardous working conditions. Informal worksites are not regulated for hazardous conditions, have no rights for union organization, and have limited access to information on markets, finances, technology and training. In some cases, informal sector employment can be seen as the lesser of the exclusionary outcomes (low-paid work rather than no work) because formal sector employment growth has been stagnant, particularly at lower skill levels.

Other non-labor market factors also affect the type of labor market exclusion. Factors particular to excluded communities, such as lack of land tenure rights and access to communal properties, affect the ability of excluded populations to earn more than a subsistence wage and to have rights over land assets to earn income. Geographic isolation and lack of access to basic infrastructure can also limit labor market opportunities. Vides, de Paloma and Calderón (2003) find that lack of roads and transportation infrastructure is the main mechanism for social exclusion in rural El Salvador. Additionally, limited or poor quality education fundamentally impedes a worker's ability to be selected for higher quality jobs. The three types of labor market exclusion can be seen to expand within the context of broader and more recent economic and labor market trends in the region.

Worsening Labor Market Exclusion in the 1990s

During the 1990s, labor markets in Latin America became more precarious, with less security, more periodic employment and more unemployment; less well remunerated employment, with wage stagnation or decline; and more informal jobs (Klein and Tokman, 2000).

Studies over the decade reported increasing inequality and poverty, both of which are reflected in the region's labor market indicators. While there are no precise measures of labor market exclusion, trends in unemployment, informal sector employment, and labor force participation can serve as proxies for trends in exclusion or distance from formal labor markets with socially integrative features (benefits, social networks). However, in only a few countries can this data be disaggregated by race, ethnicity and other characteristics, so it is even more difficult to mark the trends in labor market exclusion of the principal excluded populations. Among key trends, increased flexibility in types of hiring and labor market contracts over the decade helped support an expansion of the workforce, but also contributed to greater instability and lack of social benefits (Table 10.2). Weak labor market demand or an insufficient supply of jobs for those who wanted to work fed grow-

Table 10.2. Labor Market Inclusion and Exclusion Trends in Latin America in the 1990s

Labor market trend	Inclusion aspects	Exclusion aspects
Weak labor market demand		Increased unemployment Increased informality More discouraged workers leaving labor market
Upward qualification bias	Upgrading of key occupations	Low demand for jobs requiring little schooling Increase in wage gap between the skilled and unskilled
Growing female labor force participation	Increased occupational presence, including in formal sector Reduced male-female wage gap (when manifest)	Greater informality proportionally for women Persistent salary discrimination Occupational segregation in some fields Concentration in lower quality jobs
Labor market flexibility	Diversity of contracting incentives supports expanded participation and part-time work alternatives	More precarious employment, reduced security Decreasing percentage of workforce covered by benefits
Dual wage trends, with wage increases in high-end occupations, but wages stagnant or declining for low-end occupations	Wage conditions improve for certain groups	Gaps increase between high- and low-income wages More working poor, declining living conditions, longer work hours

Source: Adapted from ECLAC (2001) and Weller (2001).

ing labor market exclusion in the region through higher rates of unemployment and increased informality.

From the key trends noted in Table 10.2, the most notable exclusion and inclusion trends for the decade are described in the sections that follow.

Rising Unemployment

Most countries in the region experienced a steady rise in open unemployment over the 1990s, with the sharpest rises in the Andean region and Southern Cone (Duryea, Jaramillo and Pagés, 2003).[2] While regional rates of near 7 percent are still below the 9 percent average for Organisation of Economic Co-operation and Development (OECD) countries, many Latin American countries are coming close to OECD rates without the benefits of social and unemployment insurance. Mexico and Central America continued to have high rates of underemployment and outmigration rather than open unemployment.

For decades, high youth and female unemployment and underemployment have been key labor market problems in the region. In the 1990s, youth, women and urban workers experienced higher than average unemployment, yet their share in total unemployment declined, indicating that the trend toward higher unemployment affected the labor force more broadly rather than deepening the gaps between disadvantaged groups (youth and women) and the rest of the labor force.

Increasing Participation with Poor Employment Growth

Duryea and Pagés (2001) analyze this rising unemployment and find that increasing labor force participation accounted for most of it. They point to a massive expansion in labor supply that could not be absorbed by the slow-growing labor market. At 66 percent, average participation rates in Latin America are now almost the same as the 70 percent in OECD countries (OECD, 2001, cited in Duryea, Jaramillo and Pagés, 2003). In only three countries (Brazil, Chile and Colombia) was the rise in unemployment combined with a decrease in employment rates.

There are many factors behind increasing labor force participation. There is clear evidence that secondary workers (other than the primary family wage earners) entered the labor market to supplement family income. The most notable and positive trend for labor market inclu-

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[2] Unemployment rates are for workers ages 15-64 who were actively looking for work in the reference week of the survey.

sion is the rapidly rising labor force participation by women. Employment rates are still lower for women than for men, and lower than for women in OECD countries, but participation and employment rates have risen. Duryea et al. (2001) document this "brisk-paced" rise in participation rates and the steady closing of the gender wage gap in countries such as Brazil, Costa Rica, Venezuela and Uruguay. They also note that Colombian women uniquely enjoy higher earnings than men. The gains to women are tempered by ongoing barriers to equal employment and opportunity, which manifest themselves in lower-wage work, greater presence in the informal sector, and occupational segregation. The increased supply of women workers has also translated into higher unemployment rates for females.

Low-wage, Low-quality Jobs

Part of the lack of absorptive capacity of Latin American economies has been due to weak labor market supply and demand for high-end jobs. Scarpetta (2003) argues that while the Latin American economies had relatively strong growth despite key crises (Mexico, Argentina), the "employment content" of this growth was low.

While there have been some increases in wages at the high end of occupations, the dominant trends in Latin America have been stagnant and declining wages. Average wages in U.S. dollars, adjusting for purchasing power parity (PPP), remained constant or declined in the Andean nations, Central America (with the exception of Panama) and Mexico (Duryea, Jaramillo and Pagés, 2003). The record is more mixed for the Southern Cone countries, with average wages beginning to decline in Brazil and Chile in the late 1990s, and with the likely negative wage impact of the economic crisis in Argentina. The lack of good quality formal sector jobs underscores a dominant trend in the region over the decade— namely, that most employment growth was in the informal sector.

While there is lively debate on just how negative are the economic and productivity implications of the rise in informal sector employment, the negative implications for greater labor market exclusion are

more straightforward. Large shares of the Latin American labor force now operate outside of minimum standards and protections, creating greater opportunity for labor exploitation, marginalization and reduced investment in human capital. Even more important to marginalization than informality is whether jobs are at "poverty wages." The incidence of "bad jobs"— defined as poverty wages of $1 (PPP) or less per hour—increased during the 1990s in Mexico and the Central America and Andean regions (Duryea, Jaramillo and Pagés, 2003). There was substantial variability in trends within countries and across regions, with consistently greater shares of poverty wages in rural areas. Except in Paraguay, women have a greater incidence of poverty wages then men in the region (Figure 10.1). But among men, the variability is substantial and particularly troublesome in key countries, even for higher skilled workers. On average, 15 percent of higher skilled workers in the region (defined as workers who have completed some tertiary education) earn less than $1 an hour. In Bolivia, Honduras and Nicaragua, more than a quarter of high-skilled workers earn less than $1 an hour, and the share of the skilled and unskilled workforce earning poverty wages is striking: 80 percent in Honduras and more than 70 percent in Bolivia and Nicaragua.

Figure 10.1. Incidence of Poverty Wages in the 1990s among Workers ages 15-65, by Gender *(In percent)*
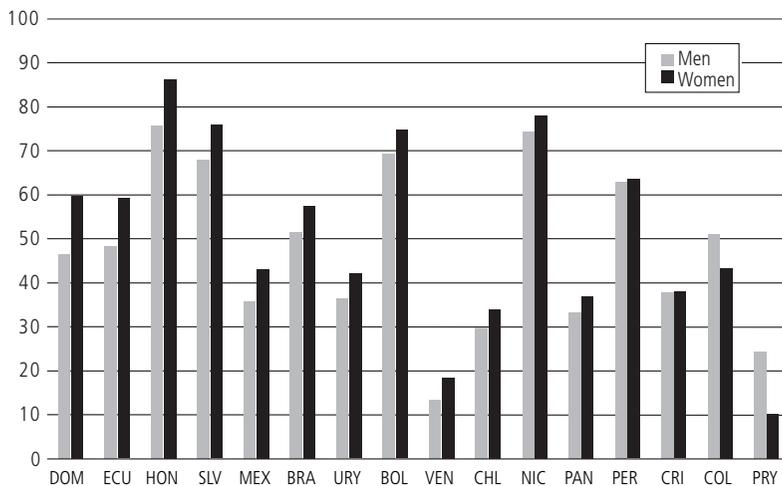
Note: Poverty wages are defined as less than $1 a day in purchasing power parity terms.
Source: Duryea, Jaramillo and Pagés (2003).

Greater Job Instability and Fewer Workers with Benefits

During the 1990s, labor market regulations in many Latin American countries were revised to permit more "flexible" contracts. At the same time, informal employment expanded, as did part-time employment, although part-time work remains less prominent than in OECD countries. The combination of these factors reduced employment stability (Klein and Tokman, 2000), increased rates of job rotation in key countries, and reduced the share of workers covered by social benefits or insurance.

Table 10.3. Share of Latin American Workers with Benefits during the 1990s *(In percent)*

Country	Salaried workers with benefits	All workers with benefits
Argentina, 1998	62.7	46.4
Bolivia, 1990	34.5	25.2
Bolivia, 1999	17.4	13.5
Brazil, 1992	52.5	45.4
Brazil, 1999	54.0	45.0
Chile, 1990	77.1	65.9
Chile, 1998	75.8	63.6
Colombia, 1996	60.1	44.7
Colombia, 1999	61.3	43.6
Costa Rica, 1993	70.6	56.7
Costa Rica, 1998	66.3	53.6
Dominican Republic, 1998	28.1	14.8
Mexico, 1992	49.8	37.0
Mexico, 1998	43.2	31.5
Nicaragua, 1993	33.6	24.0
Nicaragua, 1998	18.5	13.1
Peru, 1991	37.8	24.5
Peru, 2000	32.6	13.1

Source: Cox Edwards (2002).

The increased flexibility of labor contracts likely supported the significant increases in participation rates in the labor market. These increases can be seen as having inclusive elements, particularly if they brought in workers who might otherwise have been marginalized outside

the formal sector. The increases in job instability and the lower benefit coverage, conversely, fed trends toward greater exclusion in many countries. These trends were sufficiently strong in the 1990s to transform the age-old perception that Latin American labor forces had high levels of security and benefits. Available time series data show significant declines in benefit coverage during the 1990s. In only half the countries surveyed (Cox Edwards, 2002) did a majority of salaried, formal sector workers have benefits (Table 10.3). Only in Chile was as much as half the total formal and informal workforce covered by benefits. In the Andean countries, only 38 percent of salaried workers have benefits—a mere 13 percent of the total Peruvian workforce. In Bolivia and Nicaragua, too, only 13-14 percent of the workforce is covered by benefits.

## Excluded Populations and the Labor Market

What is much less known in the region is how these negative labor market trends affected specific labor market groups such as Afro-descendents, people with disabilities, and other excluded groups. Did these populations suffer disproportionately from the negative trends of low wages and low quality jobs? Excluded populations experience both higher rates of poverty and higher rates of extreme poverty. Household data show high concentrations of low-wage jobs among racial and ethnic populations. Concentrations of low wages (less than $1 PPP an hour) are especially high among indigenous populations in Bolivia, Guatemala and Peru, and among Afro-descendent populations in Brazil (Figure 10.2).

Discrimination—in hiring, on the job (promotion, transfer), in wages, and through occupational segregation— is a key factor in the poorer labor market outcomes for excluded populations. Sizable majorities of Latin Americans believe that racial and ethnic groups suffer labor market and other forms of discrimination. Latinobarómetro asked a wide range of respondents in 17 Latin American nations what groups or distinguishing factor (e.g., class) they believed were the strongest basis for discrimination. Race, ethnicity and class (the poor) were considered by far the most important determinants of discrimination overall.[3] Discrimination typically cut deepest along the exist-

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[3] Other possible choices included political affiliation, sexual orientation, gender, and nationality.

ing social cleavages of a particular country: Afro-descendents were perceived to be the most discriminated against in Brazil, indigenous peoples in Guatemala, and the poor (or "class") in El Salvador. What is interesting about this survey data is the perception of the degree of labor market discrimination. While much more attention in the region has focused on discriminatory practices within the courts and from police forces, respondents across the region uniformly believed that discrimination in the labor market was at a similar level to discrimination faced by racial and indigenous peoples in the court system and from the police (Behrman, Gaviria and Székely, 2003).

Figure 10.2. Share of Workers in the 1990s Earning Less than $1 per Hour, by Ethnicity or Race *(In percent)*

Indigenous: Peru, Guatemala, Bolivia; Afro-Brazilians: Brazil
Nonindigenous: Peru, Guatemala, Bolivia; White: Brazil
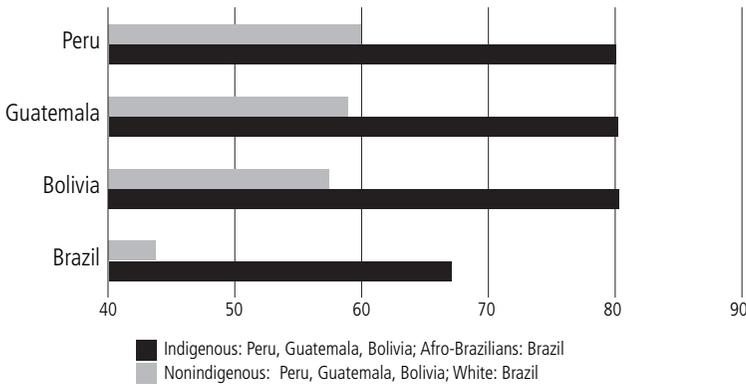
Note: Hourly rate adjusted for purchasing power parity.
Source: Duryea, Jaramillo and Pagés (2003).

The extent of labor market discrimination—how much it holds back excluded populations and affects earnings, employment stability and other factors—has not yet been extensively studied. The Grupo de Análisis para el Desarrollo (GRADE) in Peru has attempted to measure and test discrimination according to the racial intensity of the individual—that is, how white, black or indigenous individuals perceive themselves and are perceived by others (e.g., an interviewer). GRADE found that for Peru, the most significant differences in earnings were between predominantly white and predominantly indigenous populations.[4] Broadly speaking,

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[4] While Peru has a sizable Afro-descendent population, the sample size of this survey did not yield enough data to draw conclusions about Afro-descendent populations.

GRADE found that the whiter the individual and the more indigenous the individual, the lower the earnings, even after accounting for other explanatory variables (personal and labor market differences). Analysis of comparative household survey data in Chapter 13 demonstrates significant differentials in pay, returns to education, and work in the informal sector for indigenous, Afro-descendents (*pretos*, Brazil), and white populations. Indigenous women earned 36 percent less than white women, even after controlling for education and other factors, with discrimination the likely remaining explanatory variable. The differential was not as great, but still significant, between nonindigenous and indigenous men, with indigenous men earning 21 percent less.

Promoting Inclusion through Labor Market Policies

Labor market policies and programs in Latin America have not often been designed, analyzed or evaluated in terms of promoting greater inclusion of socially excluded populations. Targeting in labor market programs, if undertaken, has typically been based on income (programs for the poor), gender or, more commonly, self-targeting (state-financed job training or placement services with eligibility criteria that fit mainly the disadvantaged or whose characteristics do not appeal to the nonpoor). There are exceptions to this general trend with a few programs targeted to disadvantaged groups, particularly in training for disadvantaged youth and women.

Promoting labor market inclusion, however, does not always imply programs to target specific populations (indigenous people, people with disabilities). Depending on the nature of exclusion and the size of the excluded populations, universal labor market programs can be tailored or supported with additional services to ensure greater participation by excluded populations. Improving the labor market performance of excluded populations serves national economic objectives as well, since these segments of the population are most likely to be trapped in subsistence or low-wage labor.

Improving Data Collection and Labor Market Analysis

The first step towards more inclusive labor market policies is to know the racial, ethnic and other characteristics of the labor force and how those attributes affect labor market outcomes. While the groups or peoples facing labor market exclusion are broadly similar across Latin American countries (e.g., indigenous peoples, Afro-descendents), the nature and form of discrimination are likely to vary significantly by country. Dissagregation of data is as important for labor market policies as for broader national policies. For example, in country X, are wages of Afro-descendents significantly below those of workers of other ethnic and racial groups for the same work? Are people living with HIV/AIDS particularly excluded from formal sector employment? Do legal protections for people with disabilities at worksites need to be improved?

Household and labor market surveys are useful instruments for providing the statistical inputs needed to understand how labor markets and labor market exclusion affect different groups. Within the region, there has been increasing attention to collecting data on race and ethnicity in national censuses, spurred by two important regionwide conferences sponsored by the Inter-American Development Bank, the World Bank and regional national statistical institutes.[5] More progress has been made in the last three to four years on census data on indigenous populations than on Afro-descendent populations. Census data, however, will never be detailed enough to provide adequate labor market information, so household and labor market surveys are needed to map out the labor market dimension of race, ethnicity and other forms of exclusion.

Learning from Youth Training Programs

Chile Joven, a training and employment program for disadvantaged youth, spawned a series of youth training programs in the region designed to address the poor labor market performance of and prospects for low-income, high-risk youth. These programs have important lessons for a wider range of labor market training programs.

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[5] The conferences were Todos Contamos I (Cartagena, Colombia, 2000) and Todos Contamos II (Lima, Peru, 2002).

The key feature of this type of program is the use of traineeships *(pasantías)* to provide low-income youth with job experience. The training is oriented toward developing basic work skills and habits (responsibility, promptness) rather than vocational skills for a specific job. For disadvantaged youth, job skills are less of a barrier to an entry-level position than the lack of a social network and work record that would motivate an employer to take a risk and hire them. Studies clearly demonstrate that longer-term job prospects are reduced by limited or delayed work experience. Short-term traineeships and work skills training were combined with another key feature—competitive bidding by intermediary firms to do the training and business placements. These firms became brokers soliciting traineeships for disadvantaged youth who would otherwise have a hard time getting a foot in the door, and assure the hiring firms that there would be oversight and training of each youth trainee.[6] Evaluations of *Chile Joven* found an increase in both job placement and income for the disadvantaged youth over a control group that did not participate in the program. Another interesting outcome was the high share of youth that returned to education after the training. As in training programs overall, the returns to labor market performance were better for women than for men, since women are likely subject to more employment barriers than men, even if both are otherwise similarly disadvantaged.

Experience with youth training for the disadvantaged has a number of wider lessons for labor market programs in the region. First, *Chile Joven*, in particular, demonstrates that well-designed labor market tools can improve income and job placement for groups facing labor market exclusion. Second, competitive mechanisms and support from intermediary institutions may help employers overcome biases and concerns about providing jobs and traineeships to more marginal populations. Third, members of an important segment of the workforce subject to disadvantage can be provided with the skills and experience to improve their first job experience without the long-term, highly expensive intervention that characterizes such programs as Job Corps in the United States. That first job experience, as research demonstrates, is significant to longer-term job performance and earnings potential.

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[6] In some cases, these were secondary school dropouts, and in others the youths had finished secondary school but had been unemployed for a determined period.

Using Anti-discrimination Laws, Quotas and Labor Protection

Many countries in the region have broad civil protections against discrimination and more specific legislation related to the labor market on the books. Implementation and enforcement, however, are very limited. Three key problems common to Latin America are lack of government enforcement, lack of a civil legal tradition defending individuals, and large informal sectors that are outside the protection of labor codes.

Latin American labor ministries are traditionally poorly funded, with limited expertise and resources to enforce civil and work-related rights. This extends to both guarantees against discrimination and protections on the job, such as enforcement of working hours and minimum wages, prohibitions against child and forced labor, and occupational health and safety laws. There is also little to no tradition of civil suits, as found in OECD countries, to compel government enforcement of existing laws or to compensate victims of sexual, racial or other discrimination. Add to this the dramatic increase in informality in Latin America. Workers without a formal work contract not only are afraid to assert their rights, but also have virtually no legal framework from which to do so. National anti-discrimination policies in the region need to be strengthened through more vigorous attention to enforcement, citizen education, legal services for the poor, and the strengthening of anti-discrimination protections as a civil right apart from employment status.

Latin American experience with quotas to redress past and current discrimination is limited. The more extensive experience is with gender quotas for political office (see Chapter 17). Brazil has led the region in advancing education quotas for Afro-descendents and is one of the few countries in the region with quotas in the hiring of government workers. Hiring quotas are rarely used in the private sector. While the subject has become highly politicized in the United States in light of the recent U.S. Supreme Court decision in the case of the University of Michigan, quotas in Latin America still need to be examined and advanced for their application to the regional context. They must be

viewed not as negative penalties for those with advantages, but as part of a mix of tools to promote positive advancement of populations suffering generations of disadvantage in a context where civil protections are much more limited and where excluded populations are numerous and suffer even greater disadvantage in earnings, unsafe workplaces and subsistence employment.

Improving Education and Skill Deficits

The labor market cannot leapfrog over the severe disadvantage faced by excluded populations when they enter the workforce with fewer years of education and lower quality schooling than more advantaged groups. This initial disadvantage accumulates as workers with low skills receive little investment in skill development and are rarely able to return to education later. As a social inclusion strategy, the importance of increasing the educational attainment of excluded populations as well as the quality of their labor market integration and advancement is more pronounced in Latin America than in OECD countries. Once they leave the educational system, workers in many Latin American countries encounter low-quality systems of skills training based on large, publicly-funded state institutions with poor linkage to private sector demand and modern training methods. Whereas European countries have the "luxury" of focusing on the labor market as the principal instrument of social inclusion policy, in Latin America, improving education is often viewed as the first and critical step towards advancing social inclusion.

Providing more and better education for excluded populations is not sufficient unto itself, however, to improve their long-term labor market performance. Duryea and Pagés (2001) argue that solely increasing education will not boost productivity without a broader range of productivity-related improvements in such areas as infrastructure and credit. Labor market discrimination and greater transparency in hiring must be addressed as well in order for education and skills training to translate into increased hiring and promotion of excluded populations.

Reforming Labor Intermediation Systems

While much of the focus on labor market programs has been on providing better training for skill development, labor intermediation systems to link workers to jobs and training are a relatively neglected tool for advancing the labor performance of excluded populations. Labor intermediation serves both workers and employers by promoting a more efficient match of worker to job. Developed as national employment services in many OECD and developing countries as purely public initiatives, intermediation activities initially demonstrated a relatively poor connection to employers and were typically poorly funded.

Recent reforms in both the OECD and Latin American countries are leading to new models of intermediation services that expand the range and type of services and more directly involve private and nonprofit providers.[7] Peru has established a network of Intermediation and Labor Information Centers (CIL) that draws churches, NGOs, private training schools, and local firms into a provider network to place workers seeking jobs. Its particular advantage for excluded populations is the use of a variety of community organizations to deliver job placement and assessment services, thus bringing these services to communities where excluded populations live. Providing services to anyone who walks in does not undermine the ability to serve more excluded populations. To open doors for excluded populations, national labor intermediation services or networks need to be able to serve a wide range of income categories and employers, not only the poorest or the lowest wage, lowest skill jobs. Labor intermediation services can adapt universal services to the needs of excluded populations or provide specialized assistance that makes the service more accessible to excluded groups. This includes, for example, staff who speak indigenous languages, mobile units that bring services to hard-to-reach communities, and training in working with disadvantaged populations.

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[7] See Mazza (2003) for a fuller discussion of the international models for labor intermediation services.

Creating Social and Unemployment Insurance

An additional consideration for Latin America is the creation of broader and more comprehensive systems of social insurance and, where appropriate, unemployment insurance to protect incomes and smooth out negative economic cycles all too common in the region (Mazza, 1999). This policy evolution will require more creativity in applying systems of social insurance to the informal sector. A more stable social policy framework is needed, particularly in light of the increasing unemployment and declining coverage of basic work benefits in the region.

Conclusions

In the current economic and labor market environment, promoting labor market inclusion of Afro-descendents, indigenous people, poor women, people with disabilities, or people living with HIV/AIDS presents a range of challenges. Advances must be made against a series of negative labor market trends in the region that impede inclusion, including large increases in the informal sector, limited formal sector growth, greater job instability, and stagnant and low wages. Challenges for raising the profile of excluded populations abound. They include the invisibility of these populations in statistics and national political life, the high concentrations of extreme poverty and multiple sources of exclusion, and the limited regional consensus on reorienting and reshaping labor market policies and programs toward greater inclusion.

Nonetheless, a number of important advances of women in the labor market and in education in Latin America and the Caribbean over the past decade provide an important reminder of how labor markets can provide an entry point and engine for inclusion in the context of broader social and political changes, even in difficult times. While substantial barriers still exist, the gender engine was fueled by push and pull factors of economic necessity, investments in education, societal and cultural changes, and political mobilization.

As experience has shown, the labor market policy changes urgently needed in Latin America and the Caribbean must be developed in concert with a wider set of political and social changes that open up opportunities for excluded populations and slowly undo age-old biases and stereotypes (see Chapter 16). The labor market does not function in a vacuum, and it will continue to reflect and reinforce existing social inequities unless national policies, as well as the organizations that advocate on behalf of excluded populations, direct greater attention to advancing the inclusive dimension of labor markets.

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Earnings and Color in Brazil: A Mixed Tale

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Analysis of the sources of racial inequality in earnings in Latin America and the Caribbean has been hampered by insufficient survey and census data on ethnicity and race. Brazil, the country with the largest population of Afro-descendents in the region, is among the few countries that systematically collect information on race in household surveys.

There are two main hypotheses in the classical literature on race relations in Brazil (Silva, 1999). The "assimilation" hypothesis states that discrimination is based on an individual's socioeconomic class, and that race (skin color, in Brazilian terms) is not a factor hindering social mobility. Thus, gaps in socioeconomic achievement between whites and Afro-descendents are a legacy of slavery that will eventually disappear with equitable human capital accumulation. The second hypothesis poses the existence of a racial "escape hatch" by which *pardos* (mixed race) have more opportunities for mobility than *pretos* (blacks). As a result, it is argued, the significant amount of interracial marriage in Brazil softens racial tensions—a key difference from race relations in the United States.

These hypotheses were challenged by empirical work following the labor economics literature on discrimination by Silva and others using census and survey data for the 1970s and 1980s. These studies found evidence of a significant labor market disadvantage unrelated to observed skills for both pardos and pretos, attributable to discrimination. Subsequent studies have confirmed these findings. In recent years, public

officials in Brazil have spoken openly about racial exclusion as a major impediment to development and of the need for strong remedies.[1]

A recent study by Arias, Yamada and Tejerina (2003) combined household survey data with annual state data on pupil-teacher ratios over 1940-90 in order to investigate the role of race, family background, education (both quantity and quality), and the returns to these characteristics in explaining racial inequality in earnings in Brazil. Workers self-identified themselves in the survey as whites (54 percent), pardos (39 percent), and pretos (7 percent). The study goes beyond the usual average earnings gap decompositions to measure racial gaps in earnings and education returns for workers at various points on the earnings distribution for each racial group (given observed workers' skills), using quantile earnings regressions. In addition, these gaps are adjusted by proxies, albeit imperfect, for family background and education quality.

This chapter discusses the main findings of this study as a way to explore the specific role of skin color in determining labor market outcomes in Brazil. It discusses the quantitative importance of "unexplained" racial gaps in earnings and returns to education between workers at the lower and higher ends of the earnings scale within any given skill level.

The results indicate that equalizing access to quality education, including adequate early learning environments, is the principal way to combat labor market exclusion of Afro-descendents in Brazil. The results also show considerable heterogeneity in earnings that correlates closely with the gradient of skin color, which may suggest a role for specific policies to combat discrimination.

Most of the analysis is based on a sample of male household heads in urban areas taken from responses to the 1996 household survey (*Pesquisa Nacional por Amostra de Domicílios*, or PNAD). The data include the worker's race, labor earnings, migration status, human capital variables (education, experience) and, for heads of household, parental education as well as other labor market and job characteristics (Table 11.1).

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[1] Paulo Renato Souza, former Brazilian Minister of Education (1998-2002), wrote that "...more than two-thirds of our poor and extremely poor population are Afro-descendent. Our poverty, therefore, has color. And a name: exclusion." *Folha de Sao Paulo,* October 24, 2000.

Table 11.1. Descriptive Statistics of Male Urban Brazilian Workers

(In means and percentages)

	Household heads		
	Whites	**Pardos**	**Pretos**
Log wage	1.119 (0.977)	0.566 (0.899)	0.506 (0.838)
Years of education	7.6 (4.6)	5.4 (4.2)	5.0 (3.9)
Share with 0-4 years	33.6	50.4	53.2
Share with 5-8 years	27.8	27.8	29.8
Share with 9-11 years	21.9	16.2	12.9
Share with more than 11 years	16.7	5.6	4.1
Work experience (years)	26.0 (11.5)	25.8 (11.7)	26.9 (11.9)
Father's education (%)			
No schooling	27.3	46.0	51.2
Incomplete elementary schooling	30.4	28.1	25.3
Complete elementary schooling	24.2	15.1	15.1
First cycle of secondary complete or incomplete	7.6	6.1	5.9
Second cycle of secondary complete or incomplete	5.9	3.3	1.7
Complete or incomplete higher education	4.6	1.4	0.8
Sample size			
Number	16,866	10,501	1,836
Share of total (%)	57.7	36.0	6.3

Note: Numbers in parentheses are standard errors.
Source: Based on 1996 PNAD.

There are significant racial differences in earnings and acquired productive characteristics. On average, pretos earn 46 percent less than whites and pardos earn 42 percent less. White workers have a considerable advantage in their own and family human capital. They have completed an average of 7.6 years of education compared with 5.4 for pardos and 5.0 for pretos.

Moreover, nonwhites, particularly pretos, are caught in an intergenerational low-education trap. More than three-fourths of nonwhite household heads have parents who have not completed elementary school (1-4 years) compared with about three-fifth of whites. Although the situation has improved for recent cohorts, mobility opportunities

Figure 11.1. Average Years of Education of Brazilian Male Household Heads, by Father's Education
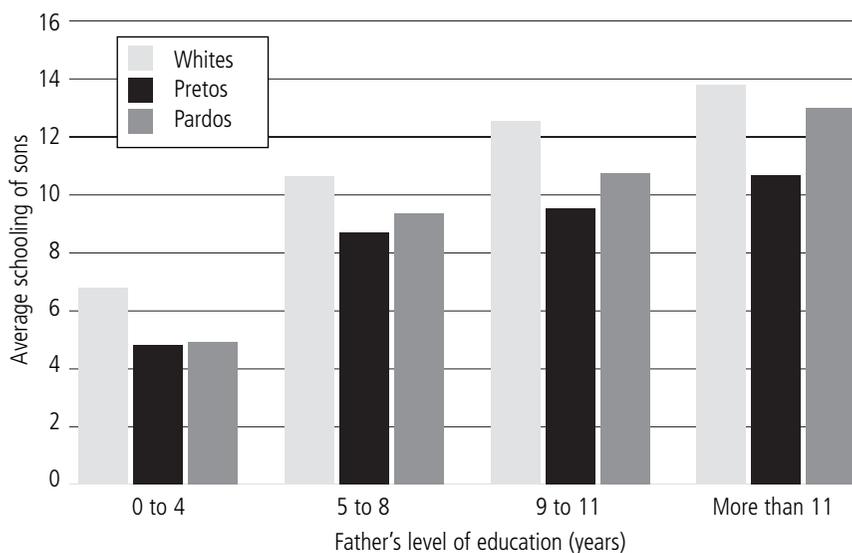

Source: 1996 PNAD.

also differ significantly by race. Nonwhite workers, on average, consistently surpass the educational level achieved by their fathers only up to the 8th grade (Figure 11.1).

There is evidence that the quality of education is also lower for nonwhites. Administrative records were used to construct proxies of education quality for the workers in the PNAD sample. Pupil-teacher ratios in primary and lower secondary public schools were computed for 1938-88 and each worker was assigned the pupil-teacher ratio of his or her state-of-birth cohort measured as the average of the 10-year span in which the birth cohort would have attended school. Although imperfect, these are considered reasonable proxies of the average quality of education received by workers insofar as schools with lower pupil-teacher ratios allow for better quality classroom instruction and often also have better educational materials and more qualified and experienced teachers.

There are persistent disparities in pupil-teacher ratios between the states in the Northeast and those in the South. Although the relative supply of teachers has clearly improved considerably over the period, ratios have been consistently lower in the South than in the Northeast—by five fewer pupils per teacher in the last three decades (Figure 11.2). At the same time, 66 percent of nonwhite workers in the sample were educated in Northeastern states and only 16 percent were educated in the South. Although the correlation between race and the imputed measure of quality is much weaker for Brazil as a whole, it still permits gauging the potential role of education quality in accounting for earnings differences.

Figure 11.2. Average Pupil-Teacher Ratios for Elementary Schools in the Northeast and South Regions of Brazil, 1938-88
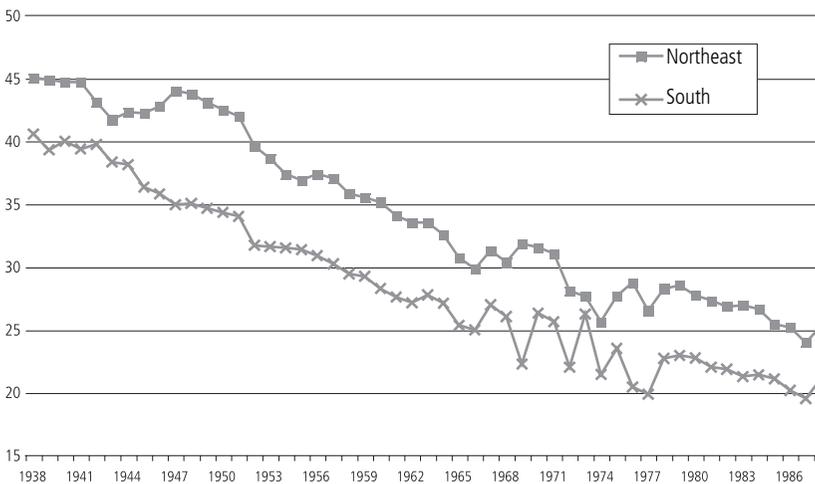
Note: The decade average minimizes the impact of noisy data in certain years. For states that were absorbed by other states or that were divided, data were merged or repeated to obtain a time series matching the current political division of Brazil. For example, in 1980 the state of Matto Grosso do Sul was created from the state of Matto Grosso, thus the same data was applied to both states before 1980. The detailed data for the 27 states and five birth cohorts (1940-80s) are available on request.

Source: Based on administrative school data from the *Anuario Estatistico do Brasil* (various years).

Empirical Approach

The traditional analysis of racial inequality in earnings relies on the Mincer wage function:

$$Ln\ w_j = \alpha_j + \beta_j\ e_j + \theta_j\ X_j + \varepsilon_j$$

where w is the wage of a worker of race j, e his or her education level, X denotes other individual characteristics (such as work experience), α, β, and θ are the wage equation coefficients, and ε is a wage residual that may capture unobserved wage determinants such as family-specific human and social capital (genetic factors, quality of learning environments, labor market connections), individual specific ability, and any measurement errors.[2] Least squares regression is often used to decompose the racial gap in average wages into a component due to racial differences in measured productivity (e, X), and a residual arising from differences in the labor market rewards to workers with the same observed skills (education and experience), which is often interpreted as a measure of discrimination (Oaxaca, 1973; Blinder, 1973). Of particular interest are racial differences in the wage intercepts (α) and the average returns to education (β) that capture unexplained gaps in the level of earnings and the payoff to education.

This approach presumes that racial gaps in average wages fully characterize the situation of nonwhite workers at all points on the wage scale. Recent empirical studies indicate that labor market performance—in particular the payoff to education—may depend on a worker's endowment of unobserved characteristics (see Arias, Hallock and Sosa-Escudero, 2001). Nonwhites most likely compare themselves to white workers with similar characteristics to form their perceptions of discrimination. Average wage gaps may not reflect the experience of nonwhite workers whose unobserved characteristics place them below or above the mean wage function. Furthermore, since school quality and family background variables are rare in survey data, they remain unaccounted for and may be unduly confounded with salary discrimination. In fact, the

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[2] This section briefly describes the basic intuition of the study's approach. For more details, see Arias, Yamada and Tejerina (2003).

actual racial gap in education returns could be underestimated if the correlation of these omitted wage determinants with the education and earnings of workers is stronger for nonwhites.

These limitations are addressed in two ways. First, the racial gaps are estimated for adjusted wages and returns to education for workers located at various points of the wage scale. The Mincer functions are fitted through 10 different percentiles of the conditional wage distribution for each racial group. The gaps in adjusted wages and returns to education are then computed between white and nonwhite workers at the same quantile of the race-specific conditional distributions (that is, with the same position in the salary scale for each observed skill level). For example, the gaps in the wage intercepts at the 90th quantiles give the difference between the wage floor of the best paid 10 percent of whites and the wage floor of the best paid 10 percent of nonwhites at any given skill. Meanwhile, the differences in the education Mincer coefficients at the 90th conditional quantiles give the racial gap in the education returns at this quantile (the percentage change in the wage floor of the best paid 10 percent of whites and nonwhites within each observed skill level from one more year of schooling).

The analogy translates to other percentiles of the distributions. The bottom quantile gaps can be thought of as pertaining to workers with wages lower than predicted by their observed skills, and the upper quantiles to workers with wages higher than predicted by their observed skills. If wage regression residuals are considered as a proxy of workers' unobserved attributes, the relative position of workers in the conditional wage distribution can be related to differences in family human capital, school quality, labor market connections, or work ethics. Thus, the analysis allows a more complete characterization of the racial inequality in earnings experienced by nonwhite workers.

Second, these gaps are adjusted by proxies, albeit imperfect, of family background and education quality. Parental education is used to purge the estimated racial gaps in earnings and education returns of family factors that affect earnings and educational achievement such as home

schooling, family wealth (which correlates with school quality), and family connections. The methodology proposed by Card and Krueger (1992) is used to estimate the impact of education quality on the returns to education from cross-state and inter-cohort variations in educational input indicators. It relies on two-stage regressions of the estimated returns by cohort and state of birth on pupil-teacher ratios and other control variables. The resulting quality coefficient is used to approximate the fraction of the racial gap in returns potentially due to differences in education quality.

Main Results

The main results from the study of Arias, Yamada and Tejerina (2003) are presented here for three empirical specifications of the Mincer wage function with different sets of control variables by ordinary least squares (mean) regression and at 10 different quantiles (0.1 to 0.9). The first model (equation A) consists of the basic Mincer equation (X=experience, experience squared) with a race-specific intercept, and the second model (equation B) allows all slope coefficients to also vary by race. A third model (equation C) adds controls for parental education. The potential role of education quality in explaining the residual relative earnings gaps is also analyzed. Separate regressions are estimated for whites, pretos and pardos. The observations are pooled for nonwhites in the education quality analysis for reasons of sample size. Remarkably, the explanatory variables explain up to 70 percent of the variability in mean log wages. Differences in education and work experience, and in their returns, alone account for most of the variation. The results for parental education and education quality are discussed first, followed by the estimated gaps in wage levels and returns to education.

Family Background and Quality of Education

There is a substantial payoff in earnings to parents' education in all race groups, which tends to increase the higher the education level of the parents. For instance, white workers whose father completed elementary

school earn 19 percent (=e$^{.175}$-1) more than workers with uneducated fathers, while those with a university-educated father earn about 80 percent (=e$^{.589}$-1) more (Table 11.2). The largest wage gains arise from university-educated parents for whites and pardos, and from parents with upper secondary schooling for pretos. Meanwhile, mother's education yields higher wage returns than father's schooling among nonwhites, except for pardos with well-educated fathers. The average wage gains for both pretos and pardos with a high school educated mother reach 40 percent to 67 percent (compared with 25 percent for whites).[3]

Given the low rates of female labor force participation and higher incidence of single mother households in Brazil, the education of mothers may be taken as a stronger labor market signal of the productivity of a nonwhite worker. Meanwhile the father's education is plausibly a better proxy of the quality of education and family connections for white workers. Therefore, the racial pattern of gains could reflect returns to signals of unobserved family-specific human capital for nonwhites (especially for pretos) and returns to unmeasured components of school quality or family labor market connections for whites.

Thus, parental education not only increases children's educational attainment but also grants substantial wage returns to children in their adult life. The results suggest that the contribution of educational inequality to earnings inequality in Brazil is amplified by inter-generational factors that show an important interplay with race.

The results of the education quality analysis are summarized in Table 11.3. The second-step analysis uses the first-stage-estimated returns from the full sample of white and nonwhite workers and the subsample of household heads with and without controls for the father's education, and cohort fixed effects. The included variables explain up to almost half the (weighted) variance in state-level education returns in Brazil. Average returns to education are lower for workers educated in states with higher pupil-teacher ratios, the proxies for lower education quality. A 10-student decrease in the pupil-teacher ratio is associated with a 0.9 percentage point increase in the average returns to education.

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[3] The parental education effects are roughly constant over the quantiles.

Table 11.2. Effects of Parental Education on Log Wages of Brazilian Male Household Heads

Level of parents' education	Controlling for father's education			Controlling for mother's education			Controlling for father's and mother's education					
	Father			Mother			Father			Mother		
	Whites	Pretos	Pardos	Whites	Pretos	Pardos	Whites	Pretos	Pardos	Whites	Pretos	Pardos
Incomplete elementary	0.078*	0.110*	0.092*	0.046*	0.088*	0.099*	0.068*	0.059	0.065*	0.020	0.075	0.063*
Complete elementary	0.175*	0.131*	0.187*	0.152*	0.239*	0.264*	0.130*	0.013	0.108*	0.088*	0.255*	0.187*
Middle school, first cycle complete or incomplete	0.225*	0.167**	0.214*	0.229*	0.227*	0.300*	0.155*	−0.004	0.120*	0.121*	0.309*	0.149*
Middle school, second cycle complete or incomplete	0.375*	0.239**	0.316*	0.416*	0.461*	0.515*	0.258*	−0.028	0.178*	0.222*	0.513*	0.336*
Complete or incomplete higher education	0.589*	0.286	0.630*	0.470*	0.328*	0.742*	0.444*	0.041	0.487*	0.226*	0.746*	0.139

* Significant at 5 percent level.

** Significant at 10 percent level.

Note: Coefficients give the log-wage increase relative to the parent having no education. Estimations are based on a sample of 27,449 observations of the 1996 PNAD. The R-squared for the regressions are 0.6871 (father's education), 0.6889 (both parents' education), and 0.6867 (mother's education). Regressions also control for own education, experience, and experience squared.

Source: Authors' estimates based on 1996 PNAD data.

Table 11.3. Effects of Educational Quality on the Average Return to Education in Brazil

	Full sample		Household heads		Household heads controlling for father's education	
Nonwhite	-2.08*	-1.99*	-1.18*	-1.18*	-0.86**	-0.88*
Pupil-teacher ratio/10		-0.92*		-1.02*		-0.87*
Dummy for born in 1962–71		2.97*		3.73*		3.82*
Dummy for born in 1952–61		4.29*		5.50*		5.71*
Dummy for born in 1942–51		5.26*		5.84*		6.18*
Dummy for born before 1942		6.14*		7.37*		7.46*
Constant	9.36*	8.74*	8.93*	7.80*	7.99*	6.23*
R-squared	0.118	0.455	0.026	0.325	0.014	0.353
No. of observations	259	259	258	258	258	258

* Significant at 5 percent level.
** Significant at 10 percent level.
Note: Coefficients are least square estimates with the dependent variable being the percentage average return to education by state, cohort, and race estimated using the indicated sample of workers in the first stage regressions (57,059 observations in the full sample, and 29,050 for heads of household). Regressions are weighted by the inverse sampling variances of the return coefficients.
Source: Authors' estimates based on 1996 PNAD data.

Absolute Earnings Gaps

In a plotting of the wage distributions of whites, pardos and pretos, the distribution for whites is further to the right, reflecting their wage advantage at any wage level (Figure 11.3). On average, pretos earn about 46 percent less than whites and pardos earn about 42 percent less. These averages mask substantial racial disparities between workers at different points on the wage scale. The distributions become further apart at the right tail. That is, racial wage gaps between workers are larger at jobs with higher pay. A preto at the 0.10 quantile of the wage distribution for pretos earns about 24 percent less than a white worker at the 0.10 quantile of the distribution for whites (the distance between A and B). The wage gap increases to 56 percent at the 0.90 quantile (distance C to D). The wage gap for pardos is similar at the 0.10 quantile and about 50 percent at the 0.90 quantile.

Figure 11.3. Wage Distribution by Race, Brazilian Male Household Heads
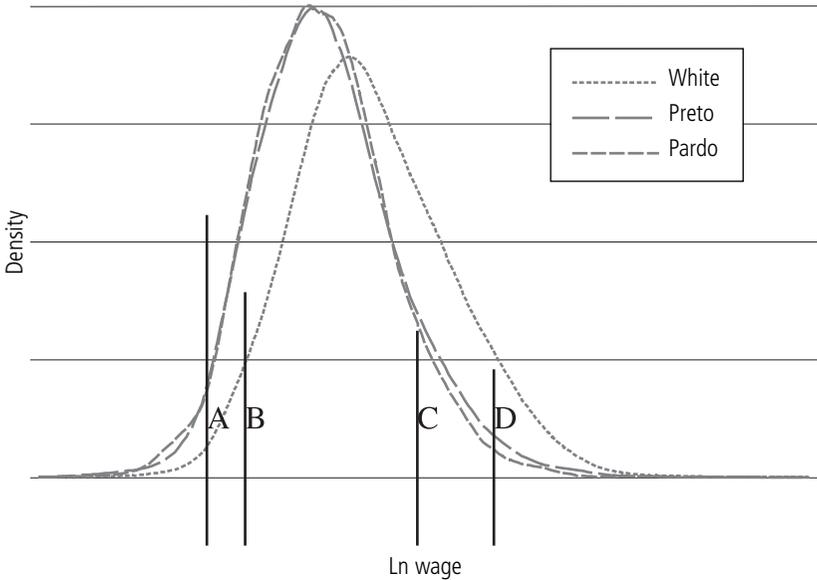
Source: Estimated by Kernel density methods using 1996 PNAD data.

These wage gaps arise in part from racial differences in productivity-related characteristics. The interest here is in the proportion of these gaps that remains unexplained after accounting for such differences. Table 11.4 summarizes the unadjusted gaps (computed from the raw wage data underlying Figure 11.3) and the regression-adjusted wage gaps (differences in the wage regression intercepts) measured at the mean and at the 10 quantiles. Each coefficient measures the wages of pretos and pardos as a proportion of whites' wages at the given point on the wage distribution. Subtracting from one and comparing across columns yields the proportion of the wage gap at a given quantile (or at the mean) that remains unexplained by the regression. Moving across rows from first to last in a given column shows the variation of the wage gap for workers from the bottom to the top of the adjusted wage scale. For example, for each R$1 of whites' wages, pretos earn an average of 0.541 cents—and

Table 11.4. Wage Gaps for Brazilian Brazilian Male Household Heads Across Quantiles of Wage Distribution and Empirical Models

Quantile	Pretos' wages as a percentage of whites' wages				Pardos' wages as a percentage of whites' wages			
	Gross	A	B	C	Gross	A	B	C
0.1	0.756	0.778*	0.956	1.134	0.759*	0.770*	1.001	1.027
0.2	0.644*	0.758*	0.871	0.960	0.644*	0.758*	0.931	1.001
0.3	0.649*	0.775*	0.921	0.966	0.643*	0.760*	0.898*	0.937
0.4	0.627*	0.775*	0.925	0.939	0.635*	0.763*	0.931	0.935
0.5	0.610*	0.760*	0.853**	0.866	0.623*	0.758*	0.877*	0.922
0.6	0.594*	0.753*	0.842	0.817*	0.594*	0.767*	0.860*	0.857*
0.7	0.556*	0.757*	0.833**	0.876	0.560*	0.765*	0.824*	0.860*
0.8	0.508*	0.735*	0.815**	0.878	0.544*	0.777*	0.848*	0.861*
0.9	0.441*	0.695*	0.752*	0.873	0.491*	0.779*	0.844**	0.890
Least squares (mean)	0.541*	0.753*	0.884*	0.916*	0.575*	0.766*	0.876*	0.906*

* Significant at 5 percent level.

** Significant at 10 percent level.

Note: For column C the gaps refer to workers with uneducated parents. See the text for equations' specification.

Source: Authors' estimates based on 1996 PNAD data.

only 0.441 cents at the highest paid quantile (columns A in Table 11.4). Adjusting for differences in education and work experience between whites and pretos reduces the wage gaps so that pretos' earnings relative to whites rise to 0.753 at the mean and to 0.695 for the top 10 percent of workers within each level of education and experience.

The results indicate that the lion's share of the racial gaps in wages in Brazil arise from the considerable racial disparities in the productive characteristics of workers and jobs. Racial disparities in education and work experience account for about a third of the wage gaps at the lower quantiles and for almost half at the top of the wage distribution. The wage gaps for pretos fall to an average of 25 percent, ranging from 22 percent at the bottom to 30 percent at the top of the distribution, and fall to a roughly constant 23 percent for pardos (column A in Table 11.4). Racial differences in the returns to education and experience account for about half of the residual average wage gaps, which

fall to roughly 12 percent for both pretos and pardos (columns B). However, while the gaps become negligible at the bottom quantiles, they remain at up to 25 percent for pretos and 15 percent for pardos at the top of the adjusted wage scale.

Adjusting further for differences in the father's education equalizes the residual wage gaps faced by both pretos and pardos in the upper part of the conditional wage distributions. For workers whose father has no formal education, the gaps stand at a roughly constant 12 percent for pretos and pardos in the upper 50 percent of better paid jobs within any skill level (columns C).

These results lead to several conclusions. Differences in the endowments and returns to own and family human capital account for most of the wage disadvantage of nonwhites, particularly at the bottom of the wage scale. A moderate wage disadvantage persists for nonwhite workers, particularly for pretos, in relatively higher paying jobs within any skill level. These findings are similar to the results of recent studies of gender and racial earnings gaps, which offer evidence supporting workers' reports of greater pay discrimination at higher salary levels (Kuhn, 1987).

Returns to Education

The estimated quantile return coefficients show that, on average, education is a profitable investment for all workers (Table 11.5). For example, the coefficient of 14.4 at the .90 quantile for whites means that the wage floor of the best paid 10 percent of whites, at each level of education and experience, increases by 15.5 percent ($=e^{.144}-1$) for each additional year of schooling.

While education appears to be a profitable investment for all workers, the mean return is not representative of the effect of education on wages for all workers. Returns vary significantly along the conditional wage distribution and with the gradient of skin color. As a result, the gaps in average returns give an incomplete picture of racial inequality in relative earnings in Brazil.

Table 11.5. Returns to Education for Brazilian Male Household Heads Across Quantiles and Empirical Models

	Levels						Gaps			
	Whites		Pretos		Pardos		Whites relative to pretos		Whites relative to pardos	
Quantile	A	B	A	B	A	B	A	B	A	B
0.1	11.6*	10.3*	9.9*	9.2*	9.7*	8.9*	1.7*	1.1	1.9*	1.4*
0.2	12.5*	11.1*	10.6*	10.0	10.5*	9.5*	1.9*	1.1**	2.0*	1.6*
0.3	13.3*	11.7*	11.4*	10.5*	11.4*	10.4*	1.9*	1.2	1.9*	1.3*
0.4	13.7*	12.0*	12.1*	11.0*	11.7*	10.6*	1.6*	1.0	2.0*	1.4*
0.5	14.1*	12.4*	12.5*	11.6*	12.2*	10.8*	1.6*	0.8	1.9*	1.6*
0.6	14.4*	12.7*	12.6*	11.7*	12.7*	11.3*	1.8*	1.0	1.7*	1.4*
0.7	14.5*	12.7	11.9*	11.1*	13.0*	11.5*	2.6*	1.6*	1.5*	1.2*
0.8	14.7*	12.8*	11.9*	11.0*	13.3*	11.8*	2.8*	1.8*	1.4*	1.0*
0.9	14.4*	12.4*	11.8*	10.8*	13.4*	11.8*	2.6*	1.6**	1.0*	0.6
Least squares (mean)	13.6*	11.9*	11.5*	10.7*	12.1*	10.8*	2.1*	1.2*	1.5*	1.1*

* Significant at 5 percent level.
** Significant at 10 percent level.
Note: See text for equations' specification.
Source: Authors' estimates based on 1996 PNAD data.

Education returns are significantly lower for nonwhites and, consistent with studies for Brazil, the United States and other countries, are higher for workers at the top of the conditional wage distributions. In the basic Mincer model, the average return is 13.6 percent for whites, 12.1 percent for pardos, and 11.5 percent for pretos (columns A in table 11.5). The pattern of quantile returns also varies with the gradient of skin color. For whites, the basic Mincerian returns increase from 11.6 percent at the bottom to 14.4 percent at the median and then remain essentially constant. For pardos, they increase monotonically over the quantiles from 9.7 percent to 13.4 percent, while for pretos returns first increase from 9.9 percent at the bottom to 12.5 percent at the middle and then decline to 11.8 percent at the top. As expected, returns to education decline when adjusted for parental education (columns B). When only the father's education is included, average returns fall by 1.7 percentage points (12 percent) for whites, 1.3 percentage points (11 percent) for

pardos, and 0.8 percentage points (7 percent) for pretos. The pattern of quantile returns remains intact.

The higher returns at the upper quantiles imply that wage dispersion is higher among workers with higher education levels. This effect is stronger for pardos than for pretos. This means that while well-educated pardos are found in lower return jobs as often as well-educated pretos, well-educated pardos are found in higher return jobs more often.

Note that racial differences in parental education do not fully account for the observed gaps in education returns.[4] The quantile return gaps in the basic Mincer model range from 1.7 to 2.6 percentage points for pretos and from 1.9 to 1 percentage point for pardos from the bottom to the top quantiles. Controlling for father's education reduces the gaps in returns by an average of 1 percentage point for pretos and 0.5 of a percentage point for pardos. Thus, estimates of racial gaps in returns to education that do not account for family factors overestimate the actual disadvantage in returns faced by nonwhites. However, the unexplained gaps in returns remain significant at about 1 percentage point, on average. This is in contrast to the results reported by Silva (1999) of insignificant gaps once family background is controlled for. The gaps in returns continue to be higher for pretos at the upper quantiles (around 1.6) while lower for pardos at the top of the adjusted wage scale (around 1).

Regardless of the empirical model, therefore, pretos and pardos face a distinct disadvantage in education returns relative to whites, depending on their position in the conditional wage distribution. While pretos face a larger gap in education returns at the upper part of the distribution than at the bottom, the opposite is true for pardos. Pretos and pardos located at the bottom of the conditional wage distribution are treated similarly in terms of the payoff to education. The 20 percent best paid pardos have a return advantage of about 1 percentage point over the 20 percent best paid pretos, given similar observed skill levels.

Thus, the common belief in Brazil that a better position in the socioeconomic scale correlates positively with a fairer labor market treat-

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[4] These results also hold when controlling for mother's education as well as for various other characteristics, such as sector and type of employment and regional location.

ment ("money whitens") appears to hold only for pardos. This is also consistent with the classic hypothesis in the literature on race relations in Brazil that interracial marriage softens racial tensions by improving mobility opportunities for blacks. The results for pretos are consistent with the previous findings for the gaps in wage levels, suggesting potentially greater pay discrimination against pretos in higher paying jobs. Labor market discrimination seems more likely when nonwhite workers cannot be denied access to the higher paying jobs on the basis of their observed productive attributes (Darity and Mason, 1998).

However, it cannot be fully ascertained whether discrimination or other unobserved productivity differences cause the remaining gaps in returns. One potentially intervening factor is racial differences in education quality that are not well captured by parental education variables. Yet, if the quality gap between the Northeast and the South is taken as a benchmark, for the regions with the larger difference in pupil-teacher ratios and the most acute racial divide in school attendance, the estimated quality coefficients imply that differences in education quality could plausibly account for about half the residual racial gaps in average education returns. Assuming that quality affects the returns similarly at all points of the conditional wage distribution, that leaves an average gap in returns of about 0.6 percentage point for nonwhites and perhaps higher gaps for pretos in jobs with relatively higher pay. These gaps in returns alone imply average earnings that are about 7 percent lower for a nonwhite worker with a secondary education and a 9 percent earnings disadvantage for those with a university degree.

Conclusions and Policy Implications

This chapter examined the role of race, family background, and the quantity and quality of education in racial inequality in earnings in Brazil. The main findings indicate that while differences in human capital, including parents' education, and in its returns, account for most of the earnings gap between whites and the Afro-descendent population at the bottom of the earnings distribution, a 10 percent earnings gap remains at the top of

the wage scale. In addition, a 10-student decline in the pupil-teacher ratio raises the average return to each year of education by 1 percentage point. However, the fact that whites have better educated parents and attend school in states with relatively better education quality does not fully account for their advantage in returns to education.

Returns to education also vary significantly along the earnings distribution scale and with the gradient of skin color. The gap in education returns between whites and pretos is larger at the upper part of the distribution than at the bottom, while the gaps between whites and pardos follows the opposite pattern. This finding is consistent with a classic hypothesis in the literature on racial inequality in Brazil that interracial marriage may soften racial tensions by improving mobility opportunities for blacks.

The agenda to reduce racial inequality in income in Brazil requires a combination of actions to address the multiple dimensions of the problem. Of critical importance are actions to equalize opportunities in access to education of adequate quality and to break the intergenerational trap of low education that hinders the socioeconomic mobility of nonwhites. These actions should promote greater investments by nonwhites who face high schooling costs by providing, for example, cash and in-kind incentives to remain in school longer, at least until completion of basic schooling (such as the *Bolsa Escola* program), and to enhance their learning levels. Education programs for younger adults could have a double dividend by increasing the educational attainment of their children and the children's future wages if they can ensure completion of at least elementary schooling. Leveling the returns to educational investments is also key to reducing the earnings disadvantage of nonwhites and to encouraging them to invest more in education. This requires increasing the quality of education received by nonwhites by, for example, encouraging qualified teachers to work in disadvantaged schools, upgrading textbooks and curriculum, and adapting innovations to improve learning environments in disadvantaged schools and communities. There is also a need to enact and enforce anti-discrimination laws and establish labor

market intermediation services that facilitate greater access to better quality jobs for well-educated nonwhites.

Finally, more research and policy analysis are needed on the causes and consequences of social exclusion and of discrimination against nonwhites, as well as effective means to eliminate them. Also required are greater efforts to raise awareness among government officials and social actors in Brazil on how these problems compromise the country's prospects for development with social equity.

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An Invisible Wall? The Economics of Social Exclusion in Peru

Máximo Torero, Jaime Saavedra, Hugo Ñopo and Javier Escobal

Social exclusion is a concept that recognizes the multidimensional character of deprivation and poverty. Many groups in society are subject to economic, political or cultural exclusion through different mechanisms and institutions. From an economic perspective, their exclusion from certain goods and services affects their economic outcomes through various channels. For example, it may impact access to public and private assets (educational and physical assets, financial or organizational capital). It may also affect the rate of return of those assets. For instance, there may be differences in the economic returns to education for similarly educated people if there is occupational segregation, or if certain groups do not have access to better paid jobs.

Social exclusion in access to different markets—labor, credit, education—is a crucial issue in a multiracial and multilingual country such as Peru. Discrimination and exclusion related to ethnicity, culture, physical appearance and religion take place in ways both obvious and subtle. Indigenous or ethnic minorities are more likely to be poor than any other group. According to the 2000 Living Standard Measurement Study (LSMS), the poverty rate among the population whose mother tongue is Quechua, Aymara or other native languages is 70 percent, well above the overall poverty rate of 54 percent. Moreover, more than 75 percent of indigenous groups fall in the three bottom deciles of the income distribution.

Many studies have accounted for the various forms of social exclusion in Peru. Gender discrimination has been studied in reference to women's access to political leadership (Alfaro, 1996), educational enrollment and attainment (Oliart, 1989; Rossetti, 1989; Guillén, Soto and Yáñez, 1996; Mendoza, 1995), and labor participation and wage differentials (Guzmán, 1987; Saavedra, 1997). Ethnic discrimination has usually been explored through case studies. Callirgos (1993) gives a global overview of the origins and characteristics of racism in Peru. Oliart (1989), Pozzi (1989), Callirgos (1993) and Mendoza (1993) propose various mechanisms for tackling ethnic and cultural discrimination. Finally, Sulmont (1995) uses case studies to document some of the elements of social exclusion in Peruvian labor markets.

However, although racial, ethnic and cultural discrimination have been the focus of many such sociological and anthropological studies, many unanswered questions remain, particularly regarding the economic effects of social exclusion.

Measuring Ethnicity

Despite the obvious importance of measuring ethnicity for a country like Peru, there are very few data sources that capture ethnic discrimination, and scarce empirical work that analyzes social exclusion and discrimination from a quantitative perspective. Most of the work that has been done, including several World Bank studies, approximates racial and ethnic discrimination with easily observable variables, mostly mother tongue. MacIsaac (1993) finds that more than 80 percent of nonindigenous people—defined as those whose mother tongue is Spanish—have access to public water supply or electricity, while less than 45 percent of indigenous people—defined as those whose mother tongue is Quechua or Aymara—have such access. MacIsaac also finds that average years of schooling are 8.1 for the nonindigenous and 5.5 for indigenous. The World Bank (1999) estimates a significant marginal effect of ethnic background, again using mother tongue as a proxy, over learning outcomes. Quechua speaking students tend to do worse in school than Spanish speakers. The difference

in educational attainment between those with Aymara background and Spanish speakers is not as great. However, calculations using 1993 population census data find that the percentage of students in a grade below the average for their age is considerably larger among the indigenous population than the native Spanish speaking population. The World Bank (1999) and Glewwe (1998) also find that if the head of the household has an indigenous background, and all else being equal, the budget share of food and education is smaller.

The approximation of ethnicity using mother tongue, however, is clearly incomplete, since there are also ethnic differences within the Spanish and Quechua speaking populations. This chapter approximates ethnicity using variables related to several dimensions of the concept, such as mother tongue, parental background, race and religion, with race approximated using indicators based on self-reporting and poll data (Angel and Gronfein, 1988; Anderson, Silver and Abramson, 1998).

The chapter studies the extent and consequences of certain aspects of social exclusion in the labor market. It looks at how some groups may be explicitly or implicitly excluded from acquiring education and credit, two key elements for improvement in well-being that probably explain the high level of inequality in Peru. It also looks at the effect of ethnic exclusion on earnings.[1] Learning how these forms of exclusion affect access to opportunities for socioeconomic advancement and how they could increase the probability of discrimination will help in the formulation of policies.

Dimensions of Ethnicity

Anthropologists tend to define ethnicity as a set of cultural elements shared by a community of individuals who organize their daily life around them. In rural areas, ethnicity is an attribute commonly associated with native communities that have limited contact with other communities. In urban settings, ethnic characteristics are associated with culture, religion, language, traditions and race, among other dimensions.

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[1] See Escobal and Torero (2002) for credit markets, Saavedra and Torero (2002) for education, and Ñopo, Saavedra, and Torero (2002) for the labor market.

This study uses mother tongue, religion and parental background to approximate racial differences. A more complex issue arises in the use of indicators of race due to the complex interplay with ethnicity. Race, along with other ethnic characteristics, may generate differences among people with measurable consequences for economic opportunities. A score-based procedure was used to measure "racial differences" for this study. Each individual received an independent score of 1 to 10 from an interviewer in each of four categories: Asiatic, white, indigenous and black—groups that people readily recognize as distinct racial groups—with zero indicating no physical characteristics that resembled x (e.g., indigenous, Afro-descendent, white or Asian) and 10 indicating most features of that group. Thus, for example, an individual with intensities 2 (white), 8 (indigenous), 0 (black), and 1 (Asian), would be considered predominantly indigenous. With these continuous racial intensity indicators, it was possible to characterize a person as mestizo, but there was still racial variance within that category. For certain econometric procedures, it was also useful to divide the continuous measure into three discrete groups: indigenous, white and mestizo.[2]

Self-reporting of race has been used with some success in other countries where classification of races tended to be more straightforward (Hirshman and Alba, 1998; Telles and Lima, 1998). For Peru, however, most of the population tends to define itself as mestizo, which includes people who have very different characteristics and are also perceived as different by others. While interviewers' perception of race and ethnicity is backed by several researchers (Angel and Gronfein, 1988, and Anderson, Silver and Abramson, 1998), criticism of this method led to intensive pre-fieldwork training designed to reduce the problems associated with the reliability of interviewers' observations, as suggested by Boergerhoff-Mulder and Caro (1985). Photos for different racial groups were also used to standardize the interviewers' reporting, following Allport and Kramer (1946), Scodel and Austrin (1957), and Toch, Rabin and Wilkins (1962). The current series of studies used both self-reporting and interviewer reporting.

Ethnic characteristics were also captured through three additional variables—language, migration and religion. Language data

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[2] Asian and black were also identified, but the sample sizes were too small.

were collected both for the individual and parents. Migration included both short-term migration (five years or less) and from place of origin, an attempt to capture the migratory process that took place during the last 50 years. The religion variable attempts to capture the growth of new confessions, mainly of Protestant origins, especially among the poorest sectors of society.

The data for this chapter were obtained from the LSMS 2000 urban household survey and from an additional module carried out among adult household members by the Grupo de Análisis para el Desarrollo (GRADE) in 2001 to explore racial and ethnic characteristics in depth.[3] The module included questions on physical characteristics, linguistic use, geographic origin, religious habits, and information related to parents (mother tongue, geographic origin, religion and education).

Intensity of racial traits showed different patterns of distribution. The white intensity distribution is skewed so as to suggest that interviewers characterize the majority of individuals as having some white characteristics, but not as predominantly white. The indigenous intensity distribution demonstrates a larger number of observations of persons who appeared to interviewers to have some indigenous features (intensities 0-6) (Figure 12.1). Only a small number of individuals were characterized by interviewers as predominantly Asian or black, making it impossible to establish robust statistical regularities about these groups. Thus, the discussion concentrates on the consequences of racial differences between people with white and indigenous traits. For some statistical applications for which it is relevant to divide the sample into groups, the analytical categories of predominantly white, predominantly indigenous, and mestizo are used.

As documented in the literature, there are significant differences in the race variable between self-reported results and interviewers' observations (Figure 12.2). The self-reported white intensity distribution is skewed to the right in comparison to that reported by the trained interviewer, that is, participants self-reported more white

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[3] The module covered 70 percent of the people originally surveyed (5,700 individuals). There were no significant differences in the main characteristics of the sample with the total population because of the 30 percent of cases lost by attrition. The survey also included a section on credit and access to social capital. Questions related to discrimination episodes were also included. See Ñopo, Saavedra and Torero (2002).

Figure 12.1. Interviewers' Perceptions of Racial Intensity Distributions in Urban Peru
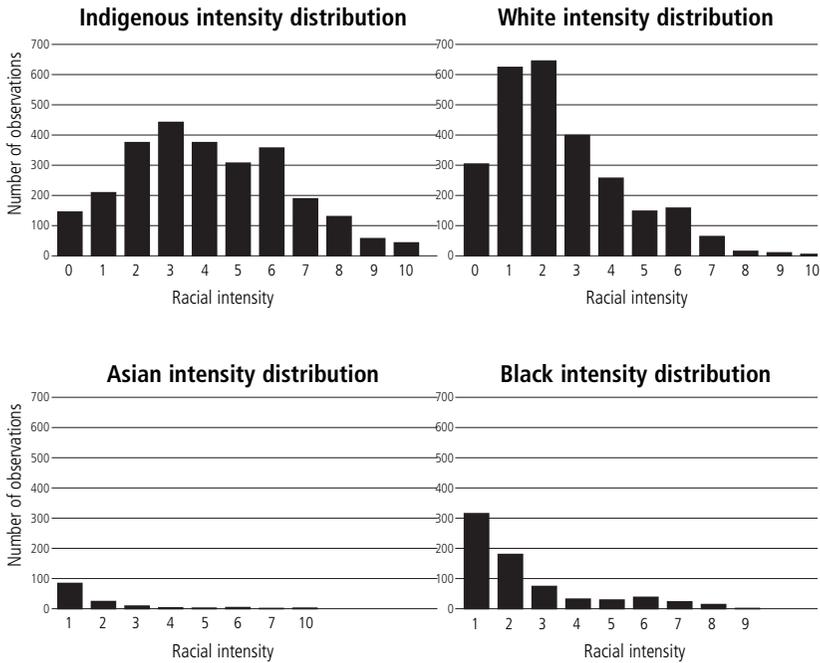

Note: "0" is not reported for the intensity distributions in the Asian and black dimension because this value represented the vast majority of observations.

Source: Authors' calculations based on Living Standard Measurement Study Survey (ENNIV, 2000) and additional ethnic module by GRADE.

than the pollster observed. The self-reported indigenous intensity distribution is skewed to the left of the distribution reported by the interviewer, meaning that respondents tend to score themselves with higher values of white intensity and lower values of indigenous intensity than interviewers.

A large share of the population self-reporting racial characteristics assigned themselves a median intensity of 5. It may be that respondents perceive themselves as being a mixture of races and so they report themselves as having a median intensity because it is hard for them to differentiate among the other possible intensities. Since the main objective here is to identify the dimensions of exclusion based on

Figure 12.2. Comparison between Interviewer-reported and Self-reported Race
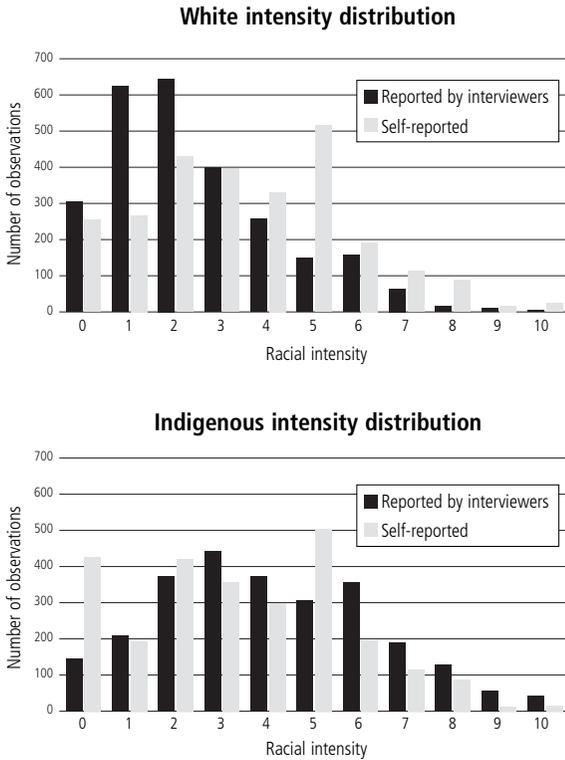
White intensity distribution

Indigenous intensity distribution

Source: Authors' calculations based on Living Standard Measurement Study Survey (ENNIV, 2000) and additional ethnic module by GRADE.

ethnic characteristics and not on self-exclusion, the analysis concentrated on the interviewers' scores rather than the self-reported ones. However, these differences in scores could have strong implications for the quantification of racial wage gaps and the probability of access to educational attainment.[4]

Sociologists and anthropologists consider the use of racial intensities as part of a set of variables that characterize an individual to be an artificial construct. It relies on the fact that people associate the words

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[4] Telles and Lima (1998) show for Brazil that while the white-brown gap is around 26 percent using interviewers' perception, it drops to 17 percent using self-reported observations (both gaps are calculated controlling for human capital and labor market characteristics).

white, indigenous, black and Asian with different sets of phenotypic characteristics. Given other individual traits, these characteristics, as perceived by another person, may or may not be associated with other socioeconomic variables or outcomes. If these characteristics, together with other ethnicity-related variables, explain part of the differences in schooling and access to credit or earnings, that implies either that there is evidence of discrimination or that these indicators are capturing unobservable characteristics that are correlated with race (or at least with someone's perception of the race of the subject being analyzed). Race, together with other ethnic-related characteristics, may thus have real effects that can be approximated without delving into the specific sociological or economic mechanisms behind them.

Differences in Access to Education, Credit and Income Based on Ethnicity

The sample was divided into quintiles according to the ranking implicit in the intensity scores given by interviewers, and these were related to a set of demographic and ethnicity-related variables (Table 12.1). Individuals perceived as predominantly white report higher levels of education and smaller family size than individuals perceived as predominantly indigenous. Individuals perceived as having more indigenous features report more frequently that their mother tongue is not Spanish, that they are non-Catholic Christians, and that they are migrants. Individuals perceived as having more white features have more educated mothers and are less likely to have a language other than Spanish as their native tongue.

When racial intensities as perceived by the interviewers and the proportion of poor individuals are plotted against each other, the higher the white intensity the less poor the household, and the higher the indigenous intensity the poorer the household (Figure 12.3).

Table 12.1. Descriptive Statistics by Quintiles of Racial Intensity

(In percent unless otherwise specified)

	White quintile of racial intensity					Indigenous quintile of racial intensity				
	1st	2nd	3rd	4th	5th	1st	2nd	3rd	4th	5th
Personal and family characteristics										
Education (years of schooling)	8.9	10.0	10.7	11.1	11.3	11.6	10.9	10.2	10.3	8.8
Family size	5.8	5.6	5.7	5.6	5.2	5.5	5.7	5.8	5.5	5.7
Number of children	2.9	2.7	2.7	2.7	2.5	2.5	2.7	2.8	2.8	2.8
Ethnic and non-labor related characteristics										
Mother tongue										
Spanish	82.8	86.3	93.5	94.4	96.5	97.4	96.9	95.3	83.2	79.0
Native language	17.2	13.7	6.5	5.6	3.5	2.6	3.1	4.7	16.8	21.0
Religion										
Catholic	84.6	86.3	88.1	87.1	90.2	90.9	89.6	83.7	86.3	84.6
Christian non-Catholic	13.4	11.5	9.8	11.4	8.3	7.5	8.5	13.6	12.4	13.3
Other religions	1.0	0.3	0.5	0.3	0.2	0.3	0.3	0.4	0.3	1.1
No religion	1.1	1.8	1.6	1.2	1.4	1.2	1.6	2.4	1.0	1.1
Birthplace										
Migrant	42.3	39.5	38.2	35.3	33.6	30.8	34.3	37.6	40.7	46.4
Born in a rural or semi-rural area	17.8	12.1	11.1	10.2	7.9	7.7	10.1	11.4	12.6	18.4
Mother's educational and ethnic characteristics										
Education										
Primary school	55.3	66.3	75.3	77.3	84.9	86.6	79.7	71.5	67.0	50.2
Secondary school	12.0	16.4	22.1	27.8	40.5	40.1	26.4	19.2	20.4	8.5
College	1.8	2.7	4.6	7.8	11.4	11.0	5.7	4.4	4.1	1.7
Mother tongue										
Native language	43.7	32.2	19.5	16.3	10.6	8.2	12.3	19.6	33.7	52.7
Birthplace										
Born in a rural or semi-rural area	25.2	18.5	17.9	16.3	12.0	15.9	15.4	17.6	18.6	24.3

Source: Ñopo, Saavedra and Torero (2002).

Figure 12.3. Poverty Index by Racial Intensity

(Proportion of poor in percent)
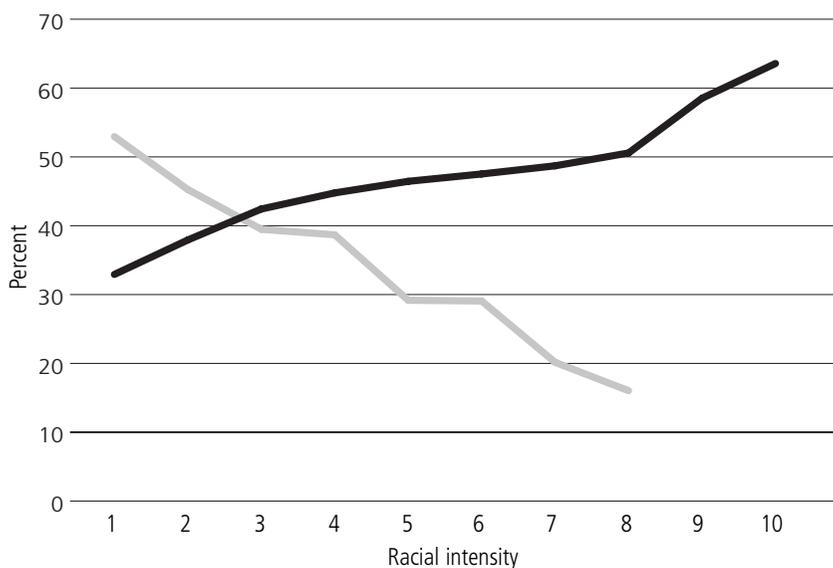
Other characteristics show similar patterns (Figure 12.4).[5] Years of schooling, studying at a private institution, access to phone lines, and access to health insurance are all positively related to white intensity and negatively related to indigenous intensity. Similarly, migrant status and family size are positively correlated with the indigenous intensity indicator and negatively correlated with white intensity.

Access to Education

Enrollments in Peru at all educational levels have increased enormously over the past four decades. Saavedra and Valdivia (2000) report that only one in four people born in the 1930s had a secondary or higher education. For the cohort born in the early 1970s, two in four did. Still, 20 per-

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[5] For this informal overview, the correlation between average characteristics and earnings corresponding to white intensities of 9 and 10 are not reported due to a lack of observations for these intensities. In the estimated econometric models, this does not represent a problem, as explained later in the chapter.

Figure 12.4. Relationships between Racial Intensity and Other Characteristics
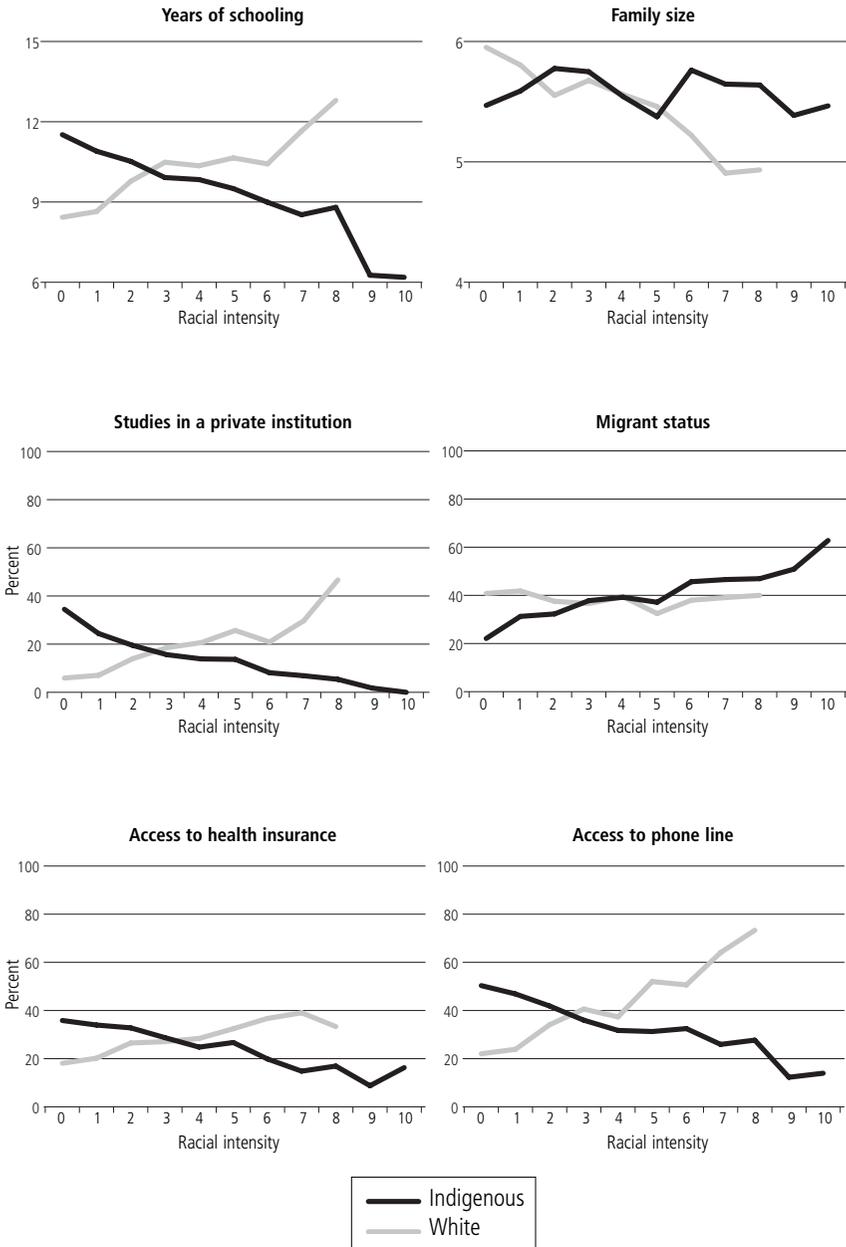
Years of schooling

Family size

Studies in a private institution

Migrant status

Access to health insurance

Access to phone line

Indigenous
White

Source: Authors' calculations based on Living Standard Measurement Study Survey (ENNIV, 2000) and additional ethnic module by GRADE.

cent of that cohort—the youngest adult cohort in their study—had only a primary or incomplete primary education. If this educational expansion occurred in a context of inequality of opportunity, a different pattern would be expected depending on ethnic background. Individuals whose mother tongue is not Spanish have fewer years of schooling than those whose mother tongue is Spanish (Figure 12.5). Also, migrants and those born in rural areas have less schooling.

Figure 12.5. Relationship between Ethnic Characteristics and Schooling, by Birth Cohorts, 1900-to date
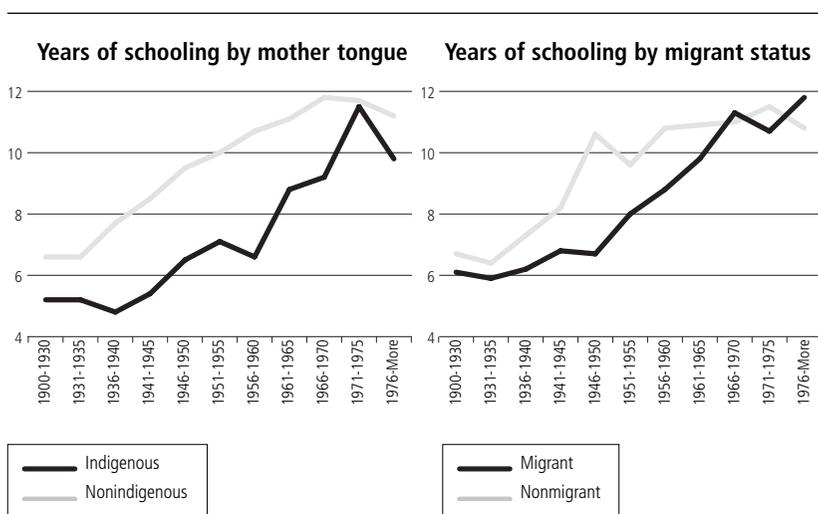

Source: Authors' calculations based on Living Standards Measurement Study Survey (ENNIV, 2002) and additional ethnic module by GRADE.

Years of schooling increase with white intensity in the three cohorts examined (1900-40, 1941-60, and 1961-present), while they decrease with indigenous intensity (Figure 12.6). The pattern is more pronounced for people who study and finish their education in private institutions (usually of higher quality than public ones). The middle panels of Figure 12.6 show private institution attendance for all education levels, including higher education. Attendance in private institutions rises

Figure 12.6. Relationship between Racial Intensity and Educational Characteristics

Years of schooling by racial intensity and cohort
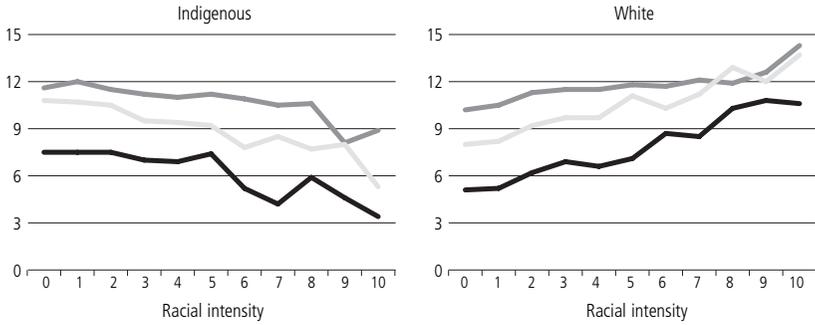
Percentage of individuals that finish studies in a private institution by racial intensity and cohort
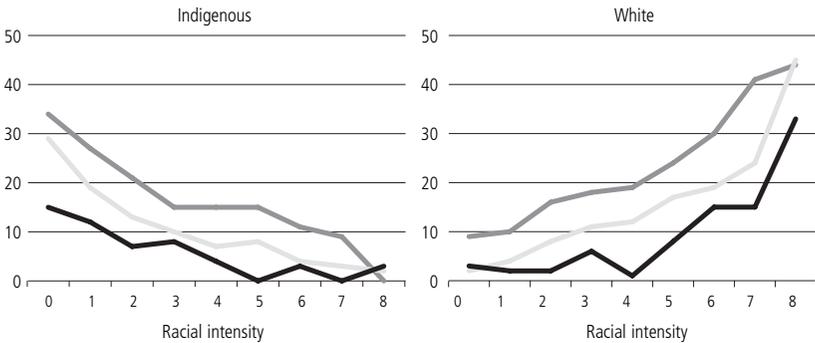
Percentage of individuals that finish basic education in a private institution by racial intensity and cohort
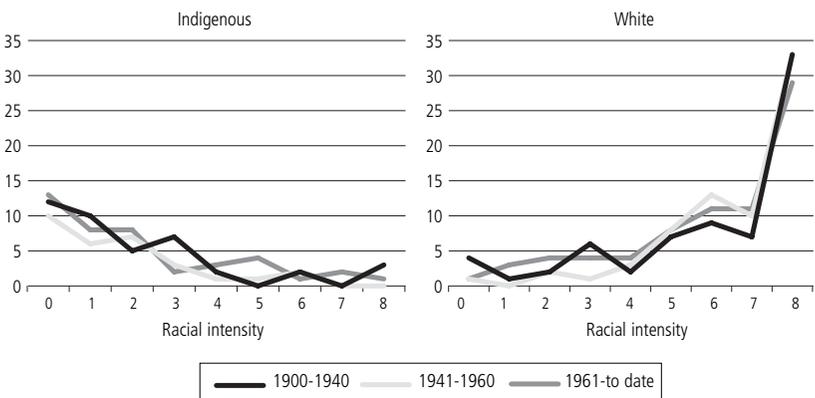
Legend: 1900-1940   1941-1960   1961-to date

Source: Authors' calculations based on Living Standard Measurement Study Survey (ENNIV, 2000) and additional ethnic module by GRADE.

sharply with the white intensity indicator, while individuals with predominantly indigenous characteristics exclusively attend public institutions. The pattern is similar, though less pronounced, when the sample is limited to basic education. There is a clear monotonic relationship between racial intensity and private education, probably related to differences in the ability of individuals to afford a private education.

As shown in Diaz, et al. (2002), when education attainment is modeled controlling for gender, cohort effects, religion, mother tongue and race, the negative relationship between indigenous intensity and years of education and the positive relationship between white intensity and education still hold.

Results of regressions of different combinations of quartiles of white and indigenous racial intensities on schooling are reported in Table 12.2.[6] The control categories are individuals in the highest white intensity and lower indigenous intensity quartiles. All coefficients are negative, and most are significant. The size of the negative effect increases for quartiles with more pronounced perceptions of indigenous characteristics. Simply put, the more indigenous someone is perceived to be, the poorer the schooling attainment record.

There is a significant correlation between educational attainment and ethnicity. Despite increases in overall educational attainment in Peru, results confirm the correlation of the dispersion in educational investments, in terms of quality and quantity, with ethnic characteristics, even among young adult cohorts of today.

Access to Credit

There is considerable discussion in the economic literature on discrimination in credit markets. The analytical framework for measuring racial discrimination in credit markets is based on labor markets, as developed by Becker (1971) and then applied to credit markets by Peterson (1981). Lenders may discriminate by applying stricter credit

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[6] The quartiles are defined by the racial intensity of each individual in the database. The quartiles are assigned so that dummy variables could be used to identify to which quartile individuals belong. These dummy variables are then used as exogenous variables together with all the other controls. To see the regressions, refer to Saavedra and Torero (2002).

Table 12.2. Schooling Effects of Different Combinations of Quartiles of White and Indigenous Racial Intensities

		Indigenous			
		Quartile I	Quartile II	Quartile III	Quartile IV
White	Quartile I	−1.12	−1.62	−1.06	−1.55
		(2.41)*	(3.03)**	(4.95)**	(8.53)**
	Quartile II	−0.76	−1.04	−0.35	−0.77
		(1.76)	(5.49)**	(1.63)	(3.35)**
	Quartile III	−0.50	−0.55	−0.37	−0.78
		(1.76)	(5.49)**	(1.63)	(3.35)**
	Quartile IV	0.00	−0.22	−0.95	−0.47
		0.00	(0.94)	(3.16)**	(0.69)

Note: Numbers in parentheses are t-statistics. The regression includes controls on gender, age cohort, mother tongue, religion, languages, migration experience, place of birth (urban or rural) and mother's characteristics (race, education, place of birth). Asterisks indicate degrees of statistical significance. Two asterisks indicate higher degree of significance.

Source: Authors' calculations based on Living Standard Measurement Study Survey (ENNIV, 2000) and additional ethnic module by GRADE.

standards, charging higher interest rates, or requiring more collateral on loans to unfavored borrowers than equally to creditworthy, favored borrowers (Elliehausen and Lawrence, 1990).

However, the theoretical approach developed for labor markets does not always apply directly to credit markets. In labor markets, the employer's problem is typically to select the most desirable applicant. In contrast, lenders generally approve all applicants that exceed a given threshold. In other words, labor market discrimination arises from the treatment of individuals in the upper tail of the distribution of applicant characteristics, while credit market discrimination arises from the treatment of individuals who fall somewhere in the middle of this distribution. As a consequence, a given market friction can result in vastly different outcomes in labor and credit markets (Longhofer and Peters, 1998).

Consistent with this literature, when Escobal and Torero (2002) looked in greater detail at social exclusion in the financial market, they did not find conclusive evidence of discrimination in access. Although there is some indication of a nonlinear effect between racial intensity and credit access that could be related to a self-exclusion mechanism at both extremes of the race scale, this evidence is not very robust when other

Figure 12.7. Access to Credit by Racial Intensity
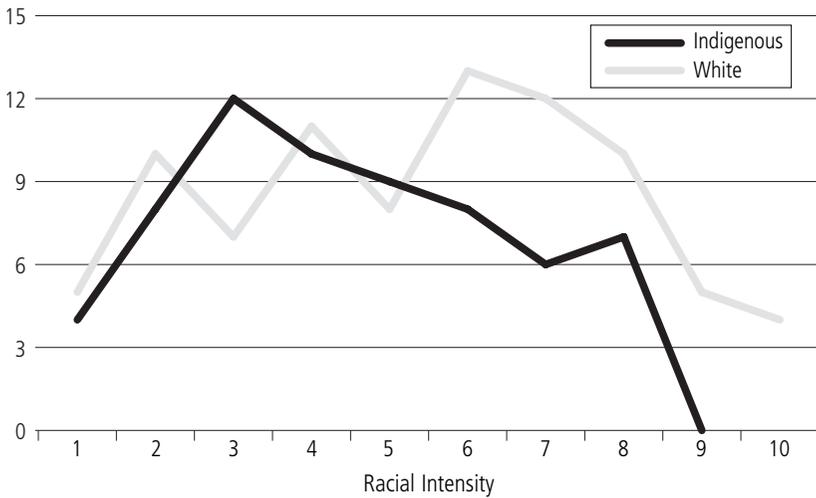
household characteristics are controlled for. Moreover, examination of credit applications finds no clear difference between white intensities and indigenous intensities in explaining the decision whether to apply for credit in a formal institution.[7]

When the differences in intensity between white and indigenous reported by each household head[8] are included in a probit regression as a proxy for race perception, the results are positive and significant (see Escobal and Torero, 2002). In other words, the whiter the household head is perceived to be, the higher the probability that the household will have access to credit. However, the marginal effect of this coefficient is extremely small (0.0047), which implies that, for this survey data, there is no major direct effect of ethnicity on access to credit once financial assets and other private assets of the household are controlled for (household ownership, value of assets, possession of financial savings[9]). In addition, other indicators of ethnicity (e.g., mother's tongue and religion) were not

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[7] There is some evidence, however, that the people perceived as whiter prefer not to request too much credit.

[8] The race of the household head is used because the variable of access to credit is at the level of the household.

[9] All these variables were significant and had the expected signs. For details on the regression analysis, see Escobal and Torero (2002).

found to significantly explain access to credit, a finding that is consistent with the results obtained by Longhofer and Peters (1998).

Results are consistent with the fact that observed racial differences might stem exclusively from individual differences in earnings volatility, a characteristic that may be closely correlated with race. If true, then race could merely be a proxy for earnings instability in cases where direct measures of instability were omitted. Once these variables are controlled for, the race variables would not be significant. Thus, if there is some evidence of systematic discrimination, it may well be statistical—arising from lending risk differences across race, possibly with race acting as a quick and inexpensive signal for other available but costly information (Scalera and Zazzaro, 2001; Wachter, 1997).

It is also important to note, however, that ethnic characteristics may well explain some of the other variables that are assumed to be exogenous in the estimation of the determinants of credit access, such as education, ownership of private assets, or access to public goods. If that is the case, as seems likely, social exclusion may be operating through indirect channels in the credit market. This is clearly the case with education and income, and may well be the case with other key variables related to ownership of private assets and access to public goods. The indirect channels of discrimination are important to consider in policies to stimulate access to credit for ethnic and racial populations.

Race and Earning Differentials

In their study of earning differentials and their relationship to ethnicity in urban Peru, Ñopo, Saavedra and Torero (2002) reported that raw averages for the self-employed and private sector wage earners show the hourly wage (in log) to be positively related to the white intensity indicator and negatively related to indigenous intensity indicators (Figure 12.8). Average earnings are lower for the self-employed than for wage earners in the private sector.

A semi-parametric technique was used to estimate the differences in hourly earnings according to racial and ethnic differences. Linear parametric estimators were obtained for the typical Mincerian wage

Figure 12.8. Hourly Earnings by Racial Intensity and Type of Employment
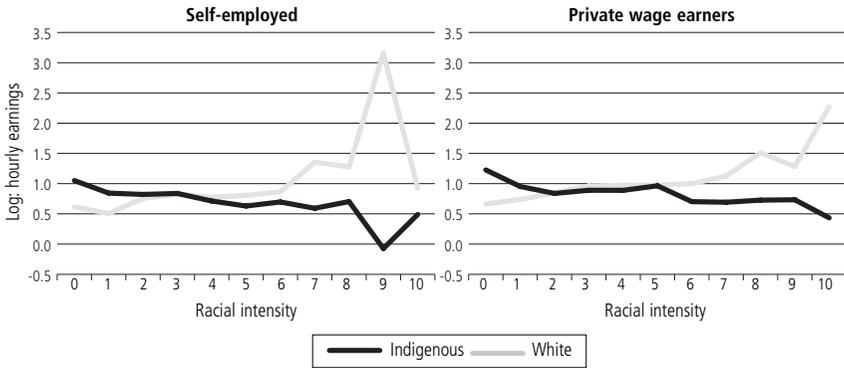
Source: Authors' calculations based on Living Standard Measurement Study Survey (ENNIV, 2000) and additional ethnic module by GRADE.

equations coefficient and nonlinear, nonparametric estimators for the racial intensity related effects.[10] Since the race indicator is in an ordinal scale, it cannot be treated parametrically and used in arithmetic operations. The semi-parametric technique was used to estimate the differences in hourly earnings due to racial and ethnic differences, which were then used to obtain linear parametric estimators for the typical wage equations and nonlinear, nonparametric estimators for the racial intensity effects.

Two new variables were constructed for each individual representing the individual's intensity quintile (Z_w and Z_i), with 1 being the lowest intensity and 4 being the highest along both the white and indigenous intensity distribution.[11] With empirical distributions developed,

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[10] See Ñopo, Saavedra and Torero (2002). A Blinder-Oaxaca decomposition found that for the self-employed, two-thirds of the raw race earnings gap is explained by differences in individual characteristics, while the rest is explained by differences in returns and unobservables (or discrimination). Labor-related characteristics (economic activity, occupation and firm size) constitute the more important explanatory category. Among wage earners, the largest part of the earnings gap is explained by differences in characteristics. When the decomposition is analyzed within these differences, personal and human capital-related characteristics are important explanatory variables for the earnings gap between mestizos and indigenous individuals, but labor market characteristics are important in explaining the gap between whites and mestizos. However, the Blinder-Oaxaca approach has been criticized for taking into account only average values of individual characteristics without considering the probability distributions of such characteristics.

[11] Thus an individual situated in the first intensity quintile for the white distribution and in the fourth intensity quintile for the indigenous distribution will receive the values 1 for Z_W and 4 for Z_I. With the construction of these two variables, the model estimated was: $y = \beta x + \varphi(z_w, z_I) + \varepsilon$, where y is the hourly wage rate, $\_x$ constitutes the linear specification of a typical wage equation and $\varphi(z_w, z_I)$ is the nonparametrical estimator for differences in the hourly wage rate accruing to racial differences of the individuals. For the nonlinear component of the equation, an empirical joint distribution was constructed for all the possible 25 effects using a bootstrap technique. For a general discussion of the bootstrap technique see Efron (1991) and Horowitz (2001).

hypotheses about the significance of the difference across ethnic and racial groups were tested. Given that the self-employed and wage earners in the private sector differ in their structure of earnings and their interactions in the labor market, the analysis was performed separately for each group.

In urban areas, no effects were found for ethnic-related variables such as religion, birthplace, migrant status or native language.[12] There was, however, a positive effect on earnings for mother's education. For wage earners, the difference came from mothers with secondary education, while among the self-employed the threshold seems to be primary education. The racial diversity indicator shows that among wage earners, the more racially diverse the household, the lower the salary of the individual. Migrant status has a positive and significant effect on earnings only among the self-employed, while being born in rural or semirural areas has a negative effect on earnings, an effect that does not vary with the inclusion of race-related variables.

Figure 12.9 reports the nonparametric effects on earnings of belonging to different racial intensity groups after controlling for personal characteristics, other ethnic variables, mother's characteristics, occupation, sector of economic activity, and firm size. Among private sector wage earners, the earnings effect is larger for workers in the fifth white intensity quintile than for those in the first white intensity quintile. Among people in the first white intensity quintile, the effect is smaller the higher they are in the indigenous intensity scale. Looking at the same effect but for different levels of the indigenous scale, the earnings effect appears to increase with white intensity. Among the self-employed, however, no clear patterns emerge.

The significance of the differences observed in the four graphs that constitute Figure 12.9 can be estimated using the bootstrap technique.[13]

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[12] This is somewhat surprising, as in the previous literature native language implies a negative premium in earnings equations. This result holds for the whole sample of the LSMS 2000, but disappears when the sample is limited to urban areas.

[13] That is, at each bootstrap iteration, the differences between any two effects were computed and then the empirical distribution of these new random variables was found. The empirical probability of having positive values for such difference variables will constitute the bootstrap estimators for the confidence levels. With these we compute empirical distributions for several pairs of difference earnings effects. Among wage earners, the difference $\varphi(5,1)- \varphi(1,5)$, where $\varphi(5,1)$ is the earnings effect for the predominantly white and $\varphi(1,5)$ is the predominantly indigenous, is significantly different from zero in 97.1 percent of the cases. The difference $\varphi(4,2)- \varphi(2,4)$ is different from zero in 37 percent of the cases and the difference $\varphi(5,1)- \varphi(3,3)$ in 75.2 percent of the cases.

Figure 12.9. Nonlinear Estimation of Effects of Racial Intensity on Earnings

Private sector wage earners

Self-employed wage earners
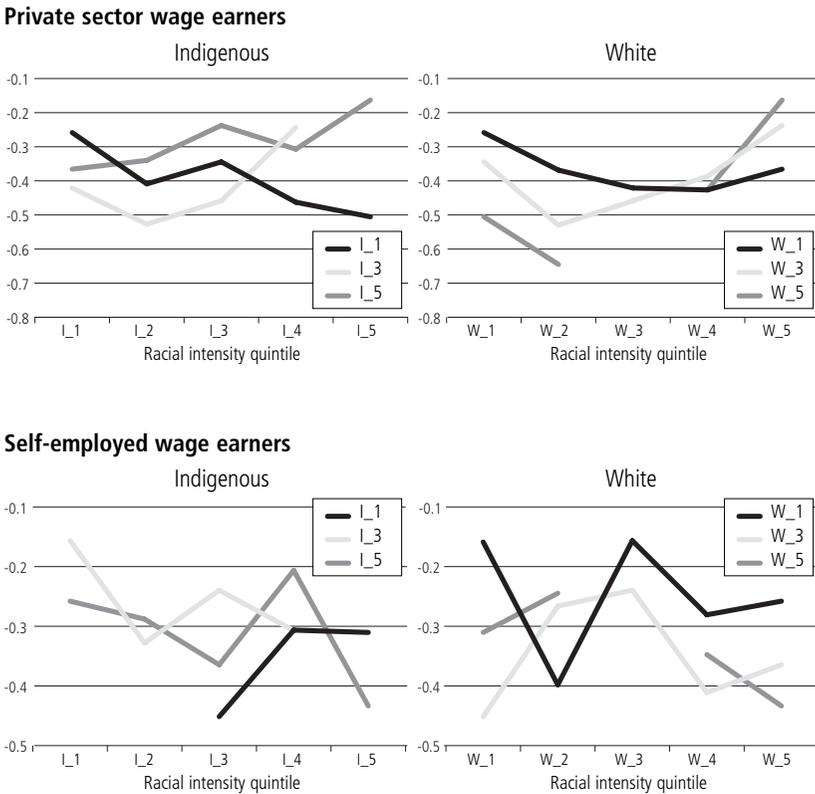
Source: Ñopo, Saavedra and Torero (2002).

This suggests that after controlling for a large set of characteristics, there are racially related earnings differences in favor of predominantly white individuals. In the case of the self-employed, none of the empirical distribution of differences is statistically different from zero in any case.

Conclusions

This chapter has summarized the results of three analyses of different aspects of the economic impact of social exclusion in urban Peru, with a

focus on labor markets. In the sense that it impedes access to specific markets, acquisition of specific assets, or the holding of specific jobs, exclusion is a significant phenomenon in Peru. It has crucial implications for efforts to reduce poverty and increase the well-being of the population. Because Peru is an extremely diverse country where ethnic groups cannot be easily identified, ethnic diversity was approximated using a large set of variables, including language, religion, origin and race. A continuous variable was used to capture the variety of racial characteristics. This variable was related to poverty variables and specific assets. Individuals who had higher levels on the white intensity scale had a lower poverty index, higher schooling, and more access to phone lines, health insurance and private education.

This chapter and the studies upon which it is based have identified ethnic-related differences, captured mainly by race, in access to schooling, particularly to private schools. The differences are smaller for younger cohorts, but still significant. No major direct effect of ethnicity on access to credit was identified, once financial assets and other private assets of the household (household ownership, value of assets, possession of financial savings) were controlled for. This is not to say that discrimination does not exist in credit markets, but rather that ethnic differences in access to credit are correlated with observable and likely indirect characteristics that explain differences in access. Finally, significant differences in earnings were found between predominantly white and predominantly indigenous workers after controlling for personal, labor market (occupation, sector and firm size), and ethnic characteristics. These differences were not observed among the self-employed. However, a decomposition technique showed that a large part of the raw race earnings gap for the self-employed was explained by differences in individual characteristics, suggesting that exclusion mechanisms operate when individuals are acquiring skills as well as in the labor market.

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Ethnicity, Race and Gender in Latin American Labor Markets

Suzanne Duryea and María Eugenia Genoni

Statistical agencies in Latin America have made great advances in collecting information on ethnicity and race in decennial censuses and to a lesser extent in household surveys. Information on race or ethnicity from recent household surveys is available for seven countries in the region, including the four examined in this chapter: Guatemala, Bolivia, Peru and Brazil. The surveys used are as follows: the *1999 Encuesta Continua de Hogares* for Bolivia; the 1999 *Pesquisa Nacional por Amostra de Domicilios* for Brazil; the 1998 *Encuesta Nacional de Ingresos y Gastos Familiares* for Guatemala; and the 2000 *Encuesta Nacional de Hogares sobre Mediciones de Niveles de Vida* for Peru. The surveys provide a wealth of detail on how socioeconomic conditions vary across ethnic or racial groups.

Each of the four countries is unique in its ethnic and racial composition and in the way household surveys subclassify the population (Table 13.1).[1] For these reasons, comparisons across countries are not the focus here. We also note that precise measures of social exclusion are unlikely to be estimated from household survey data. Groups can be defined differently according to the way questions are framed in the survey, such as, for example, in the form of ethnic self-identification as in Guatemala, or in terms of one's language in early childhood, as in many other countries. The resulting analysis can change as the definition of the group is altered.

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[1] The existence of a particular question in survey data does not guarantee the validity of the measure. We verified the reliability of the indicators with experts in the measurement of ethnicity in survey instruments and with anthropological experts.

All four household surveys used self-identification to record ethnic, language or racial categories. The "indigenous" analysis used here is based on the survey question about language in the Bolivian and Peruvian surveys and on a question about ethnic identity in the Guatemalan survey. For Bolivia, indigenous people are those who responded that Quechua, Aymara, Guarani or another native language was one of their mother tongues. The nonindigenous are those whose mother tongue is Spanish. In Peru, the classification follows the same rule: indigenous people are defined as those who spoke Quechua, Aymara, Shipibo or another native dialect from childhood. In Guatemala, the indigenous category was based on the response to the household survey question on whether household members considered themselves indigenous or nonindigenous. In Brazil, the survey asks the color of the household members. Persons who self-identify as *preto* (black) or *pardo* (brown) are classified as Afro-Brazilian, while those who self-identify as *branco* are classified as white.[2]

Table 13.1. Ethnic or Racial Groups

(Percent share of population)

		National	Urban
Bolivia (1999)	Indigenous	36.2	16.8
Brazil (1999)	Afro-descendent	46.0	42.9
Guatemala (1998)	Indigenous	48.6	32.9
Peru (2000)	Indigenous	15.0	6.8

Demographic Background

In their respective household surveys, almost half the population in Guatemala is identified as indigenous, and nearly half the Brazilian population is classified as Afro-Brazilian. The indigenous shares are lower in Bolivia (36 percent) and Peru (15 percent).[3] For all four countries, the shares are lower in urban areas. But the indigenous presence is much lower in urban Peru and Bolivia than in urban Guatemala, and the Afro-Brazilian share falls only slightly in urban Brazil.[4]

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[2] To keep the groups as distinct as possible, other persons were excluded from the sample. For Bolivia and Peru, this applied to persons who only spoke a foreign language. For Brazil, this applied to persons who self-identified as *amarela* or *indigena*.

[3] Anthropological reports are typically higher for Peru.

[4] In Bolivia, Peru and Guatemala, about 70 percent of indigenous people live in rural areas. In Brazil, 75 percent of Afro-descendents live in urban areas.

Moderate poverty rates, defined as the share of the population with a per capita income of less than $2 a day, are twice as high for the indigenous and Afro-descendent groups (Figure 13.1).[5] In Guatemala, the poverty rate among the nonindigenous groups is 44 percent, and among indigenous counterparts, 77 percent. Although poverty rates vary considerably across ethnic and racial groups, they do not display much variation

Figure 13.1. Poverty Rates
*(Percent of population earning less than $2 per day)*
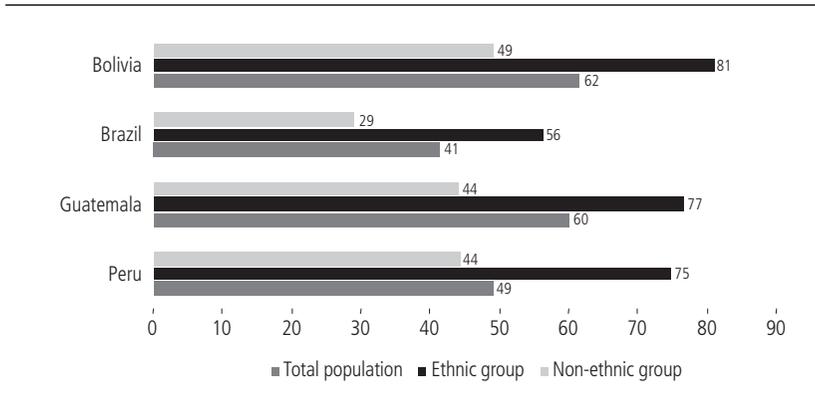
by gender. Since this standard poverty measure assumes that all household members pool their incomes, and men and women happen to be rather equally distributed across households in all four countries, differences in "income" poverty may not be very apparent by gender.[6] For example, in Guatemala and Peru, 44 percent of nonindigenous females have per capita household incomes below the moderate poverty line, as do 45 percent of nonindigenous males. In urban areas, the difference in poverty rates across ethnic groups is much smaller in Peru and Bolivia but remains as high as in the national calculation for Guatemala and Brazil (Figure 13.2). The variations in the per capita poverty rates reflect differences in family size as well as nonlabor income flows in addition to the labor market experiences of individual household members.[7] The remainder of the chapter will focus on the labor market outcomes in detail, where gender differences are more apparent.

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[5] The sample is the total population (no age restriction).

[6] In other words, all household members are assumed to have the same per capita income and living standards.

[7] The contributions of these different factors to the per capita household poverty rates are beyond the scope of this chapter. For an interesting examination of the case of Bolivia, see Hernani (2002).

Figure 13.2. Urban Poverty Rates

(Percent of population in urban areas earning less than $2 per day)
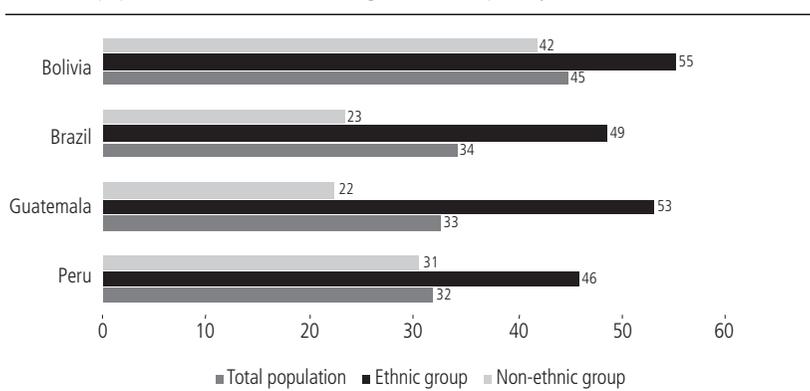
Labor Markets

Labor force participation rates are slightly higher for indigenous than for nonindigenous males in Bolivia, Guatemala and Peru (Table 13.2). However, a uniform pattern does not hold in the three countries for indigenous females. Indigenous females participate in the labor market more than their nonindigenous counterparts in Bolivia and Peru, but not in Guatemala.[8] In Brazil, there is no difference in participation rates across racial groups, but females in both groups have lower rates of economic activity than males.

Table 13.2. Labor Force Participation rates

(Percent share of national sample, men and women ages 25-60)

Country	Indigenous (Afro-descendents, Brazil)			Nonindigenous (White, Brazil)		
	Males	Females	All	Males	Females	All
Bolivia	95.0	73.2	83.5	92.1	58.4	74.5
Brazil	91.3	59.1	74.8	91.6	59.9	74.9
Guatemala	97.9	47.3	70.0	95.7	53.9	73.2
Peru	97.5	84.0	90.4	93.0	62.5	77.0

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[8] Participation is defined as being economically active, which is contributing to a market-type activity or seeking a market-type activity. Remuneration is not required. The household surveys do not restrict the definition of work or economic activity to formal sector activities.

The nonindigenous in Bolivia, Guatemala, and Peru have higher unemployment rates than the indigenous (Table 13.3). Brazil, by contrast, shows higher unemployment among Afro-Brazilians. These patterns hold for women as well as men across the ethnic and racial groups. Rates of unemployment between men and women are similar within ethnic and racial groups.

Table 13.3. Unemployment Rates

(Percent share of national sample, men and women ages 25-60)

Country	Indigenous (Afro-descendents, Brazil)			Nonindigenous (White, Brazil)		
	Males	**Females**	**All**	**Males**	**Females**	**All**
Bolivia	1.4	1.5	1.5	3.1	2.7	2.9
Brazil	5.9	6.3	6.1	4.6	5.2	4.9
Guatemala	0.7	0.2	0.5	2.0	0.5	1.2
Peru	1.2	0.7	1.0	3.5	3.0	3.2

Informality

Capturing informality in the labor force is notoriously difficult. Here we use two measures in the household surveys to make comparisons across the groups: the percentage of workers in small firms and the percentage of workers covered by social security benefits.[9] These are commonly taken as imperfect proxies for the quality of jobs.

The indigenous in Bolivia, Guatemala, and Peru and Afro-Brazilians have higher levels of informality in their jobs (Tables 13.4 and 13.5) than their nonindigenous and white counterparts. The share of indigenous people receiving benefits from social security is less than a third of the rest of the population in Bolivia and Peru. In Brazil, 42 percent of Afro-Brazilians workers are covered by social security compared to 58 percent of white workers. The indigenous are more likely to work in small firms than the nonindigenous. More than 70 percent of the indigenous work in small firms (80 percent in Bolivia), compared with 59 percent for nonindigenous. Women tend to show higher levels of informality.

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[9] Not all measures are available for all surveys. In fact the results for small firms for Bolivia use the 1997 survey.

Table 13.4. Proportion of Workers with Social Security

(Percent share of national sample, men and women ages 25-60)

Country	Indigenous (Afro-descendents, Brazil)			Nonindigenous (White, Brazil)		
	Males	Females	All	Males	Females	All
Bolivia	12.1	9.5	10.9	29.8	35.0	31.9
Brazil	42.9	40.7	42.0	59.5	56.7	58.4
Peru	10.6	4.3	7.5	26.3	19.1	23.3

Table 13.5. Proportion of Workers Employed in Firms with Fewer than Five Workers

(Percent share of national sample, men and women ages 25-60)

Country	Indigenous (Afro-descendents, Brazil)			Nonindigenous (White, Brazil)		
	Males	Females	All	Males	Females	All
Bolivia	75.8	87.6	80.9	56.5	63.1	59.0
Guatemala	64.9	82.9	71.6	57.4	70.7	62.7
Peru	71.5	83.1	77.2	57.1	71.8	63.3

Relative Earnings

The differences in average hourly wages earned by the members of ethnic and racial groups are very large (Table 13.6). The indigenous in Bolivia, Guatemala and Peru earn a fraction of their nonindigenous counterparts. In Bolivia, indigenous males earn on average 41 percent of the hourly earnings of nonindigenous males, and indigenous females, 43 percent of nonindigenous hourly earnings.[10] In Brazil, Afro-descendents earn about half the hourly wage of whites. These wage ratios are unadjusted for "explanatory factors," such as region of residence and labor market skills.

Table 13.6. Ratio of Mean Wages in the Main Job

(Percent of national sample, men and women ages 25-60)

Country	Wage ratio	Males	Females	All
Bolivia	Indigenous/Nonindigenous	41.4	42.9	42.4
Brazil	Afro-Brazilian/White	50.1	51.7	50.9
Guatemala	Indigenous/Nonindigenous	50.3	48.5	50.0
Peru	Indigenous/Nonindigenous	53.7	62.7	56.7

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[10] Gender patterns are not discussed because they were not robust for the income measure. When the median of wages is used to construct the ratios, the gender patterns are different.

They can be seen as raw measures of relative earning power and thus are linked to differences in standards of living.

Share Earning "Low Wages"

A measure of the level of earnings power can also be informative. Following Duryea and Pagés (2003), workers are considered to have "low wages" if they earn less than $1 per hour in their primary job. The dollar threshold has been adjusted in each country to reflect differences in the cost of living by adjusting for purchasing power parity (PPP).[11] We use this definition of "low productivity" because of its simplicity and because it is related to the moderate poverty measure.[12]

The share of workers earning "low wages" is highest among indigenous and Afro-Brazilian women and lowest among the nonindigenous and white Brazilian males (Figure 13.3). In Bolivia, 86 percent of indigenous females earn less than the threshold, compared with 80 percent of indigenous males and 50 percent of nonindigenous males. The

Figure 13.3. Low Wages by Ethnicity and Gender
(Percent of workers ages 15-60 earning less than $1 per hour in primary job)
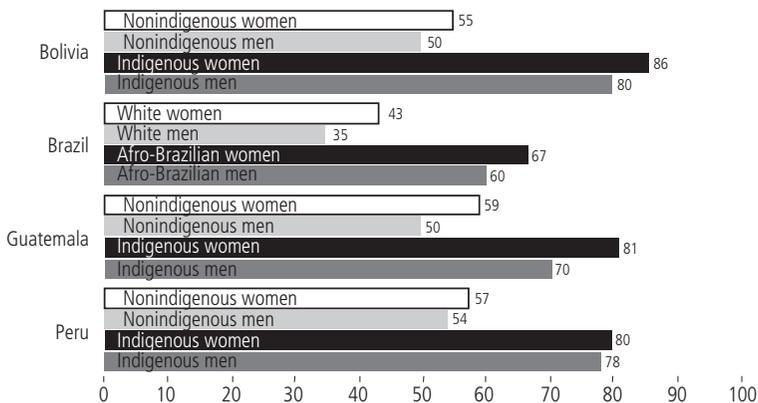
[11] The threshold was originally used in Duryea and Pagés (2003) for prime-age urban males considered to typically work an average of 44 hours per week and share income with two dependents, such that earnings of less than PPP$1 an hour result in a per capita household income of less than PPP$2 per day, a standard measure of moderate poverty. While the threshold itself is somewhat arbitrary, it does result in a wide distribution across countries and geographic locations; set unnaturally high or low there would be no variation.

[12] Duryea and Pagés (2002) show that the proportion of workers earning less than PPP$1 an hour correlates well with the share of moderate poverty at the country level (the correlation coefficient is 0.84).

gaps are pronounced across racial and ethnic groups in all countries. But unlike the per capita poverty rates, there is a pronounced difference in "wage poverty" across gender groups, with the gap between males and females smaller in Peru and Bolivia than in Guatemala and Brazil.

Except in Bolivia, the gap between indigenous/Afro-descendent females and counterpart males is larger in absolute value in the urban sample than in the national sample (Figure 13.4). For Peru, the difference in the share of indigenous men and women earning low wages is 2 percentage points for the national sample but 17 points for the urban sample. For Guatemala, the gender gap in "poverty earnings" increases from 11 points in the national sample to 18 points in the urban sample. While restricting the sample to urban areas has resulted in a reduction in the share of all other groups earning low wages in Peru, Guatemala and Brazil, the share of indigenous/Afro-descendent women earning low wages is similar in the urban and national samples. In Brazil, the national sample showed that Afro-descendent women were 7 percentage points more likely to earn below the "low wage" threshold than their male counterparts, with the gap growing to 12 percent in the urban sample. In Bolivia, the share earning low wages is lower in the urban areas for both indigenous women and men.

What do these figures suggest? If women's access to household income is related to earnings power in the labor market—rather than

Figure 13.4. Low Wages by Ethnicity and Gender in Urban Areas
(Percent of workers ages 15-60 earning in primary job less than $1 per hour)
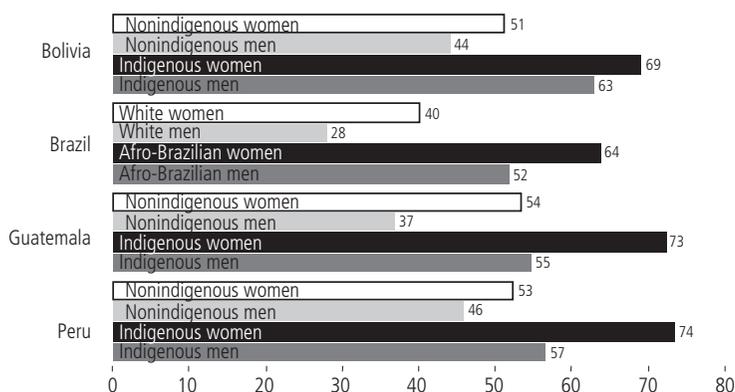
being equally divided among household members, as is the assumption behind per capita poverty calculations—poverty in terms of consumption or access to basic resources may vary by gender and interact with ethnicity, particularly in the urban areas of these four countries.

While a rigorous econometric analysis of the determinants of the wage gaps is beyond the scope of this chapter, it is worth indicating the differences in the observed human capital attainment of the labor force for the demographic groups.

Table 13.7. Average Years of Education

(Percent of national sample, men and women ages 25-60)

Country	Indigenous (Afro-descendents, Brazil)			Nonindigenous (White, Brazil)		
	Males	**Females**	**All**	**Males**	**Females**	**All**
Bolivia	5.1	2.5	3.7	10.1	8.8	9.4
Brazil	4.7	5.0	4.9	7.2	7.3	7.3
Guatemala	2.7	1.6	2.1	5.9	4.9	5.4
Peru	7.4	4.7	6.0	10.4	9.4	9.9

Skill Gaps

Average years of completed schooling are lower for the indigenous working age population (25-60) in Bolivia, Guatemala and Peru, with indigenous females having the lowest schooling attainment among the four groups in the three countries (Table 13.7). The gaps in Bolivia are particularly striking, with nonindigenous males attaining an average of 10 years of schooling, four times the average of 2.5 years among indigenous women. Among this large age group, there is a gender gap in schooling attainment among the nonindigenous population as well. White Brazilians have an average of 2.4 more years of schooling than their Afro-Brazilian counterparts. Unlike women in the other three countries, Brazilian women in this age group do not lag behind their male counterparts in either racial group.

In Bolivia, Guatemala and Peru, a large share of working age women have not completed a single year of schooling—26 percent in Peru, compared with 6 percent for their male counterparts (Figure 13.5).

The gap is similar in Guatemala, with 64 percent of indigenous females having no schooling, compared with 44 percent of males. The gap is largest in Bolivia, where 39 percent of indigenous females have no schooling, compared with 10 percent of indigenous males.

Table 13.8. National School Attendance Rates

(Percent of national sample of ages 6-18)

Country	Indigenous (Afro-descendents, Brazil)			Nonindigenous (White, Brazil)		
	Males	**Females**	**All**	**Males**	**Females**	**All**
Bolivia	78.5	72.1	75.2	92.4	92.1	92.2
Brazil	85.3	86.6	86.0	89.3	89.4	89.4
Guatemala	56.6	50.4	53.6	65.3	63.9	64.6
Peru	91.7	90.8	91.2	90.4	89.1	89.8

The education being acquired by today's generation of children will be reflected in Latin America's labor market for years to come. For school attendance, Peru and Brazil have narrowed the gaps across ethnic and racial groups among children aged 6-18 both in national and urban areas (Tables 13.8 and 13.9).

Table 13.9. Urban School Attendance Rates

(Percent of urban sample, ages 6-18)

Country	Indigenous (Afro-descendents, Brazil)			Nonindigenous (White, Brazil)		
	Males	**Females**	**All**	**Males**	**Females**	**All**
Bolivia	81.9	72.7	77.3	94.9	94.4	94.7
Brazil	86.7	87.8	87.2	90.6	90.8	90.7
Guatemala	65.8	60.1	63.0	76.3	75.7	76.0
Peru	95.4	89.4	91.9	90.9	89.6	90.3

The attendance profiles are nearly identical for Brazil and Peru (Figure 13.6). Not so for Bolivia and Guatemala, where indigenous children start school at later ages and drop out of school earlier, both in national and urban areas.

Average school attendance rates for indigenous girls ages 6-18 are about 6 percentage points lower than those for indigenous boys in both

Figure 13.5. Population 25 to 60 years old with No Education
(Percent of national share)

Bolivia
3.8
5.5
1.9
25.4
39.1
9.8

Brazil
8.2
8.2
8.2
21.2
20.4
22.1

Guatemala
24.5
28.1
20.3
55.0
63.9
43.9

Peru
4.0
6.0
1.9
16.6
26.2
6.0

0   10   20   30   40   50   60   70

■ Indigenous/Afro-Brazilian men   ■ Indigenous/Afro-Brazilian women   ■ Total Indigenous/Afro-Brazilian
■ Nonindigenous/White men   □ Nonindigenous/White women   □ Total Nonindigenous/White
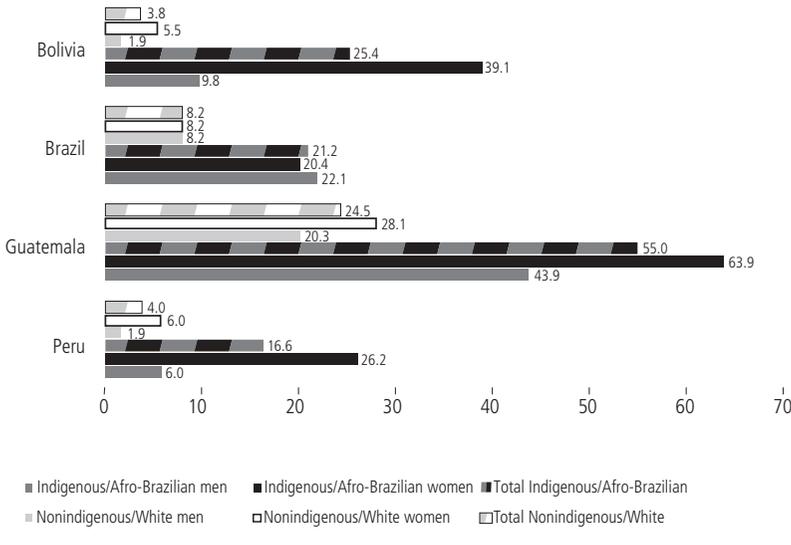
Bolivia and Guatemala (Table 13.8). The gender gap in school attendance is larger in the urban sample for Bolivia, at 10 percentage points, and unchanged for Guatemala. Peru also exhibits a larger gender gap in school attendance among indigenous youths in urban areas. There are no gender gaps in average attendance rates for the nonindigenous in these countries, either in the national or urban samples.

Table 13.10. Difference in Average Years of Schooling at Time of Survey
(National sample)

Country	Calculation	Age 45	Age 35	Age 25
Bolivia	Nonindigenous to indigenous	5.2	5.1	5.6
Brazil	White to Afro-Brazilian	2.6	2.4	2.2
Guatemala	Nonindigenous to indigenous	3.4	3.9	3.5
Peru	Nonindigenous to indigenous	4.0	3.7	3.5

Note: The age 45 category includes ages 43-47; age 35 includes ages 33-37 and age 25 includes ages 23-27.

Figure 13.6. National and Urban School Attendance by Age

Bolivia
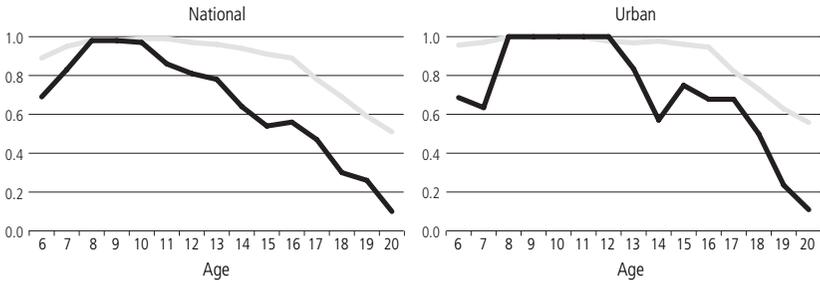
Brazil
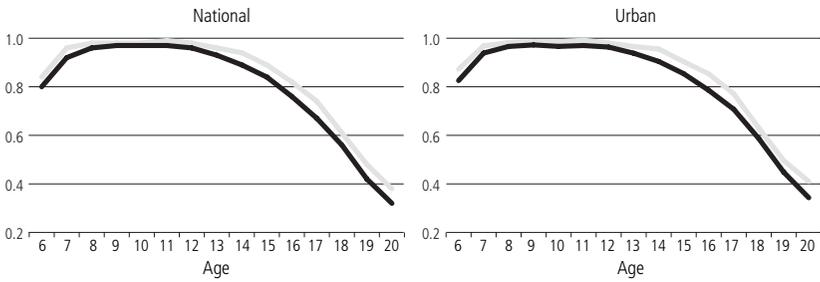
Guatemala
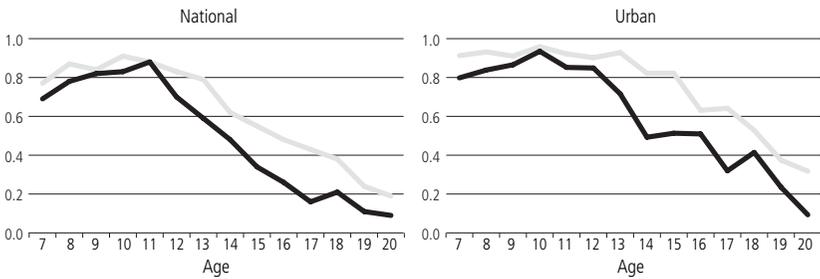
Peru
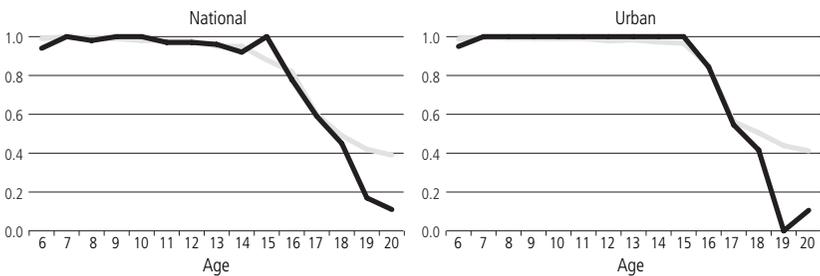
How much progress has there been in recent decades? The absolute difference in the average years of schooling has declined in Brazil and Peru, with the younger generations of the traditionally excluded groups reducing the gap (Table 13.10). But the indigenous did not narrow their gap across the 20-year time span in Bolivia and Guatemala. The gaps are as large for 25-year olds as they are for 45-year olds. Improvements in the education of the indigenous in Peru and Afro-descendents in Brazil hold promise for better labor market prospects for these groups. But in Bolivia and Guatemala, the continued gap in skills across ethnic groups suggests persistent labor market problems for indigenous populations.

Conclusions

Indigenous people in Bolivia, Guatemala and Peru, along with Afro-descendents in Brazil, have less capacity to generate income because of their lower levels of human capital, lower remuneration in the labor market, and lower access to high quality jobs. Some evidence suggests a brighter outlook for very young generations in Brazil and Peru, but not in Guatemala and Bolivia.

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Part IV

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Learning Through Experience

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Afro-Latin American Community Development in Honduras and Guatemala

Margarita Sánchez

Effectively alleviating social exclusion and poverty in Afro-Latin American communities requires systematic efforts to develop local capacity to address the factors that perpetuate these marginal conditions. These efforts must include ensuring that Afro-Latin American communities can assess their social and economic needs, identify remedies, and mobilize community members to achieve their own development.

One such effort was a pilot program on the Atlantic coast of Honduras and Guatemala to develop a methodological approach for mobilizing residents of black communities to engage in their own development activities. The project drew on the experience of two Afro-Honduran nongovernmental organizations in the aftermath of Hurricane Mitch in January, 1999: the Organization for Ethnic Community Development (CEDECO) and the Association of Micro and Small Afro-Honduran Producers (CAMAFROH). These NGOs provided technical advice to two communities in the Department of Cortes on the north coast of Honduras on making use of opportunities for community reconstruction. Participatory community needs assessments were conducted to define priorities and guide decisions.

There was considerable participation in initial project meetings (around 60 persons), but the numbers dwindled to fewer than 20 people as community life returned to normal. This activity was followed in April

1999 by a Microenterprise Development Project funded by the Inter-American Foundation (IAF) in six Garífuna communities in the Departments of Cortes and Tela, also as part of the reconstruction effort. The project organized self-employed individuals and microenterprises to improve their management capacity through training and increase their business incomes through a credit program. Here, too, participation was good in the initial training courses (20-25 participants, mainly adult women), but it became increasingly difficult to achieve even minimum attendance levels (10 persons) after the fourth course, even though participation was a prerequisite for accessing loans.

The Microenterprise Development Project tried different approaches to mobilize beneficiaries, such as working through members of elected community councils (*patronatos*) and established leaders, individually visiting microentrepreneurs, and making general community announcements. None of these endeavors succeeded in increasing participation.

The most common reason given for dwindling community involvement was that the opportunities being offered lacked enough appeal for residents. In addition, the organizers realized that the population reached was very limited, generally less than 5 percent of local residents. The opportunity to test this hypothesis on limited participation came with the Grassroots Community Building Project for Honduras and Guatemala. Bilateral funds were channeled through a grantee and subcontracted to a subgrantee NGO that had proposed the project to the donor. This subgrantee NGO, a first-time project implementer, was a U.S.-based member of Afroamerica XXI, a regionwide network of Afro-Latin American organizations.

The project involved four Afro-Honduran NGOs and one Afro-Guatemalan NGO as local partners, plus the nine communities they proposed as beneficiaries. It was designed to use participatory methodologies and four funding components: international training, community training, international and local advisors, and a small projects fund. Funded at $500,000, the project's timeframe was 18 months, from June 2000 to December, 2001.

The Grassroots Community Building Project was centered primarily on the North Coast and Bay Islands of Honduras and the Rio Dulce region of Guatemala. Its goal was to develop the capacity of black communities—particularly those affected by Hurricane Mitch—to become effective actors in improving the quality of their lives by:

- Improving leadership and institutional capacity in governmental and nongovernmental community organizations.
- Strengthening democracy and civil society by promoting participation of black citizens in defining local needs and proposing solutions.
- Improving the understanding of how decisions are reached at the local, regional and national government levels as well as the capacity of the local citizenry to influence municipal governments.
- Strengthening the partnership between elected community leadership, black NGOs, and community groups to encourage reliance on local resources, enhance the sustainability of local development programs, build social capital, create a common vision, change attitudes and behavior, and create mechanisms for relating with outside entities.

The project methodology was sequential, with the early period used to prepare participants through training activities. This was followed by a community planning and project development phase in the final 11 months. The community planning phase was designed specifically as a pilot process that could lead to greater participation and more leadership development in black communities.

The pilot was designed to initiate a process of community research, analysis and planning simultaneously in every neighborhood, using community promoters hired by the *patronatos* and paid by the project over a two-month period. Community advisors and the project training coordinator supported the promoters. The most significant constraints during the pilot phase were time and the availability of experienced Afro-Latin American development practitioners to act as community advisors. The project budget provided only two working months for the community planning phase, and three calendar months to produce

proposals for the small projects fund. The closing date for the project (December 31, 2001) was absolutely fixed.

The community advisors were drawn from the participating Afro-Latin American NGOs. However, all the seasoned directors of one organization were already working elsewhere, while another Afro-Honduran NGO left the project before the community planning phase began, citing insufficient financial incentives. This left only two experienced officers to cover the largest communities in two zones (one directed two communities with six neighborhoods in Tela, the other three communities in Cortes and Tela, with 19 neighborhoods). The other advisors, who had little if any experience, were assigned one small community each. Guatemala functioned with two advisors for three neighborhoods, only one of whom had prior experience in managing neighborhood development activities.

This constraint eventually affected the entire team of promoters, advisors and the project training coordinator in both positive and negative ways. The community planning process was developed as project implementation took place, so that the activities and tools used were defined on the basis of favorable responses from the community and the problems faced by the promoters.

A week-long household census preparation workshop was the only formal training for the promoters and advisors. During the workshop, a demonstration census and tabulation of results was conducted in one neighborhood as a practical exercise and to test the instrument.

The impact of limitations in terms of time and supervisory personnel affected many aspects of the execution process. Because the planning phase had to be completed in three months, data quality suffered, with little chance to make corrections. This in turn affected the reliability of the outputs produced. Analyses of strengths-weaknesses-opportunities-threats therefore had to be prepared using trend data, with the caveat that exact numbers were still unverified.

The only formal training for building community capacity consisted of two-day project planning courses aimed at community residents. The first community to engage in planning was used as a pilot to test the teaching approach.

The community planning phase began in March 2000 and was completed by mid-June 2000 in eight of the nine communities. Community participants were promised that between March and December 2000 they would learn to identify their needs, set priorities, plan their own projects, and learn how to find funding for these projects. Partner Afro-Honduran NGOs made a commitment to provide follow-up support to the communities in fundraising and implementation of their projects. Agreements were signed with *patronatos* stating the benefits and mutual obligations.

In June 2001, however, the subgrantee's project director dismissed the project training coordinator and excluded the Afro-Honduran NGOs and the newly established neighborhood project committees from further participation in the project. He reoriented the training from full community involvement back to more traditional and hierarchical management in the communities. Instead of community training for residents in all participating locales, the new approach involved holding five binational workshops limited to just five people per community. The precipitous actions of the project director prompted a three-month long project management crisis that ended the project's investment in the pilot methodology for local development.

The causes of the abrupt change in project management and implementation were not related to the project itself but to regional leadership changes that had been taking place in Afroamerica XXI since December 2000. The impact was significant, because the individuals involved were also key players in the project.

To ensure that the communities involved in the project were not affected by this external dynamic, visits by the project director to Honduras were discouraged until the community planning phase was complete. The project director subsequently traveled to the country in mid-June and immediately proceeded to conduct the dismissals. The *patronato* leaders and the promoters who had acquired a strong proprietary interest in the project were not pleased with the changes. They worked with the Afro-Honduran NGOs to forward their protests to the donor, the grantee and the board of directors of the subgrantee, but received no responses. It soon

became evident to the local stakeholders that alternative funding would have to be sought to complete the community training phase and to send the neighborhood project committee projects to donors.

In August 2001, funds were obtained from Match International of Canada to conduct a community-donor forum in Honduras. Workshops were conducted in the eight Honduran communities to prepare the neighborhood project committee proposals and select individual representatives for the forum.

Community participation was the main indicator used to monitor advances in the local development process. At the start of the community planning phase, attendance was low. As the pilot progressed, the meetings for adults were well attended. But while adult women and youth attended in all neighborhoods, adult men did not participate in many neighborhoods. Participation in the neighborhood planning workshops in most communities ranged from 53 percent to 89 percent of households, though rates were as high as 100 percent in some of the small Bay Islands communities, and as low as 24 percent in Garífuna neighborhoods in Cortes.

In some communities, when an adult member of the family could not attend, the family delegated a young member to do so instead. Repeated participation was used as an indicator of the commitment of individuals and their households.

There was some attrition in the neighborhood project committees during the management changeover, particularly in the one community where the *patronato* had been sympathetic to the project director's measures. In the other communities, the committees participated in the forum activities and continued to advance their project proposals.

The age-gender composition of the participants demonstrated that new segments of the population had begun to enter the process. Teenage girls and boys attended the project planning courses, and young adults increasingly participated, starting with the focus group meetings. Men also attended in greater numbers than in past workshops, although their attendance was still far less than their representation in the overall population. Elderly men tended to be the most responsive.

Building Leadership and Enhancing Social Capital

The concept of social capital—defined by Putnam (1994) as features of social organization, such as networks, norms and social trust, that increase a society's productive potential[1]—has been used to identify changes in community capacity to sustain a local process of development.

The original conceptualization of the Grassroots Community Building Project was based on strengths and weaknesses identified in Afro-Latin American communities and the successful experiences found in Inter-American Foundation studies that led to the definition of their Grassroots Development Framework (Ritchie-Vance, 1996). One of the most notable IAF findings was that grassroots community organizations tended to build personal capacity as a means of encouraging a more democratic culture and ultimately affecting values and attitudes.

These findings helped to confirm the understanding of Afroamerica XXI that the process of development for Afro-Latin Americans is a long-term endeavor that would have to be achieved in stages, with solutions designed and tried as pilot phases locally and then applied and adapted elsewhere. This injected patience into the design process and a sense of interdependence and responsibility among communities. Expected results were identified based on what the IAF's Grassroots Development Framework and the Pyramid of Needs indicate is important at each stage. The foundation's "cone," graphically describing this framework, takes intangible as well as tangible issues into account (Figure 14.1).

The Grassroots Development Framework promotes the use of the concept of social capital as a means of measuring the real impact of grassroots funding. Within this framework, "poverty isn't just the lack of material goods. It is also feeling distanced from decision-making and a sense of being devalued that manifests itself as apathy, anger and a weakening of civic culture" (Richie-Vance, 1996, p. 9).

The project's ability to strengthen the social capital of Afro-Latin American communities can be analyzed in terms of the contributions to

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[1] These features facilitate coordination and cooperation for mutual benefit, but the World Bank (2001) goes further to classify them in three ways: bonding social capital (within communities), bridging social capital (between similar minded people outside of the community), and linking social capital (with external sources of support).

building, bonding, bridging and linking social capital as defined in World Bank (2001). This social capital formation, however, encountered a number of constraints, which are also discussed.

Figure 14.1. The Inter-American Foundation Grassroots Development Framework
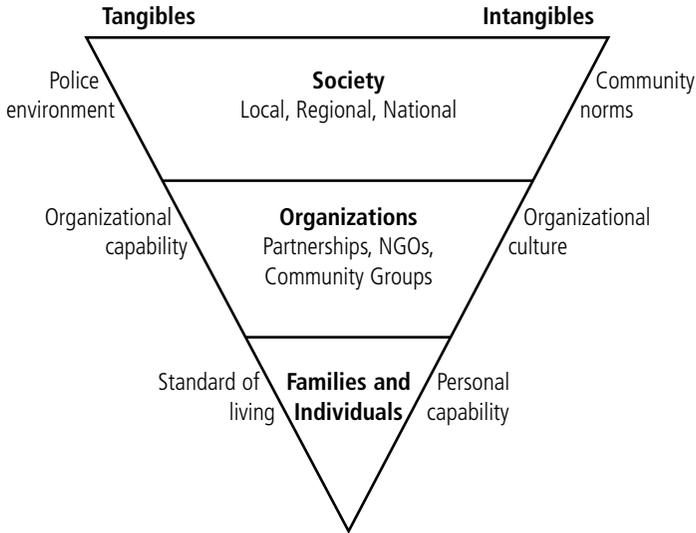
Building and Bonding Social Capital

This first phase of the Grassroots Community Building Project can be seen as the bottom of the IAF cone in Figure 14.1, focusing on individuals within households, neighborhoods and communities. The incentive for individual participation was building personal capability to manage local development. Knowledge would enable residents to become agents of their own development. This proved to be a very powerful stimulus. Strengthening the factors that contribute to personal capabilities—self-esteem, cultural identity, creativity and critical reflection—led to a more positive attitude among participants, which spurred involvement in the pilot process. The pilot experience raised the communities' social capital in terms of bonding, since it generated new relations that led directly to

Table 14.1. Elements of the Project Methodology that Enhance Bonding Capital

Tool/purpose	Condition before the project	Condition after the project
Training to develop promoter skills in local development planning and mobilization	• Same leaders mobilize their followers • Never more than 3 percent of the population unless hired formally	• Thirty promoters trained in community mobilization and participatory planning
Defined process of participatory planning that helps to form consensus for action	• Priorities set by highest leaders, internally or externally • Residents accepted them	• Thirty-six neighborhood censuses and age and gender needs assessments through focus groups • Priorities set through strengths-weaknesses-opportunities-threats analysis for nine communities, leading to the formation of 53 project committees
A combination of workshops and practical experience to develop grassroots leaders skilled in managing neighborhood development	• Leadership trained by example following experienced or external leaders • Training received on an ad hoc basis through projects never shared with others upon return	• Personal barriers to participation in local development eased by seminars to enhance racial self-esteem among promoters (33). Self-confidence and capacity to manage local development enhanced through focus groups (505 people); planning workshops with strengths-weaknesses-opportunities-threats analysis feedback (1,094 people); and training in project planning (319 leaders)

continued engagement in solving common problems. The project crisis was a test of this commitment.

The project design had specific components in place to generate increased social capital in terms of bonding (Table 14.1). Many of these components were based on lessons learned from the experience in Garífuna communities in Cortes in the wake of Hurricane Mitch. The components included:

- A decisionmaking body elected by the community to manage communal affairs (the *patronatos*).

- Members experienced in administration and programming for local development.
- Support systems—office, furniture, equipment for word processing and communications, and transportation funds.
- A consensus-building mechanism to define local development priorities and to formulate projects to achieve them.
- Mechanisms to gather resources to achieve local development priorities.
- Sharing of the local development work among those who would benefit in the community.

The greatest contributions of the methodology to enhancing social capital were at the community level, the project's stated purpose. The tools that enhanced social capital are described below.

Producing local development promoters. Two approaches were used to develop local leadership: selecting and training community promoters to become effective agents of local and national development, and creating neighborhood project committees to train local residents in project planning and fundraising to meet their stated needs through self-help efforts. Many of these leaders were eventually expected to be elected as *patronato* directors or members of the municipal council.

The 33 promoters hired were mainly young women with no formal skills and little technical experience. Certain support measures were required to ensure the participation of women in training held outside their communities. Female promoters with infant children requested permission to bring them to the training. Some promoters requested salary advances ($15 to $20) to support their children while they were attending training.

Those who were motivated solely by economic concerns had short-lived involvement in the process once their final payment was received. Others who enjoyed the process of learning and felt motivated by the response of their peer beneficiaries continued to coordinate meetings and communicate with their neighbors even after their salaries ended.

Increasing local leadership. Neighborhood project committees were established to support *patronato* directors and to share the work of local development. Established leaders often complained that the other

members of their groups did not step up to take their place when they were away. Workshop formats used for training were designed to overcome the fears of these group members who hesitated to speak in public or to negotiate with outsiders.

Local training was designed to encourage participation. *Patronato* and neighborhood project committee leaders requested that training be held within the communities, because in the past few people attended external training, and those who did never shared the knowledge with others upon their return.

Building consensus for local development. Building consensus among community residents on the objectives of local development was done in stages, using feedback to inform decisionmaking. Clarity and unity of purpose were reinforced in each activity. This process encouraged like-minded persons to form committees to act jointly on a purpose. People chose to get involved because they saw an opportunity to make headway in addressing problems that had plagued them for years.

Conflict of interest was an ever-present threat. To diffuse the most common cause of conflict—the fear of poverty—the project eliminated the perception of scarcity of resources that generally prevails in development. No limit was set for the needs that could be supported. The decision on funding would be made after proposals were presented.

Participants were repeatedly informed that there was no guarantee of immediate funding for any projects, but that international donors strongly supported Afro-Latin American development. Participants were therefore aware that there were opportunities if they wanted to take advantage of them.

Overcoming personal barriers to participation. Mental barriers were the most difficult to overcome in the establishment of neighborhood committees. Submerged feelings of racial and social inadequacy were expressed by undervaluing personal judgment, and by overvaluing the opinions of outsiders, urban residents and people with academic certificates. The most crucial tool in overcoming these feelings of inadequacy was providing knowledge about the achievements of ancestral Africa and about how prejudicial barriers were imposed on Africans during the

Spanish colonial period. The impact of this information was fundamental in generating optimism and opening minds to personal potential and available opportunities.

Another surprising tool was feeding back the research results of strengths-weaknesses-opportunities-threats analysis in the neighborhoods. The pervasive sense of pessimism was dispelled when people found out that, while most of their neighbors shared similar low levels of schooling and incomes, their ways of generating income were valid forms of self-employment and could be used in growing a business. The research results were perceived as evidence that their way of life had not been defined solely by personal constraints, and that they were not necessarily the creators of their "lack of success," but that there were historical reasons for the limited achievement of their potential. Participants realized that they now had an opportunity to overcome historical legacies through learning and hard work.

Bridging Social Capital

Strengthening relationships between communities, between communities and NGOs, and between Afro-Honduran NGOs all represented ways to bridge social capital. Project design helped to bridge capital by including five NGOs and nine communities in four different geographical zones, encompassing two cultures and two nations.

The only incentive for the Afro-Honduran NGOs to participate was the chance to learn a new local development process. Their role would be as technical advisors and possibly as channels for funding and technical assistance from external institutions. Later, they were to be able to submit projects to replicate this model in other communities. A collateral benefit was increased contact with each other and the opportunity to build trust between Bay Islander and Garífuna organizations and between Guatemalans and Hondurans.

The project confirmed that experience with development processes and administrative infrastructure are important prerequisites to building strong NGO relations with communities and with each other.

This was illustrated by the participation of the newly established Afro-Guatemalan NGO, with its limited development experience. Its performance throughout the project was closer to that of community promoter than of NGO. A project grant for institutional strengthening enabled the purchase of a computer and office equipment and payment of communications and travel expenses. The new capabilities led to a local donation of office space, and the new premises led to increased contact with residents and better performance in local mobilization.

Unlike the traditional project-oriented approach, and the apathy with which it is often greeted, the process-oriented approach piloted in this project resulted, surprisingly, in active community involvement, particularly among the most marginalized. Conflict between the two approaches eventually led to polarization between NGOs to a point where the Afro-Honduran NGO that left the project became the main source of local resistance to such an all-involving process.

During the project crisis, as communities faced the denial of legally agreed-upon benefits, the Afro-Honduran NGOs mobilized to protect the terms of the original agreements and to search for external funding to complete the activities promised to communities. Conducting the donor-community forum strengthened the bond of trust between NGOs and neighborhood project committees.

Linking Social Capital

The experience of two Afro-Honduran NGOs with the Inter-American Foundation led to increased emphasis on measuring sustainability in terms of how institutional relations—linking social capital—are extended to other sectors of society, such as municipalities, the private sector, and other donors. This process led to a better understanding of the importance of establishing direct links between community managers and their municipalities and the need to institutionalize this relationship to achieve inclusion in municipal budgets and plans. Ideally, this would occur by electing local representatives to the municipal councils who are committed to ensuring that municipal investments are directed to their

communities. Thus far, community relations with municipalities have been dependent on the goodwill of the mayors.

Among the neighborhood project committee proposals, 70 percent were in sectors within the mandate of municipalities. Most projects involved completing infrastructure service networks for electricity, water, telephones, roads, seawalls and health centers. To meet these needs, projects had to be included in municipal budgets and plans. Future phases, therefore, must directly incorporate municipalities as stakeholders in the process.

Social capital was further linked through the donor-community forum, which brought together representatives from the eight Honduran communities and key donors that could invest in the types of projects that were being proposed. Donors included the Honduran Social Investment Fund, the World Bank, the Inter-American Development Bank, and the U.S. Agency for International Development. The dialogue led to increased respect between the two sides and a better understanding of each other's institutional limitations. Donors agreed to incorporate community concerns into their policies, programs and projects, while communities were more mindful of what donors could and could not do and why NGOs or municipalities are sometimes needed as intermediaries to reach communities.

Constraints to Enhancing Social Capital

Some areas showed no significant change after the community planning phase. They tended to be areas where objectives had not been explicitly formulated in projects, and where resistance to change occurred as a reaction to the introduction of the process.

For example, some national Afro-Honduran NGOs did not want to encourage a participatory process in communities because they had already established a satisfactory method of operation and did not want community authorities getting involved in their institutional decision-making. Longstanding Afro-Honduran NGOs that have acted as power brokers with government and donors felt their position threatened. This

concern, coupled with lack of funds for institutional strengthening of NGOs, resulted in the departure from the project of one Afro-Honduran NGO in January 2001. The aim of the project to develop local leadership was at first undermined as a result of the management crisis, since project resources were diverted to strengthening leaders who functioned in the traditional top-down power structure.

Despite these setbacks, from the moment the project began negotiations with the *patronatos* in February 2001, it changed the status quo of local decisionmaking power over time through transparency, participatory decisionmaking, and consensus building. Since decisionmaking was promoted on the basis of facts and not previous loyalties, those involved questioned the decision made by the resigning Afro-Honduran NGO, rather than silently accepting the decision of their top leaders to leave. That, in turn, prompted resistance to the project among key community sympathizers of the departed Afro-Honduran NGO.

Strategies to manage these problems included measures taken by the remaining Afro-Honduran NGOs and the project training coordinator to disseminate project information, particularly concerning its finances. The most vital line of defense was a continuous flow of factual information directly to the community stakeholders and between participating Afro-Honduran NGOs to dispel rumors and controversy. Other strategies included providing simple statements of project purpose, making a particular effort to keep promises and be accountable to the community, avoiding getting drawn into arguments or engaging in personal attacks, and protecting local leaders who were targets of such attacks.

Developing and strengthening alliances with local stakeholders was vital to maintaining the local development process despite project setbacks. It was possible because of the bond of trust that developed between the participating Afro-Honduran NGOs, promoters and community participants. Satisfying the needs of stakeholders was crucial. Neighborhood project committee participants were satisfied with the benefits they received—they had rapidly gained knowledge and raised their self-confidence and hopes for success.

Introducing a process of participatory local development upset the balance of decisionmaking power held by Afro-Latin American NGOs that had been the traditional power brokers with the international community. Resistance was to be expected. To counter that reaction, it was important to promptly establish a track record of solid benefits for communities. The project demonstrated that community residents consider the transfer of knowledge and skills to manage local development as solid benefits, even without financial compensation or other tangible benefits.

Problems with gender issues and with low male participation in local development were also constraints to developing social capital. Women in most communities agreed that the participation of men in local development was important to build consensus, encourage changes in male attitudes, and provide positive role models for boys, encouraging them to become adults who behave responsibly in community affairs, as well as better fathers (being present in their children's lives and contributing to their financial well being).

The project methodology was designed to enhance the participation of women and young people, however, and the results do not show a significant change in male participation from traditional levels. Clearly, gender issues, particularly in participation and incentives for change, need to be taken into consideration when formulating future phases of the process piloted in this project. The issue of consistently low male participation in activities was discussed openly during a training session in the community with the highest overall levels of attendance. The men who were present commented that:

- Conflict with working hours kept many away.
- Men were intimidated by women's aggressiveness at meetings, since women tended to take over, and because women used pointed humor to highlight the constraints of men, creating an intimidating atmosphere for men.
- Young men attended meetings because they wanted to know what is happening in the community, believed that their opinions often were not valued, and wanted to learn how to be community leaders.

The project enhanced women's participation by following their census recommendations on days and times of meetings. Female participation in activities away from the community was enhanced by allowing infants to accompany their mothers during the training, and in exceptional cases by providing meal allowances for children who remained at home, as well as for health emergencies that occurred during training.

Among *patronato* leaders, women were more supportive of the process and less afraid of undertaking new endeavors than men. One *patronato* in Cortes elected women as directors in 1998 shortly before Hurricane Mitch. These women received training and technical advice through the Microenterprise Development Project. The traditional male leaders who had been replaced fomented public resistance to the new directors' efforts. Nevertheless, the *patronatos* held community needs assessments and training workshops and frequently consulted NGO advisors (ladino and Afro-Honduran) to assess the options available to the community. As a result, since 1999, that *patronato* has brought many projects to the community and has developed a well-established relationship with the municipality, which provided counterpart assistance for projects that required it.

Key Lessons and Conclusions

Development programs aimed at social inclusion of black communities should consider using the participatory development methodology described in this chapter and adapting it to local requirements. Finding an effective mobilization tool to help Afro-Latin American populations become agents of their own development is an essential objective of poverty reduction efforts. There are many favorable factors to recommend investment in further development of the pilot methodology, even with its troubled execution. It has proven to be a catalytic tool for turning community members into committed agents of their own development. Projects dedicated to the social inclusion of Afro-Latin American populations in regional development could apply this process to ensure that resources are used more effectively to meet needs at the

grassroots level, so that even the most vulnerable and marginalized populations would be reached.

Operationally, the methodology can be completed and replicated with relatively little investment. Its outputs build up databases and increase the pool of trained human resources available for Afro-Latin American development. The project used training methodologies, planning tools and development approaches that were proven in other settings. The methodology generates multiple-community data for planning, which if stored in a shared database will enhance programming decisions for municipalities, national governments and international donors, in addition to the communities themselves. The process uses internationally accepted development practices and can enhance donor disbursement capacity in microproject funding by creating more trained intermediaries.

The tools of the model that were specifically developed to suit Afro-Latin American communities were designed to overcome historical barriers and self-esteem issues created by racial prejudice. Issues of identity, esteem, confidence, power and control over one's destiny are important to understand when working with Afro-Latin American communities, because these are the most difficult barriers to overcome and are usually masked by apathy and aloofness.

Another project lesson is that investment in the institutional strengthening of Afro-Latin American NGOs is a prerequisite for replicating the experience elsewhere in order to overcome institutional bottlenecks to Afro-Latin American social inclusion.

Given new funding available for Afro-Latin American populations, Afro-Latin American NGOs need to become more effective intermediaries for macroproject funding. They need to achieve financial sustainability and the certification standards of the larger donor institutions. They must be able to hold a diverse project portfolio that generates enough returns to cover their administrative overhead. Providing technical support and training to Afro-Latin American NGO leaders, volunteers and personnel will be key to effectively and rapidly mobilizing more Afro-Latin American communities. Donors should consider investments in:

- Afro-Latin American NGO infrastructure and organizational improvements to administer and manage projects.
- Training of Afro-Latin American NGO leaders, volunteers and personnel in the methodology and tools of the pilot local development process and in administrative, programming and analytical skills.
- Umbrella projects to reach many communities and generate local development processes. These should include small project funds to support the diverse needs that are identified through the process.
- Seminars and national and international exchange programs to disseminate results, develop lessons and identify best practices among communities, Afro-Latin American and allied NGOs, and donors.

Importance of Project Management

Whenever the project failed to deliver results, it was generally because management systems lacked mechanisms to respond quickly to the concerns voiced by community stakeholders. Afro-Latin American stakeholders felt that neither the donor nor the grantee provided adequate guidance during the project management crisis, leaving them with insufficient information to act in the face of arbitrary decisions that were denying them the agreed benefits. A lack of shared understanding regarding the philosophical framework of the project as a tool to initiate local development—as opposed to being merely a means to deliver training and small project funds to communities—led to differing perceptions between the project's Afro-Latin American NGO and mainstream stakeholders.

To avoid such outcomes in future projects, appropriate management tools should be included in project agreements. Operational review mechanisms should come into play immediately when proposed or actual project changes result in beneficiary complaints or have the potential to affect the expected results of the project. In addition, executing organizations (subgrantees) inexperienced in implementation of development projects should be mentored by institutions that are committed to the same development approach and agendas.

Improving Implementation Methodologies

Greater effectiveness at all levels of the community and its institutions requires several refinements to project objectives, including:

- Training the local board of directors to improve knowledge of its institutional roles and develop its management skills, and hiring board members as promoters in local development projects to gain practical experience and to better understand the needs of their constituency.
- Enhancing the participation of young and adult males by developing methodologies and tools to increase their participation and by incorporating their aspirations into the local development process.
- Developing a system for quality control of data collection and processing, training promoters and advisors in its use, and ensuring its use in project monitoring and evaluation as part of performance assessments.
- Developing collaborative relations with municipal officials responsible for budgeting, planning and community relations.

Several improvements are also needed in the implementation process, including:

- Extending the timeframe of the community planning phase to at least six months and adding to it training in project planning and proposal development.
- Conducting an evaluation of the specific tools used in the pilot phase and revising those tools on the basis of implementation experiences of the promoters and advisors.
- Refining teaching aids into guides for replication of the overall process.
- Developing a curriculum based on project experience for ongoing training of promoters, neighborhood project committees, and *patronato* leaders.
- Recruiting promoters, advisors and trainers from among the leaders trained in the first project phase and providing them with training to fulfill their new roles.

- Promoting community development management as a career path for local leaders by hiring project personnel locally.

Recognizing Key Characteristics of Effective Local Organizations

This project highlighted some key characteristics of effective executing or technical advisory NGOs. These agencies must:

- Be in the process of becoming mature organizations, with an administrative infrastructure and permanent personnel, years of project implementation experience, proven skills in process-oriented development projects, an active board of directors, a clear mandate to develop communities, and a work plan developed through participatory consultation.
- Have a board of directors and executive director committed to promoting participatory development and to allocating time to supervise the project.
- Have access to qualified, experienced or eager personnel who can be hired to work on the project.

Projects also require supportive elected authorities from the community. The *patronato* must be aware of the needs of all its neighborhoods, have a clear vision of its priorities for development, have initiatives already in the works, be willing to engage in a participatory process to develop future community plans, and be active in mobilizing the municipality to solve its problems. Board members must have a proven track record for getting involved in solving community problems related to infrastructure, land or social concerns. The president and executive board must be willing to delegate supervisory functions and want to learn how to manage development.

Communities where the process of project development took better root often had people with a strong desire to serve others—an important motivating factor during difficult times—as well as an

interest in learning and improving their performance as community leaders and individuals. Large numbers of people in these communities shared the same urgency for solving a specific problem. Successful communities also often had a key member of the *patronato* who was committed to the vision of the project and willing to facilitate its implementation. Finally, these communities benefited from the involvement of organizations that wanted to engage the community in its own development.

Strengthening Future Afro-Latin American Community Development

Afro-descendent populations in Latin America represent an estimated one-third of the population and 40 percent of the poor. They suffer from both social and economic exclusion. Special measures are needed to bring equity to their living conditions. Especially important are strategies to enhance their internal capacity to organize and use their own initiative to achieve their community goals.

While various measures are being adopted to deal with the external causes of Afro-descendent exclusion in Latin America, it is still necessary to invest in overcoming internal challenges in these communities. The Grassroots Community Building Project generated a process of change primarily at the local level. It increased knowledge and understanding of the processes that lead to social and economic development and gave community leaders the self-confidence to stand their ground when they disagreed with institutions or with leaders of established organizations. But the process also challenged the status quo of organizations that had considered themselves to be traditional spokespersons for Afro-Latin American communities with government structures and donors. This caused a backlash within communities, which was intensified by the differences in their own conceptual approaches to development.

Thus, a key policy recommendation from this experience is that all development interventions in Afro-descendent communities begin

with a process of community strengthening and organizational capacity building. Such a process should involve:

- A community census to gather information on the sector of involvement and general data on the local population.
- Practical training of local leaders in basic development management tools (situational analysis, problem definition, planning and design, administration and management, monitoring and evaluation).
- Formation of action-oriented groups interested in solving the problems of the sector of involvement. These community groups will become organized agents of change through which resources can be channeled, and will be able to mobilize others and provide ongoing oversight. Whenever possible, intermediary organizations that share the community objectives and are of the same ethnicity should be used.

Following this approach during interventions in Afro-Latin American communities will foster the development of organized groups of community leaders with the training and practical experience to participate in long-term development initiatives. These communities will then have the capacity and confidence to reach out on their own to solve other challenges, seek the required resources, and achieve local goals.

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Stigma, Discrimination and HIV/AIDS in Latin America

Peter Aggleton, Richard Parker and Miriam Maluwa

Throughout the Americas, as everywhere else in the world, HIV and AIDS have shown themselves capable of bringing out the best and the worst in people.[1] They bring out the best when people come together to combat denial and to offer support and care to those infected or otherwise affected by the epidemic. They bring out the worst when people are stigmatized, ostracized and otherwise treated badly. Such actions often result in discrimination and abuse of human rights (Daniel and Parker, 1993; Altman, 1994).

The Declaration of Commitment published after the 2001 United Nations General Assembly Special Session on HIV/AIDS reaffirmed that human rights is an essential element in the global response to the HIV/AIDS pandemic. Protecting and promoting human rights reduces vulnerability to HIV/AIDS and prevents stigma and related discrimination against people living with or at risk of HIV/AIDS. Governments were called on to develop strategies to combat stigma and social exclusion and to develop legal and policy frameworks to protect the rights and dignity of persons living with and affected by HIV/AIDS. The Declaration of Commitment also sets out targets for monitoring achievement.

More recently, Peter Piot, executive director of the Joint United Nations Programme on HIV/AIDS (UNAIDS), has drawn attention to the ways in which HIV/AIDS-related stigma and discrimination make

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[1] Several of the ideas in this chapter have found expression in other contexts as well, including ABIA (2002); Horizons Project (2002); and UNAIDS (2002a).

prevention difficult by forcing the epidemic out of sight and underground. In a statement at the plenary session of the World Conference Against Racism in 2001 in Durban, South Africa, Piot said: "HIV stigma comes from the powerful combination of shame and fear...Responding to AIDS with blame, or abuse for people living with AIDS, simply forces the epidemic underground, creating the ideal conditions for HIV to spread. The only way of making progress against the epidemic is to replace shame with solidarity and fear with hope."[2]

In the Americas, as well, the importance of combating HIV/AIDS-related stigma and discrimination has been highlighted in numerous conferences and meetings. As Mirta Roses Periago, then assistant director of the Pan American Health Organization, recently put it: "Important gains in child health and life expectancy in the continent are being swept back by AIDS, destroying the efforts and investments of past decades. The poor get infected, and those infected become poor and isolated by stigma and sickness, rejected from schools and jobs."[3]

But what is HIV/AIDS-related stigma? Where does it come from, and what does it do? Clear answers are important if progress is to be made in challenging the destructive and negative responses to HIV/AIDS.

Understanding HIV/AIDS Stigma and Discrimination

HIV/AIDS plays to some deep-seated fears and anxieties—fear of germs and disease, fear of death, and anxieties about sex (Patton, 1985). There are strong similarities between HIV/AIDS-related stigma and discrimination and some of the negative social reactions triggered by diseases such as leprosy, tuberculosis and cancer (Sontag, 1988).

But the stigma and discrimination to which HIV/AIDS give rise are much more than this. All over the world, including Latin America, reaction to the disease has systematically played to and reinforced prejudices and anxieties about homosexuality and bisexuality, prostitution and sex work, and drug use.

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[2] See http://www.unaids.org/whatsnew/speeches/eng/piot040901racism.htm
[3] See http://www.paho.org/English/DPI/p010628.htm

Understanding these links is vital for developing effective responses. HIV/AIDS-related stigma is not something that resides in the minds of individuals. Rather, it is a social product with origins deep in society. Tackling the stigma and the discrimination to which the disease gives rise therefore calls for strong measures—interventions that go beneath surface reactions to deal with underlying structures and root causes.

The Nature of Stigma

In classical Greek, the word stigma was used to describe the branding of outcast groups as a permanent mark of their status. More recent discussions of stigma, particularly in relation to HIV/AIDS, have their point of departure in the now classic work of Goffman (1963), which defined stigma as "an attribute that is significantly discrediting" and which reduces the person to which it is attached in the eyes of society.

Drawing on research with people who suffer from mental illness, have physical deformities, or practice what were perceived to be socially deviant behaviors such as homosexuality, Goffman argued that the stigmatized individual possesses "an undesirable difference." Stigma is applied through rules and sanctions resulting in a "spoiled identity" for the person concerned.

As important as was Goffman's formulation of this problem, an adequate understanding of stigmatization in the context of HIV/AIDS requires careful thought about this analytical category, as well as some rethinking about the direction towards which it has pushed us.

Goffman's emphasis on stigma as a "discrediting attribute" has led many people to think of stigma as something tangible, like a cultural or individual value. The emphasis on having an "undesirable difference" that leads to a "spoiled identity" has encouraged highly individualistic analyses. Thus, stigma, understood as a negative attribute, is mapped onto people, who by virtue of their difference are understood to be negatively valued in society.

The research literature on stigma has grown rapidly since Goffman's influential study. Much of it comes from social psychologists

who have examined how individuals construct categories and incorporate these categories in stereotypical beliefs (see Crocker, Major and Steele, 1998; Link and Phelan, 2001). At the center of much of this research have been the perceptions of individuals and the consequences of these perceptions for social interactions (Oliver, 1992). Much work also has focused on stereotyping as something individuals do to others. Too often, stigma is seen as something that resides within the person stigmatized, rather than a designation that others attach to that individual (Link and Phelan, 2001).

This has important consequences for numerous interventions that aim to improve "tolerance" by different segments of the population toward people with HIV/AIDS. Efforts have been made, for example, to increase empathy and altruism and to reduce anxiety and fear by providing what is perceived to be correct information and by developing psychological skills that are considered essential to more effective management of the emotional responses thought to be unleashed by HIV/AIDS (Ashworth, Cheney and Clatts, 1994; Hue and Kauffman, 1998; Mwambu, 1998; and Soskolne et al., 1993).

Such analyses, and the interventions that follow from them, have several significant weaknesses. Beyond their failure to recognize stigmatization as a process with which individuals and communities engage, they fail to account for the social structures that give HIV/AIDS-related stigma its meaning. Within a particular culture or setting, certain attributes are seized on and defined as discreditable or not worthy within the context of HIV/AIDS. "Undesirable differences" and "spoiled identities" do not exist naturally; they are created by individuals and by communities. Stigmatization, therefore, describes a systematic process of devaluation rather than some kind of tangible entity.

Much HIV/AIDS-related stigma builds on and reinforces prejudices. In countries throughout the Americas, people with HIV/AIDS are often believed to have brought it on themselves by having done something wrong—usually some type of behavior linked to sex or to illegal and socially frowned upon activities such as injecting drugs. Men who become infected may be seen as homosexual or bisexual, or as having had sex with prostitutes. Women with HIV/AIDS are viewed as having been promiscu-

ous, despite clear evidence that in the majority of cases women have acquired the infection from husbands and regular male partners.

Media images of HIV/AIDS as a "woman's disease," a "disease of prostitutes," an "African disease," or a "gay plague" reinforce these stereotypes. Although varied, these images are not random. They are patterned to ensure that HIV/AIDS-related stigma plays into, and reinforces, existing social inequalities. These include inequalities of wealth, inequalities that make women inferior to men, inequalities of nationality and ethnicity, and inequalities linked to sexuality and different forms of sexual expression (Table 15.1).

Table 15.1. How HIV/AIDS Stigma Is Produced

AIDS is a "disease of the rich"	AIDS is a "woman's disease"	AIDS is an "African disease"	AIDS is a "gay plague"
AIDS is a "disease of the poor"	AIDS is "caused by men"	AIDS is a "disease of Westerners"	AIDS is "caused by prostitutes"
↑	↑	↑	↑
HIV/AIDS stigma			
↑	↑	↑	↑
Class relations and divisions	Gender relations and divisions	Race relations and divisions	Sexual relations and divisions

HIV/AIDS-related stigma is, therefore, linked to power and domination throughout society as a whole, and the stigmatization of individuals and groups as a result of HIV/AIDS plays a key role in producing and reproducing relations of power and control. It causes some groups to be devalued and others to feel that they are superior in some way. Ultimately, HIV/AIDS-related stigma creates and is reinforced by social inequality.

The Nature of Discrimination

Discussions of discrimination are rarely framed in relation to any clear-cut theoretical tradition, even when discrimination is discussed, as is often the case, in tandem with stigma. The meaning of discrimination is

almost taken for granted, as though it were obvious on the basis of simple common usage.

While many writers have tended to view discrimination as an expression of ethnocentrism, more recent analyses "have concentrated on patterns of dominance and oppression, viewed as expressions of a struggle for power and privilege" (Marshall, 1998). This emphasis is useful in helping to think about HIV/AIDS-related discrimination and how it contributes to processes of social exclusion.

Stigma is harmful both in itself, since it can lead to feelings of shame, guilt and isolation, and because prejudiced thoughts can lead individuals to do things, or fail to do things, that harm or deny services or entitlements to others. Hospital or prison staff, for example, may deny health services to a person living with HIV/AIDS. Or employers may fire a worker on the grounds of HIV status. Such acts constitute discrimination. Put succinctly, discrimination occurs when a distinction is made against people that results in their being treated unfairly and unjustly on the basis of their belonging to, or being perceived to belong to, a particular group. Discrimination can exist at many different levels, including the level of the individual, the community, or society as a whole.

Across the world, people with HIV/AIDS (or believed to have HIV/AIDS) have been segregated in schools and hospitals, refused employment, denied the right to marry and form lasting relationships, required to submit themselves to HIV tests to travel or even to return to their home country, and attacked or even killed because of their sero-positive status (Maluwa, Aggleton and Parker, 2002). The Americas are no exception. Box 15.1 lists just a few more recent examples of the numerous cases of discrimination on the basis of HIV/AIDS in the region.

Because of HIV/AIDS-related discrimination, the rights of people living with HIV/AIDS and their families, are often violated, simply because they are known or presumed to have HIV/AIDS. This violation of human rights increases the negative impact of the epidemic at many levels.

At the level of the individual, for example, it causes anxiety and distress—further contributing to ill health. At the level of the communi-

> **Box 15.1. Recent Incidents of HIV/AIDS Discrimination in the Americas**
>
> - In Trinidad and Tobago, children with HIV/AIDS have been denied access to primary school because of parental fears and anxieties. "I totally disagree with children with HIV being in schools with our children," a mother was reported as saying recently on a television talk show. Another caller, responding to the news that two HIV-positive children were about to enter primary school, called on the authorities to "build a (special) school for those children." See http://www.aegis.com/news/ips/1999/ip990601.html
>
> - In Chile there have been numerous reports of people losing their job once their HIV status is known. Machismo, homophobia, family honor and sexual silence are among the many factors said to have contributed. The existence of a name-based system of national reporting has been reported as further compounding the problem. See http://www.aegis.com/news/bar/2000/br000511.html
>
> - In Peru, a soccer player, Eduardo Esidio was removed from the University Sports Club professional team in January 1999 when it was discovered that he was HIV-positive. The directors of the club argued that his presence in the locker room endangered the rest of the players and that other teams would refuse to play against them. See http://www.aegis.com/news/ips/2000/ip001208.html
>
> - In Mexico, there have been recent reports of discrimination within the health care system. The nation's Human Rights Commission recently castigated staff at the O'Horán Hospital in Mérida, Yucatán for serious irregularities in the medical care given to people with HIV/AIDS, including grave lack of medical care, breach of confidentiality, and lack of respect for human rights.
>
> - In Costa Rica, efforts were made to transfer Minor Navarro, a schoolteacher in a small community near San José, to a new posting after his serostatus became known. Navarro declined the transfer and took his case directly to the Education Ministry, which at first declined to act. After protests from a variety of groups, the country's *Defensoria de los Habitantes* (Ombudsman) intervened, requiring the transfer decision to be reversed.
>
> - In Brazil, despite the widely acknowledged quality of the Ministry of Health's National STI/AIDS Program, discrimination continues to be felt not only by people living with HIV/AIDS, but also by groups perceived to be affected by the epidemic. Some civil service entry procedures continue to require HIV tests as part of the medical examinations, and applicants testing positive are dropped.

ty, it causes whole families and groups to feel ashamed, to conceal their association with the epidemic, and to withdraw from participation in more positive social responses. And at the level of society as whole, it reinforces the mistaken belief that it is acceptable to ostracize and blame people infected with HIV/AIDS.

There is a vicious cycle between stigma, discrimination, and violation of human rights, as depicted in Figure 15.1.

Figure 15.1. The Vicious Cycle of Stigma, Discrimination and Human Rights Violations
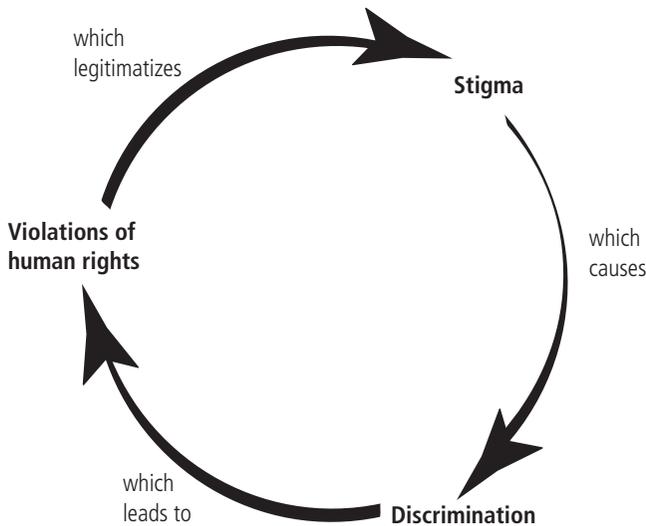
A Rights-based Response

Freedom from discrimination is a fundamental human right founded on universal and perpetual principles of natural justice. Core international human rights instruments and regional human rights instruments such as the American Convention on Human Rights prohibit discrimination based on race, color, sex, language, religion, political or other opinion, national or social origin, economic status, birth, or any other social status.[4]

UN Commission on Human Rights resolutions 1999/49, 2001/51 and 2003/64 have stated unequivocally that "the term 'or other status' in non-discrimination provisions in international human rights texts should be interpreted to cover health status, including HIV/AIDS." They have confirmed that "discrimination on the basis of HIV/AIDS status,

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[4] The right to nondiscrimination is enshrined in Article 2 of the Universal Declaration on Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic Social and Cultural Rights, the Convention on Elimination of All Forms of Discrimination against Women, the Convention on the Rights of the Child, and the African Charter.

actual or presumed, is prohibited by existing human rights standards." Discrimination against people living with HIV/AIDS or thought to be infected, is therefore a violation of their human rights.

Why is this important, and why should the links between stigma, discrimination and human rights be more clearly recognized and acted on? There are two main reasons. First, because freedom from discrimination is a human right, there is an existing framework for responsibility and accountability of action. This need not be created afresh within the context of HIV/AIDS. National governments are responsible and accountable not only for not directly violating rights, but also for ensuring the conditions that enable individuals to realize their rights as fully as possible. Whether they openly acknowledge it or not, states have the obligation to respect, protect and fulfill human rights.

The obligation to respect human rights requires that states not directly or indirectly discriminate in law, policy or practice. The obligation to protect human rights requires states to take measures that prevent third parties from discriminating (for example, to ensure equal access to health care and health related services). And the obligation to fulfill human rights requires states to adopt legislative, budgetary, judicial, promotional and other measures to ensure that strategies, policies and programs are developed to address discrimination and ensure that compensation is paid to those who suffer it.

Second, a human rights framework enables access to procedural, institutional and other monitoring mechanisms for enforcing the rights of people living with HIV/AIDS and for countering and redressing discrimination. This includes judicial systems, national human rights commissions, ombudsmen, law commissions and other administrative tribunals. People who discriminate on the basis of HIV/AIDS can be made accountable by law, and redress can be provided, where appropriate.

This is not to suggest, however, that a focus on discrimination will inevitably lead to improvement. Not everyone is aware that discrimination is unlawful. Legal services normally are neither affordable nor close to the most vulnerable communities. And there may be problems in obtaining redress for the infringement of rights. However, one point is

absolutely clear: a focus on discrimination provides a useful entry point to hold accountable those whose actions lead to discrimination and to the violation of human rights.

The Power of Community

Along with the use of the law, there are other social processes and mechanisms that can be employed to challenge HIV/AIDS-related stigma and discrimination. Some derive from the power of individuals and communities to fight against inequality and oppression. In the history of HIV/AIDS throughout the Americas, there are numerous instances of successful community struggles to educate and challenge stereotypes and divisive beliefs; to tackle inequities, discrimination and human rights violations; and, more recently, to widen access to treatment drugs.

The HIV/AIDS epidemic has developed during a period of rapid globalization linked to a radical restructuring of the world economy and the growth of "informational capitalism" (Castells, 1997a, 1997b). These changes have been characterized by rapidly accelerating processes of social exclusion, together with intensified interaction between traditional and more modern forms of exclusion.

Recent work on the transformation of the global system, along with the political economy of informationalism, have highlighted the importance of social identities to contemporary experience. There can be few people or groups who do not possess a social identity, either self-constructed or ascribed to them by others: old, middle-aged or young; black, Latino or white; lesbian, gay, bisexual or straight; progressive, centrist or conservative; and healthy people or those living with HIV/AIDS or some other illness, to offer but a few examples.

In addition to enabling self-understanding, such identities provide a basis for social action that draws on a common position in life. Such insight is helpful in seeking to understand how people respond to stigmatization. Recent work on identity, whether self-constructed or imposed, has emphasized its constantly changing character. Not infrequently, experiences of oppression trigger resistance and the formation of identities that

Figure 15.2. Different Types of Identity within Relations Based on Inequality

Legitimizing identities		**Legitimizing identities**
People with HIV/AIDS presented as outsiders or "others"	**Project identities**	HIV/AIDS linked to sexist, racist, homophobic and other divisive stereotypes
↓ ↓ ↓	People with HIV/AIDS as advocates, activists, raisers of awareness	↓ ↓ ↓
↑ ↑		↑ ↑
Resistance identities		**Resistance identities**
People with HIV/AIDS and others resist stigmatization and its negative effects		People with HIV/AIDS and others resist stigmatization and its negative effects

seek to transform existing social relations (Hall, 1990).[5] Such a process is no less likely to occur for HIV/AIDS-related stigmatization and discrimination than for other contemporary forms of oppression.

Castells (1997a, 1997b) has distinguished three types of identity within relations of inequality: legitimizing identities "introduced by the dominant institutions of society to extend and rationalize their domination vis-à-vis social actors;" resistance identities "generated by those actors that are in positions/conditions devalued and/or stigmatized by the logic of domination;" and project identities formed "when social actors, on the basis of whatever cultural materials are available to them, build a new identity that redefines their position in society and, by so doing, seek the transformation of overall social structure"(see Figure 15.2).

Such a framework has much to offer in understanding the effects of HIV/AIDS-related stigmatization and discrimination. Many of the legitimizing identities associated with HIV/AIDS play to social divisions of race, class, gender and sexuality. They transform people with HIV/AIDS into others—dangerous people (women, foreigners, poor peo-

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[5] The women's movement, social movements linked to race and sexual equality, and popular political movements all over the world attest to such potential.

ple, gays) who must be controlled. But this imposition of identities is not uncontested, as the experience of organizations of people living with HIV/AIDS all over the world shows.

Resistance identities quickly arise in response to stigmatization. Around the world, people with HIV/AIDS have been at the forefront of efforts to challenge the negative social identities ascribed to them. They have been joined in their struggles by individuals and groups (doctors, politicians, health care workers, teachers, academics) disturbed at the near-exclusive portrayal of people with HIV/AIDS in negative terms.

In their efforts to resist the effects of stigmatization, new project identities have been formed through HIV/AIDS activism and involvement. Some emphasize the centrality of people with HIV/AIDS, some work to prevent HIV and mitigate its impact (see UNAIDS, 1999), and some challenge the actions of governments and multinational drug companies on drug access.[6] Yet other project identities have been forged within families and communities all over the world, as people living with HIV/AIDS have shared their serostatus with relatives and friends, thereby "opening up" the epidemic in new ways (UNAIDS, 2002b).

Such ideas offer important insights and avenues for responding more effectively to HIV/AIDS-related stigmatization and discrimination. They suggest, for example, that in certain circumstances, stigmatization and discrimination can trigger positive responses of solidarity and inclusion. Numerous examples of this process can be seen across the Americas (Box 15.2). Some of the most dramatic instances of success have occurred when efforts have been made simultaneously to promote the human rights of people living with HIV/AIDS and to unleash the power of oppressed communities to fight back and take charge of their lives. Nowhere can this process be seen more clearly than in the case of access to antiretroviral medication.

A Multifaceted Response

Because stigma and discrimination are not tangible objects or discrete events, but rather social processes linked to powerful forces deep within

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[6] See http://www.globaltreatmentaccess.org

Box 15.2. Positive Responses of Solidarity and Inclusion to HIV/AIDS in the Americas

- In Mexico, the community group *Michoacanos Unidos por la Salud y contra el SIDA* recently challenged, through state and national human rights commissions and relevant government ministries, the decision by a school director to prevent the eight-year-old daughter of a women living with HIV/AIDS from attending school. The daughter was said to pose an HIV/AIDS risk to other students because she was losing her milk teeth. Through concerted civil action on a variety of fronts, not only was the case successfully addressed, but community support and organization also were strengthened in the process.

- In Costa Rica, where official resistance to antiretroviral therapy was premised on the assumption that it was too expensive, a small group of people living with AIDS—the Patient Coalition—negotiated for a year with the government. Frustrated, the group appealed to the Supreme Court in 1997 and won its case, forcing the government to begin offering antiretroviral drugs to people with HIV/AIDS. Today, a substantial number of Costa Ricans with AIDS receive combination therapy.
See: http://www.aegis.com/news/panos/1998/PS980901.html

- In Venezuela, a combination of activism and human rights commitment has brought remarkable progress in access to treatment. In 1997, *Acción Ciudadana Contra el Sida* filed suit on behalf of 11 people with HIV/AIDS who were covered by the social security system, claiming that they were not receiving proper medical attention, an infringement of their rights to nondiscrimination, health, equality, access to science and technology, and access to social security as guaranteed by the Constitution, the American Convention on Human Rights, and other conventions signed and ratified by Venezuela. In May 1997, the court upheld the lawsuit and ordered the social security system to provide treatment on a regular basis at no cost. Numerous successful lawsuits have subsequently been filed, including suits against the Ministry of Defense and the Ministry of Health. See: http://www.aidslaw.ca/Maincontent/otherdocs/Newsletter/vol5no42000/carrascodurban.htm

- In Brazil, the decision to commence local production of antiretroviral medications was triggered in part by community activism. In 1996, the Brazilian STD/AIDS Program sought to make access to antiretroviral medications universally available to Brazilian citizens. The right to such treatments was guaranteed in a new law, but the ability of the government to provide antiretroviral treatment to all who require it was threatened by the high cost of purchasing these medications from international companies. With strong backing from AIDS activists and community-based organizations, the government has pursued an aggressive policy of locally producing, in state-owned and operated companies, medications that are not protected by international patent restrictions, significantly reducing the cost of treatment (Rezende and Rey, 1999; Passarelli and Terto, 2002).

the structure of society, tackling them successfully requires reducing their surface manifestations and getting at their root causes.

The use of the law to promote the human rights of people living with HIV/AIDS has much to offer. But any law inevitably remains impotent unless supported by the values, expectations and actions of society as a whole. Changes in cultural values, social attitudes and social movements, as well as concrete acts of resistance on a variety of fronts, are required to move beyond what might be described as a legalistic response that remains unacknowledged and largely unknown by the populations whose rights it is intended to protect.

Too often, efforts to reduce stigma and discrimination have drawn on a model of "liberal enlightenment," with those who "know best" intervening to correct the bad thoughts and actions of others. This approach sees the minds of those who are being educated as empty vessels waiting to be filled with the good ideas of intervention specialists and communications experts. Needless to say, people are rarely taken in by such approaches.

More successful by far are efforts to unleash the power of resistance within stigmatized populations and communities, enabling them to fight back themselves against that which they suffer. As Kaleeba et al. (2000) have pointed out, it is the power of community to resist and to take charge that in many countries has made the greatest headway against the epidemic.

The importance of such approaches is well documented, especially in the Americas, where a long tradition of popular education in health and social development has provided a solid basis for the development of programs aimed at consciousness raising, empowerment and community mobilization. A key lesson from such work has been the importance of directly confronting stigma and discrimination, in relation not only to HIV/AIDS, but also to other forms of social inequality and exclusion that marginalize those most vulnerable to HIV infection.

But what might such approaches look like, and how do they work? In São Paulo, Brazil, recent research has shown that effective HIV/AIDS prevention interventions for inner-city youth require first confronting issues of poverty and economic marginalization, the stigma and racism associated with being a migrant from the poor Northeastern

region of the country, and the unequal power relations and norms associated with gender in Brazilian culture. By focusing on these other issues as well as on HIV/AIDS, Brazilian health promoters have demonstrated the potential of what might be described as a kind of community pedagogy as the key foundation for a more effective response to HIV/AIDS (Paiva, 2000).

The time is ripe to build on empirical evidence and the conceptual framework articulated here to develop new models for advocacy and social change in response to HIV/AIDS-related stigmatization and discrimination, and the human rights violations that follow. What might these models be? If human rights advocacy and action and community mobilization for social change are an important element of such an approach, they must take their place alongside structural or environmental interventions to transform the broader context in which individuals and communities live as they respond to HIV/AIDS (Sweat and Dennison, 1995; Parker, Easton and Klein, 2000).

While research has shown that there have been limited results at best in changing stigmatizing attitudes by inducing empathy or through other therapeutic and psychological interventions (Parker and Aggleton, 2002), policy interventions across a range of settings have shown real effectiveness in changing people's actions and behaviors. Legal protections for people living with HIV/AIDS, monitoring of human rights violations, and effective enforcement and redress mechanisms are powerful ways to mitigate the worst effects of the unequal power relations, social inequality and exclusion that lie at the heart of HIV/AIDS-related stigmatization and discrimination.

In countries throughout the Americas there is a need for greater support for community legal aid centers and other legal services to tackle instances of discrimination and the abuse of human rights. Given the heavy stigma already associated with HIV/AIDS, such legal services should be able to offer individuals confidentiality and respect. Basing legal services in HIV/AIDS service organizations or other community-based organizations may be one way of developing trust, especially where such organizations are already respected by those with whom they work.

Beyond this, however, there is an urgent need to support existing legal aid institutions in developing a human rights approach to HIV/AIDS and encouraging the creation of legal cooperatives specializing in HIV/AIDS-related concerns.[7] Training members of associations of people living with HIV/AIDS in matters of human rights and HIV/AIDS is also important, so that these associations can provide in-house paralegal advice, counseling and peer support.

Again, there is strong evidence of the importance of such programs, particularly in Brazil, where the early legal aid services established in the late 1980s by community-based organizations such as the Pela VIDDA Group in Rio de Janeiro and GAPA in São Paulo were instrumental in protecting the rights of individual clients and influencing jurisprudence more generally in ways that have helped to guarantee access to health care as a fundamental right of all citizens (Ventura, 1999). Such work helped provide the legal foundation for Brazil's highly regarded treatment access program, which is guaranteed by legislation but rests on the fundamental rights established judicially through more than a decade of legal aid work. These important innovations have subsequently been institutionalized within the structure of the state itself, through the establishment of government-sponsored rights watch activities such as the Ministry of Health's National Network for Human Rights on HIV/AIDS (Ventura, 1999).

Given the close links between stigma, discrimination and human rights, it is important to keep in mind the need for complementary strategies to prevent the stigmatization of people living with and affected by HIV/AIDS, as well as actions to challenge, address or redress the situation when stigma persists and is acted on through discriminatory actions that lead to the denial of entitlements or services to others, and thus to human rights violations.

Together with a new emphasis on community mobilization, structural interventions aimed at promoting a rights-based approach to reducing HIV/AIDS-related stigmatization and discrimination should be given high priority. Only in this way can the social climate be transformed in such a way that stigmatization and discrimination are no longer accepted.

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[7] Examples of such cooperatives are the Alter Law in the Philippines and the Lawyers Collective HIV/AIDS Unit in Mumbai, India. These are groups of lawyers specializing in HIV/AIDS-related cases and offering free legal service in this area.

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CHAPTER 16

Ethnic and Racial Political Organization in Latin America

Eva T. Thorne

Ethnic and racial political organization and mobilization are critical to the development of effective public policy. This chapter focuses on lessons for policymakers and civil society groups from experiences in Latin America. The aim is to assist regional governments and development agencies in formulating both a public policy agenda and a strategy for addressing the needs of marginalized groups.

Two sets of issues are addressed. One concerns the capacity of Afro-descendent and indigenous groups to articulate their demands in ways that affect public policy, and the other relates to government institutions targeted by ethnic and racial mobilization. Under what conditions do public agencies respond positively to such political mobilization? Without understanding the institutional factors that allow for group demands to be internalized and processed, it will be difficult to explain race-based policy initiatives.

Addressing these two sets of issues will generate an understanding of the dynamics of policy reform, which in turn can help guide policymakers in development agencies and governments in identifying the policy initiatives, implementing agencies, and civil society actors best equipped to promote social inclusion in the region.

Indigenous and Afro-descendent political mobilization has played a central role in the development of targeted public policy outcome by placing issues on the agendas of governments, transforming their discursive

positions, and even developing ethno-specific public policies. However, mobilization has been less effective in ensuring implementation of those public policies or enforcement of laws. Additional considerations must be addressed to ensure that policies, program and laws do what they are designed to do.

Role of Government

The lack of financial resources for implementing bureaucracies is a key constraint to developing ethno- and race-specific public policies. Besides, in practice, the mere existence of such policies does not necessarily translate into outcomes. Properly trained and sensitized staff also are needed to administer targeted policies and programs. In addition, mechanisms of mutual accountability are required to help ensure that recipients use resources from government institutions appropriately. Moreover, having civil society represented in public agencies responsible for policy implementation would promote government accountability.

In some instances, Latin American governments have been effective in responding to ethnic and racial mobilization, from setting the agenda through implementing new policies. Reforms to address social exclusion due to race and ethnicity have been successful under certain conditions. First, appropriate laws and legislation are critical, such as that involving land rights, bilingual education, and cultural recognition. Institutional capacity that encompasses financial, managerial and technical aspects in the implementing agencies is also important. Finally, constituent demand is also necessary, which is where ethnic and racial political mobilization can be effective. Governments have responded to lobbying, advocacy and direct actions carried out by ethnic groups.

Role of Ethnic and Racial Groups

In general, the ethnic and racial groups that have been most successful in contributing to the creation and implementation of public policy are extremely well organized. Examples are the *Confederación de*

Nacionalidades Indígenas del Ecuador (CONAIE) and other indigenous organizations in that country, a number of Garífuna groups in Honduras, the Kuna in Panama, and several Afro-Brazilian organizations. These organizations have been effective in managing both financial and institutional matters. Mobilization through street demonstrations, rallies and other forms of nonviolent protest can also be critical for the creation of public policy. But for implementation to happen, more sustained political advocacy through institutionalized channels is required. At times, additional direct action serves this purpose, but it is no substitute for effective, formal political engagement. This in turn depends in large part on the internal capacity and political sophistication of the groups involved.

There are differences between indigenous and Afro-descendent political mobilization. The indigenous rights movement in Latin America (especially in Chile, Colombia and Ecuador) has been developing for more than 20 years and is better organized both domestically and internationally and more politically sophisticated than its Afro-descendent counterparts.[1] Afro-descendent political mobilization began in earnest in the late 1980s and early 1990s, though the process has a longer history in Brazil.

Obstacles to Targeted Public Policy

One of the most significant obstacles to the development and implementation of targeted public policy is continued societal resistance to dealing with ethnicity and race. Though this resistance gradually is abating, the Latin American approach still tends to give too little attention to race in explaining inequities in social and political outcomes among different groups. The tendency is to reduce race to class, and to minimize the extent and impact of racial discrimination. When racial antipathies are acknowledged, they are pervasively viewed as relatively benign.[2] That view impedes the development of policy prescriptions and programmatic responses to racial and ethnic discrimination.

The Latin American state organizes identity in ways that create the appearance of a colorblind or race-neutral society. However, states do

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[1] For more on indigenous rights gains in Chile, Colombia and Ecuador, see Brysk (2000).
[2] For the classic statement on the benign and harmonious nature of group relations, see Freyre (1986).

not merely respond to claims made by social and political groups. Rather, they play a fundamental and critical role in shaping racial identities (Nobles, 2000; Marx, 1998). In so doing, they may limit identity-based social and political organizing.[3] Data clearly show that discrimination based on skin color is a very real economic, social and political phenomenon (see Lovell, 1999; Lovell and Wood, 1998; Hasenbalg, 1979; do Valle Silva, 1994; da Silva, 1994). Constructing policies, laws and programs to address this situation is both imperative and feasible, and should not be held hostage to dead-end categorization debates.

Understanding Public Policy Outcomes

Delineating a public policy framework is necessary for understanding the extent to which indigenous and Afro-descendent political mobilization has promoted the creation and implementation of targeted public policies. Policymaking and implementation can generally be understood to encompass three overlapping yet analytically distinct phases: agenda, decision and implementation. The agenda phase is the process by which a policy issue is raised and placed on the agenda of a policymaking bureaucracy or political institution. The decision phase involves making a decision on the policy issue. The implementation phase involves carrying out the decision.[4] This is the most important phase, since it is by definition about the allocation of resources to groups targeted by a given policy.

Policies can pass through the entire process, or they can be stopped at any point. There are several ways that ethnic and racial political mobilization can influence policymaking. First, it can effectively raise an issue in public settings, which provides opportunities for debate, thereby contributing to raising issues and setting agendas. Second, debate often influences state actors to issue public statements, which can influence the procedures of state bureaucracies. Finally, actual benefits for ethnic and racial groups can result. As this chain of influence shows, mobilization can lead to the successful implementation of public policies.

Policies create frames of reference, incentives and accountability mechanisms for supporters and opponents. Societal groups, policy advo-

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[3] For an analysis of how these issues affect black political representation in Brazil, see Johnson (1998a).

[4] For conflicts involved in the policymaking process, see Thomas and Grindle (1990).

cates in government bureaucracies, and policy reform opponents can all use the policies to advance their political agendas. Policies help to promote accountability by providing leverage to and credibility for both aggrieved groups and internal reformers. Accountability is difficult to achieve if there is no agreed-upon institutional benchmark for evaluation. Institutions can be challenged more readily if there is a standard to which they can be held, especially if there is an ethos of professionalism among the staff. Policies are these standards, or rather, norms.

Policies also provide the basis for counter-mobilization. For reform opponents, policies can provide reference points for backlash, with arguments advanced about why a policy is untenable and how it can be altered—weakened—to become more "efficient." For example, Brazil's indigenous population made real gains in land rights in the late 1980s and early 1990s. Counter-mobilization by landed interests, private and public developers, and others contributed to government retrenchment on expanding and protecting indigenous reserves.

Implementation of ethno-specific policies for Afro-Colombians is another example. After significant progress in the mid-1990s, the current administration of President Álvaro Uribe has reduced government commitments to implementation of Law 70 and other policies for Afro-Colombians.

Thematic Cases from Latin America: Land Rights and Census Reform

Thematic case studies from Latin American countries show both the possibilities and limits of ethnic and racial political mobilization. In some instances, mobilization led to the creation of a public policy, but not to policy implementation. In others, group mobilization had no impact on policymaking at all. The cases do not attempt to cover all countries, but they do represent the diversity of experience.

For indigenous groups, mobilization has often focused on assertion of a separate, distinct ethnic identity; territorial rights and autonomy; the disposition and use of natural resources; and bilingual education. Afro-

descendent groups, in contrast, have tended to focus on public policies that emerge from an acknowledgment of racial discrimination. They have campaigned around census categories, affirmative action policies, and constitutional recognition and land rights for rural, slave-descended groups.

Afro-descendent Land Rights

Constitutional reform became an integral part of the Latin American political landscape as democratization swept the region in the 1980s. While these documents often legally enshrined authoritarian enclaves that shaped the emerging democratic regimes, they also contained elements that held out the promise of promoting popular interests. The recognition of land rights for Afro-descendents was one important example. Transitory Article 68, adopted as part of the Brazilian Constitution in 1988, recognizes the land claims of the country's communities of descendants of escaped slaves, known as *quilombos*.[5] Colombia gave constitutional recognition of the land rights to Afro-descendents on the Pacific coast in 1991 through Transitory Article 55, with the approval of Law 70 in 1993.[6] Article 83 of Ecuador's 1998 Constitution granted Afro-Ecuadorians collective rights for ancestral lands. In Belize, Guatemala and Honduras, the Garífuna people are similarly recognized. They occupy an autochthonous or "indigenous-like" status based on their separate and traditional language and culture, as well as indigenous descent. Creoles in Nicaragua occupy a similar position based on their historic relationship with the Miskitu and other indigenous peoples in the Misquito Kingdom and Reserve.

In all of these countries, black political mobilization—albeit often by relatively small numbers of urban-based activists—contributed to constitutional reforms.

Several communities in Brazil, Colombia, Ecuador and Honduras even have succeeded in translating constitutional reform into actual land titles, which are often collective. Collective titles are the ana-

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[5] For anthropological approaches to *quilombos*, see de Almeida (1996). For titling, see Coordenação Estadual dos Quilombos Maranhenses (1996) and O Estado do Maranhão (1996). For an analysis of successful government relations with *quilombos*, see Morrison (1997).

[6] For more on Afro-Colombians, see Arocha (1992) and Cifuentes (1993). For more on land titling of black lands in Choco, see Ministerio del Medio Ambiente and INCORA (1999). For a grassroots activist's perspective, see Murrain (1998).

logue to communal titles, which are often given to indigenous groups, and are given to community organizations that are representative of Afro-descendent communities in a given geographical area.[7]

The legal logic behind ethnically based land claims can be both empowering and exclusionary—empowering insofar as it accepts the legitimacy of deeply rooted and ethnically distinctive community identities, and exclusionary in that it requires strict ethno-historical "proof" that draws potentially controversial boundaries within and between communities, excluding numerous communities that are unable to generate acceptable documentation. The point here is that government reforms are often partial at best. This set of requirements is in striking contrast to indigenous land rights. Proof is not required, and there are more extensive provisions for indigenous groups, including the right to local self-governance.

National provisions for representation and inclusion must be constructed at local, regional and even international levels through conflictive and sometimes even outwardly violent struggle.[8] Successful campaigns for Afro-descendent land rights resulted from the work of well-organized community-based organizations that aligned themselves with more powerful actors, both vertically and horizontally. Rural Afro-descendent communities have benefited in particular from the transnational indigenous rights movement.[9] Like indigenous people, rural Afro-descendents positioned themselves as a distinct ethnic group within national society and also as protectors of the environment. They successfully appropriated the indigenous movement's organizational framework (McAdams, McCarthy and Zald, 1996).

Several lessons arise from this analysis. First, constitutional reform—which emerged in large measure from Afro-descendent mobilization—played a pivotal role by extending governmental recognition of Afro-descendent land rights. Second, the political mobilization of indigenous groups benefited Afro-descendents, who used their strategies and tactics and indirectly leveraged their internationalization. This point is particularly important because it shows the possibilities and limits of

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[7] Unlike communal titles, however, collective titles generally do not have provisions for local self-governance.
[8] See Fox (1990) on different aspects of rural democratization.
[9] For country and region-specific experiences, see Van Cott (1994). For an analysis of the origins and development of the indigenous rights movement in Latin America, see Brysk (2000). For a discussion of how neoliberal reforms have contributed to indigenous peoples' mobilization, see Yashar (1999).

nationally-based political mobilization. By gaining international support, Afro-descendents were able to bring political pressure to bear on national governments to push them into titling lands.

Census Reform

This section reviews several countries' experiences with censuses, to determine why questions on race—in particular relating to African ancestry—appeared or will appear on national censuses. Some countries with significant numbers of people of African descent, such as Venezuela, have constitutional mandates that have been interpreted as prohibiting the inclusion of questions about racial origin on national censuses.

    Brazil. A major part of the Afro-Brazilian movement's strategy involves developing a constituency that identifies itself as black. Afro-descendent activists argue that Brazil is a black country. This claim, however, has not been reflected in the census numbers. In the early 1990s, activists developed a strategy to change the way the census asked about origin (Nobles, 2000). They campaigned to encourage Brazilians to check a darker color on the census form, and they lobbied the National Institute of Geography and Statistics (IBGE) to include race as well as color on the census schedule. Activists wanted Brazilians to focus on racial origins and not physical appearance. The line of thinking was that Brazilians tended to identify themselves as "white" or other nonblack categories, which increased the official number of white Brazilians. It was argued that a census campaign encouraging Brazilians to identify with their African roots would give a more accurate count of the number of Afro-descendents and also add to the movement's constituency.

    In the end, the census bureau did not respond to all the campaign's demands. The terms "race" and "indigenous" were added and the question asked was, "What is your color or race?" Race applied only to indigenous peoples, and that group was singled out for racial identification only because the World Bank requested this information to help in developing a land titling initiative (Nobles, 2000, p. 7). The categories thus available for Brazilians to check were white, brown (the "mixed" cat-

egory), black (not negro but *preto*, which is used for objects), yellow (usually for those of Asian descent), and indigenous (indigenous peoples had previously been counted as *pardos*).

Colombia. Colombia's national census bureau includes questions on racial origin. The involvement of Afro-Colombians and indigenous groups in census politics began in 1991 as part of a broader process of democratization and the writing of a new constitution. Indigenous groups had direct representation in the Constituent Assembly (two seats are reserved for them in the Colombian Senate). Afro-Colombians relied on their political and cultural links with indigenous groups to press their demands at the regional and national level, as they did not obtain direct representation.

The participation of Afro-Colombian and indigenous organizations played a key role in the acceptance in 1993 of their demands that they be counted in the national census. The process was furthered by decentralization, which required that resources be transferred to the indigenous reserves (*resguardos*). That, in turn, required that data on their populations be collected.[10]

Significant controversy still exists, however, over the wording of the question. There is a conflation of categories. "Afro-Colombian" generally refers to Afro-descendents on the Pacific coast who have special protection and rights under the Colombian constitution. The term generally does not apply to the rest of the black population, which is more integrated into national society. The imposition of "Afro-Colombian" to cover the entire black population may prove problematic for constituency building purposes. A more flexible approach that acknowledges the country's history of mixing might be more politically useful and accessible to the country's black population. Some Afro-Colombian activists argue for expanding the number of ethnic groups, while others opt for a simplified question that lists the possibilities (such as mulatto, negro and Afro-Colombian) separately. It is not clear what the census bureau will decide.

Costa Rica. Until the 2000 census, the government of Costa Rica did not ask questions about race, even in household surveys.[11] The last

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[10] Personal correspondence with Carlos Medina, October 2000.
[11] This section draws from Allen (2000).

census to register information about race or color took place in 1950. Data on the racial composition of the country is difficult to find. What data did exist during that 50-year period was generated by non-Costa Rican institutions, such as the Minority Rights Group of England (Allen, 2000, p. 4). Efforts to collect data by racial origin had been hampered by official government policy that declared such activities to be discriminatory. This claim was based on Article 33 of the Costa Rican Constitution, which affirms that all people are equal before the law and that discrimination against human dignity will not be tolerated. Moreover, the country maintains the informally espoused view that Costa Rica does not need a racial category on the census because it is homogeneous.

Nonetheless, there was some demand for data on the country's ethnic composition. Local and foreign researchers requested information, as did civil society groups working on development in Afro-Costa Rican and indigenous communities.[12] The *Asociación Proyecto Caribe*, an Afro-Costa Rican NGO, took advantage of this demand, and in August 1999 raised the issue of census data on race with the Human Rights Commission of the Chancellor of the Republic. In December 1999, *Proyecto Caribe,* along with NGOs from indigenous and Afro-Costa Rican communities, the Chancellor of the Republic, and advisors to Representative Joycelin Sawyers, presented its concerns about the lack of information on the country's racial composition to the National Institute of Statistics.

The Human Rights Commission wrote a letter to the census bureau questioning whether the bureau was in compliance with international covenants against racism and discrimination signed by the Costa Rican government. The letter also stated the commission's support for *Proyecto Caribe*'s initiative, which served to legitimatize and empower the claims made by *Proyecto Caribe* and other civil society organizations. The census bureau agreed to place question 6 on the 2000 census, which asks respondents to identify themselves as indigenous, Afro-Costa Rican or Negro, Chinese, or none of the above.

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[12] Author's interview with Donald Allen, October 2000.

Regional Progress through Dialogue

Dialogue has also helped advance the issue of addressing identity through national censuses. For example, representatives from census bureaus throughout the Americas, multilateral institutions, and civil society organizations representing Afro-descendent and indigenous communities attended an international conference in 2000 in Cartagena, Colombia entitled "Everyone Counts: Ethnic Groups in National Censuses." The conference addressed questions centered around why and how governments should ask about race and ethnicity on their censuses. To build knowledge and consensus, working groups focused on concepts and methodologies for determining ethnicity in censuses; variables to determine socioeconomic status of ethnic groups (including the issue of comparability across censuses); and civic participation (outreach, training, general implementation issues).

A follow-up conference in Lima, Peru in 2002 encouraged more countries to collect data on race and ethnicity, enabled participating census bureaus to share regional experiences in data collection, provided support to countries with upcoming national censuses, and promoted greater use of data on race and ethnicity for analysis and policymaking. All 18 participating countries brought teams to the conference that included representatives from Afro-descendent and indigenous organizations, a census official, and a government representative from the social policy sector (Mazza, 2002).

A key outcome of the second conference was the high level of productive and balanced participation by indigenous and Afro-descendent groups. Participants agreed that indigenous and Afro-descendent groups need to be involved in all stages of the census process. This includes developing, implementing and assessing census data; training Afro-descendent and indigenous people to help conduct the surveys and interpret the results; and carrying out education and awareness-raising activities among excluded groups (Mazza 2002, p. 3).

Participants identified major advances in data collection on indigenous groups. Many censuses now ask questions about self-identifi-

cation, the language spoken during the respondent's childhood and in the respondent's household, and the respondent's mother's language. Though somewhat imprecise as a tool, language questions are less loaded politically than overt questions about ethnic identification. Despite these gains, underreporting and undercounting remain a challenge, though special censuses and household surveys may help address them.

For Afro-descendents, progress has been slower. Only Brazil, Colombia, Costa Rica, Ecuador, Honduras and Jamaica (and, soon, Peru), collect data on Afro-descendents.[13] Guatemala's recent census asks a question on native language and includes Garífuna as a choice, though not all people of African descent speak Garífuna.

Questions still remain on how to define racial identity in different national contexts, despite an agreement reached by some leaders at the United Nations Conference against Racism in 2001 in Durban, South Africa to use the term "Afro-descendent."[14] Census bureaus were urged to develop and test Afro-descendent household surveys and special censuses that draw from indigenous surveys.

Lessons

While both Afro-descendents and indigenous groups face discrimination and social exclusion, the issues of categorization confronting them are different conceptually, politically and organizationally. For example, with the exception of the Garífuna, Afro-descendents are not identified as a "people" in the way that indigenous populations are. Between the first and second "Everyone Counts" conferences, Afro-descendents succeeded in honing their focus and message, and made more concrete suggestions about how to capture Afro-descendent identity.

Such civil society mobilization has an effect on what census bureaus do. In Colombia and Costa Rica, effective advocacy, public education and lobbying sensitized census officials and prompted strong political

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[13] The 2001 Honduran census had a self-identification question with the category "negro-inglés and garífuna," but not Afro-descendent or Afro-Honduran. Colombia's census in the early 1990s had a racial self-identification question that elicited a response widely considered to be low for the actual population. The next census takes place in 2005.

[14] This term is contested by many who self-identify as "black."

support for such questions. In many instances, census officials have been made more aware of the shortcomings of current census methodologies and of the need to incorporate the concerns of excluded populations.

In Costa Rica and Brazil, the involvement of more powerful institutions strengthened the work of activists. The Inter-American Development Bank, for example, has provided loans to support the development and implementation of national censuses in Bolivia, Ecuador, Honduras, Guatemala and Paraguay. These financings can directly support the development and testing of questions on race and ethnicity in rural and urban settings, as well as sample surveys that support censuses.

Ethnic and Racial Mobilization and Public Policy Outcomes in Selected Countries

Black political mobilization in Central America has strengthened considerably in recent years, especially in Costa Rica and Honduras, which along with Panama all elected self-identified Afro-descendent political representatives who are pressing for targeted development programs. A few years ago in Honduras, well-organized Garífuna from the Mosquitia elected Olegário Lopez, a Garífuna, as mayor. Last year Lopez was elected alternate deputy in the National Congress.

With the exception of Guatemala and Panama, organization and mobilization by indigenous groups in Central America—while stronger than among Afro-descendents—is weaker than in South America. Among Afro-descendents in South America, years of Afro-Brazilian political mobilization has contributed to changes in behavior in Brazil. Afro-Ecuadorian organizations are less well organized and have not yet reached the level of institutional development of indigenous groups.

Honduras[15]

Honduras has nine recognized ethnic groups. Seven are indigenous groups—Miskito, Tahwaka, Pech, Nahuas, Chortis, Lenca and

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[15] This section draws from several unpublished papers by Mark Anderson of the Department of Anthropology at the University of Texas-Austin.

Tolupanes—and two are primarily of African decent, Garífunas and Criollos. The Afro-descendents have the same status as indigenous groups and are viewed as having distinct cultures with accompanying rights. Unlike their counterparts elsewhere in Latin America, indigenous and black organizations in Honduras have worked together since the late 1980s to advance their political agendas.

While indigenous and Afro-Honduran organizations began to organize in the 1970s, it was not until the 1980s that coordinated efforts took place. Following a 1987 meeting organized by a prominent Garífuna economist in the government planning agency, indigenous and Afro-Honduran leaders issued demands to the Honduran government calling for bilingual education, direct political participation in Congress, local political autonomy, rights to exploitation and commercialization of resources, improved infrastructure, and land rights. Two primary vehicles eventually emerged from the meeting for joint indigenous and Afro-Honduran political mobilization. The first was a technical NGO with both indigenous and Afro-Honduran representation, and the second a larger confederation of indigenous and black organizations that has evolved overtime.

The political mobilization did in fact affect public policy. The government recognized the groups' "autochthonous" status in 1994. The president signed an accord recognizing Honduras' multicultural and multi-ethnic character, ratifying the International Labour Organization's Convention 169, and legalizing bilingual education. A key demand for both the indigenous and the Garífuna is land rights. Garífuna organizations lobbied for a World Bank-funded research study in 2002 on land tenure issues in 15 Garífuna and 15 Miskito communities. The results are being used by the two groups in their negotiations with the government.

Public protests and debates also targeted proposed reform of Article 107 of the Honduran Constitution, which bars foreigners from owning land within 40 kilometers of national borders or the ocean. Those favoring reform of the article argued that it discourages desperately needed foreign investment for the development of tourism. Indigenous and Afro-Honduran activists argued that changing this con-

stitutional provision would have a negative impact on their land. Together with labor, rural and environmental groups, the activists formed the National Front for the Defense of National Sovereignty. After violent protests on October 12, 1999, the National Congress agreed to drop efforts to reform Article 107.

Several lessons emerge from Honduras, where black organizations are politically more advanced than their counterparts elsewhere in Central America. The organization and cohesiveness of ethnic and racial groups is key. Indigenous and Afro-Honduran organizations worked together to advance a common political agenda, strengthening their claims before the government. Still, while mobilization successfully pressured the government to shelve laws that negatively affect ethnic groups, it has been less successful in promoting implementation of agreed-upon policies and laws.

Panama

There are three distinct groups of Afro-descendents in Panama: Afro-Hispanic, Afro-Caribbean, and Afro-Darien. Afro-Hispanics are native Spanish speakers, descendants of slaves brought to Panama centuries ago. The Afro-Caribbean population is composed of Afro-descendents whose forbearers came to Panama in the early part of the 20th century to work on banana plantations, the railroad on the Caribbean coast, and the Panama Canal. The Afro-Darienistas are a mixed population. Some are native born, while a good number are immigrants from neighboring Colombia who left because of civil conflict or to search for better opportunities. Panama's black population is concentrated in four provinces: Panama; Colon and Bocas del Toro, both on the Caribbean coast; and Darien.

The lack of clearly identified categories for Afro-descendents has hindered identity-based organization and mobilization. The 2000 census did not include questions on racial or ethnic origins. A number of activists raised this issue with census officials, but were unsuccessful in changing the census schedules. Afro-Panamanians have engaged in political mobilization sporadically in recent years, focusing primarily on discrimination.

They have yet to develop a coherent policy agenda, which explains in part why Panama's political institutions and parties have remained largely unresponsive to the country's Afro-descendent population.

Panama has several indigenous groups—Kuna, Ngobé, Emberá, Bugle, Wounaan, Naso-Teribe, and Bri-bri—that total 200,000 people, or 8.4 percent of the population. Government-created territorial and administrative-political units for indigenous groups, called *comarcas*, require demarcation and legalization, and there are provisions for self-governance through representative indigenous congresses. The Kuna, Emberá-Wounaan and Ngobé-Bugle have *comarcas* as well as collective lands, which are set aside for indigenous groups but do not have local autonomy.

The state has responded to some demands but not to others. Usufruct rights (territory, flora, fauna and water) are recognized, but not full control or ownership. Pressing the legislature to fulfill constitutionally mandated laws to recognize and demarcate *comarcas* has been the most difficult issue. Struggles to create *comarcas* among Panama's seven indigenous peoples has been ongoing since the early 1900s. The Kuna were the first indigenous people in Panama to mount a campaign for self-determination. Through massive protest and armed resistance in the 1920s, the Kuna expelled foreigners from their territory in San Blas and pressured the government into granting them a *comarca*.

The Embera-Wounaan Congress was established in 1968 to secure legal recognition of land claims. To date, it has achieved two major goals: legal recognition of the *comarca* in 1983 and physical demarcation in 1993, and development of the *carta organica*, the legal document guiding the functioning of the *comarca*. Central to the success of the Embera-Wounaan in securing physical demarcation of their *comarca* was the protests accompanying the 500 year anniversary of Columbus' arrival in the Americas. Indigenous leaders engaged in public protests, demonstrations and mass marches to Panama City to demand recognition and demarcation of their territories, forcing the government to make concessions.

The Ngobe-Bugle Congress was founded in 1940 and attained physical demarcation of its *comarca* in 1997. The contentious relationship

with the state has given rise to public protest tactics and strategies on the part of the Congress. For example, the Ngobe-Bugle have organized large marches, hunger strikes and student demonstrations. These actions set the stage for negotiations and proposals with government officials involving demarcation of the *comarca*.

The experience of black and indigenous groups in Panama offers several lessons. First, indigenous groups have been organizing for decades. While they have succeeded in creating several *comarcas*, there has been little impact on the question of ownership of natural resources within *comarcas*. The government agency charged with indigenous development is underfinanced and understaffed, which prevents it from translating its receptiveness to indigenous demands into concrete outcomes. Second, while individual indigenous groups are well organized, there has been little collaboration between groups. There is an indigenous coordinating body—COONAPIP—but it is extremely weak and lacks the most basic resources. Finally, at least part of the government's unresponsiveness to Afro-Panamanians relates to their relatively low levels of political organization and mobilization. To date, there has been little collaboration between Afro-Panamanian and indigenous groups, unlike in Honduras.

Brazil

Brazil is often referred to by Afro-Brazilian activists and many non-Latin American social scientists as the nation with the largest black population in the world, outside of Nigeria. The 1991 census data place the country's *pardo* (brown) and *preto* (black) population at half the country's total population of nearly 170 million. These numbers are used by Afro-Brazilian activists to make the argument that Afro-descendents represent an important constituency for targeted public policy.

The black movement reemerged during the waning of authoritarian rule in Brazil in the late 1970s (Hanchard, 1993). While much organizing among self-styled black activists has revolved around reappropriating the African elements in Brazilian culture, there have been some efforts to effect change in the policy arena. In addition to the 1991 census

campaign, Afro-Brazilian activists have focused on workplace discrimination, unequal administration of justice, limited access to elite governmental and educational institutions, and affirmative action.

Afro-Brazilian organizations have used several strategies to advance anti-discrimination policies and programs. They have become more involved in formal politics, fielding a number of candidates for local and national office. Afro-Brazilian activists have pursued litigation strategies through the country's court system, appealing to the 1988 Lei Caó, an anti-discrimination law. They have also lobbied government bureaucracies such as the Ministry of Culture and Ministry of Labor, and made appeals to standards and norms in international conventions. Two legal instruments have been particularly relevant to Afro-Brazilian mobilization: the International Convention on the Elimination of all Forms of Racial Discrimination, and the International Labour Organization (ILO) Convention 111, which calls for nondiscriminatory salary equity and workplace practices. Article 2(2) of the ILO Convention has been interpreted as requiring signatories to develop targeted policies when necessary (Reichmann, 1995 and 1999).

Years of Afro-Brazilian political mobilization contributed to concrete changes in state behavior. Under the administration of President Fernando Henrique Cardoso, the Education Ministry developed targeted support for Afro-descendents to gain access to higher education. However, proposed programs targeting Afro-Brazilians existed only on paper or were redirected toward other disadvantaged groups (Reichmann, 1995). Major changes have taken place under the administration of President Luis da Silva. Several high-profile ministries are occupied by Afro-Brazilians, such as the Ministries of Culture (Gilberto Gil), Assistance and Social Promotion (Benedita da Silva), and Environment (Marina Silva). Perhaps more importantly, the government has established the office of the Special Secretary for the Promotion of Racial Equality, headed and staffed by Afro-Brazilians, many of whom were involved in social movement activity.

This Special Secretary office has launched three major initiatives targeting Afro-Brazilians: one focused on employment, another on edu-

cation, and one on *quilombo* land rights. The employment program, in conjunction with the Ministry of Labor, focuses on generating employment for Afro-Brazilian youth. The education program, sponsored in conjunction with the Ministry of Education, focuses on opening up spaces in Brazil's federal universities for Afro-Brazilians. The program is promoting quotas, which are controversial. The land rights program is working with an Interministerial Working Group to develop a regulatory framework for implementing constitutional land rights.

Afro-Brazilian political mobilization has contributed significantly to the major changes taking place in Brazil. The government has responded to racially-driven demands by creating a plethora of new programs to promote racial equality. However, resources for program implementation, law enforcement and policy implementation are uneven. The Special Secretary office is still very new, and is seeking agreements, partnerships and consultation with a range of actors within Brazil as well as in the United States and sub-Saharan Africa in order to develop effective targeted public policies and laws.

Ecuador[16]

Estimates of the number of indigenous people and Afro-Ecuadorians vary widely from between 3 and 35 percent of the total population. While indigenous groups are dispersed throughout the country, Afro-Ecuadorians tend to be concentrated on the coast and in the sierra.

Indigenous groups are most distinguished by their sense of community. In the eastern and coastal parts of Ecuador, indigenous groups maintain communal territories, which have political organization. Afro-Ecuadorians in Esmeraldas are the descendants of escaped slaves. In northern Esmeraldas, Afro-Ecuadorians maintain *comarcas* with communal titles. Unlike the indigenous movement, Afro-Ecuadorians have important bases in urban areas such as Guayaquil and Quito.

Indigenous groups in Ecuador are well organized, with representation at the local, provincial and national levels. The most power-

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[16] This section is based on Renshaw and Piedra (2001).

ful organization is the *Confederación de Nacionalidades Indígenas del Ecuador* (CONAIE), which represents various indigenous communities. While indigenous organizations have different political ideologies and interests, they are extremely effective at coordinating their mobilization and political messages, which is why they have enjoyed considerable political influence.

The experience of Afro-Ecuadorian organizations is very different. The *Confederación Nacional Afro-Ecuatoriana* (CNA) was founded in 1999 to represent Afro-Ecuadorian organizations. However, it does not have a formal structure to connect to regional or local organizations. Other Afro-Ecuadorian organizations are based in Guayaquil, and one of them, *Proceso Afroamerica XXI,* is affiliated with a Washington, D.C.-based organization. While local Afro-Ecuadorian organizations have not reached the level of institutional development or political maturity of their indigenous counterparts, they have benefited from the spillover effects of indigenous mobilization. However, there is no substitute for actual organizing and independent political mobilization.

Ethnic political mobilization can help international institutions develop programming to reach targeted populations, and can support project implementation by encouraging government agencies to view societal groups as partners rather than obstacles in the development process. Such a situation has evolved with Ecuador's Social Investment Fund, the first phase of which (FISE I) was financed by a $30 million loan from the Inter-American Development Bank in 1994. The Fund financed projects developed by the Ecuadorian government (45 percent), popular organizations (30 percent), and NGOs (12 percent). However, the Fund's demand-driven approach required that project proposals meet certain criteria, and as a result, projects supported by FISE I did not necessarily reach the poorest communities or reflect community priorities.

To better target poor communities, the project's second phase (FISE II) focused its activities on the poorest cantons. FISE II did not focus on developing mechanisms to ensure that indigenous and Afro-Ecuadorian would benefit, but the project focus changed following widespread political mobilization by the country's various ethnic groups in

March 1999. This resulted in the signing of agreements between FISE and three ethnic groups: CONAIE, CNA, and the *Federación Ecuatoriana de Indígenas Evangélicos* (FEINE).

The agreement with CONAIE was the only one that was implemented. Project coordination between FISE and CONAIE-affiliated organizations at the provincial level involved exchange of information about participating indigenous communities, designation of regional coordinators, prioritization of communities, a consensus-driven approach to project selection, involvement of local consultants in the design and execution of projects, and review and approval of alternatives. In general, the agreement improved community and project selection and prioritization.

Despite these important gains for indigenous communities, however, the agreement did not lead to greater participation by indigenous groups in project development or implementation. Almost all contracting occurred nationally through Quito-based firms. Thus, indigenous mobilization mattered for the shape of the overall FISE program, but not for actual implementation

The FISE agreement with CNA identified four projects that were not implemented. Two projects were prepared and approved but not financed, and two others were approved, but were not technically feasible. In addition to FISE's financing and technical problems, coordination was poor between FISE and civic and ethnic organizations based in Esmeraldas.

FISE administrators bear some responsibility for these problems. They were often not open to collaborating with indigenous organizations, despite their high levels of cohesiveness. This unwillingness on the part of the government to work with ethnic groups in civil society is a common problem in Latin America. FISE did not keep proper track of its resources, so projects for which there was no money for implementation were approved. The menu of projects available to indigenous and Afro-Ecuadorian communities was small. To be truly responsive to community-driven demands, funds should be more flexible in supporting a broader range of projects.

It is difficult to measure the impact of the Social Investment Fund on indigenous and Afro-Ecuadorian communities. Impact was

small in terms of actual projects, although 113 of 127 proposed projects were carried out, covering a population of well over 1 million people. Politically and socially, FISE's impact was perhaps greater. There was coordination between government and indigenous organizations, despite problems. If these engagement mechanisms between government and civil society were to be refined, they could serve as a model for future ethno-development.

Specific mechanisms are needed to target indigenous and Afro-Ecuadorian communities. Otherwise, there is no guarantee that resources designed to reach the poorest of the poor (who are usually indigenous and black) will actually reach them. Ethnic and racial organizations know their communities best and are able to identify and prioritize needs and coordinate relations between government agencies and their communities. Government agencies must be willing to develop meaningful partnerships with civil society groups that go beyond using them as facilitators of community access. The agencies should develop decisionmaking structures that involve representatives of these groups and should view ethnic and racial organizations as central to project implementation and monitoring. Finally, efforts should be made by government development agencies to hire community members during project implementation. Working through and with local organizations can reduce project costs and increase community buy-in and support for development initiatives.

Colombia

Afro-Colombians have experienced both gains and, more recently, serious setbacks. Their political mobilization led not only to the passage of Law 70 and titling of their lands on the Pacific coast,[17] but also to the election of numerous Afro-Colombian mayors, many of whom belong to the Association of Afro-Colombian Mayors. Moreover, the Colombian government prepared a four-year national plan (1998-2002) for development of the Afro-Colombian population and a pluri-ethnic and multi-cultural nation. Little of that plan has been implemented, however, and in fact,

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[17] Passed in 1993, Law 70 mandates a collective land titling program and has granted land to Afro-descendents living on the Pacific Coast.

numerous government commitments created under Law 70 now have been scaled back or dissolved.

Recommendations

Indigenous Groups

Organization, coordination and political sophistication among indigenous groups have contributed to their effective political mobilization, which has resulted in targeted legislation (land, bilingual education) and public policy. However, indigenous political mobilization has been less effective in pressuring governments to implement agreements.

Several factors seem key to implementation. The government agencies responsible must have adequate human and financial resources, and there must be coordination between these agencies and the ethnic communities that will implement projects, along with the necessary financial and institutional resources. Internal capacity among indigenous organizations is therefore critical.

Afro-descendent Groups

Afro-descendent organizations have progressed quickly since the democratization of Latin America. Still, improving internal financial and organizational capacity remains a key priority. These groups also need to develop and hone a common message and present a united front in dealing with governments and international institutions. More collaborative working relationships will increase the likelihood that the policies, programs and laws for which Afro-descendent groups lobby will be adopted and implemented.

Because of resistance to the assertion of a "black" identity, Afro-descendent organizations should continue to press for census reform, as

well as the development of other measuring instruments and surveys. These will facilitate the development of targeted public policy and programming. Afro-descendent organizations need to be careful about borrowing too heavily from the experience, tactics and strategies of their black counterparts in the United States. The structures of government and racial categories are quite different in the United States than in Latin America and the Caribbean. Moreover, some of the very policies being championed by Afro-descendents in the region are being challenged and rolled back in the United States.

Governments

Latin American governments need to view racial and ethnic political mobilization as a positive development. For their targeted public policies and programs to be effective, governments need to work with indigenous and black organizations in such a way that they are viewed as partners in implementation and not as obstacles. Governments should work with ethnic organizations to identify skilled community representatives to work in government agencies responsible for project implementation. This would help to generate trust and mutual accountability on both sides. Governments also need to be open to joint decisionmaking with ethnic and racial groups, and to include them in all phases of policymaking, from design to implementation and monitoring. The development of ethnic and racial political mobilization has the potential to help governments deliver resources where they are most needed—to the most marginalized in society.

International Aid Agencies

To determine which policy initiatives to support, multilateral development banks must consult with civil society groups to understand community-identified needs. The development banks could help governments in identifying the technical, bureaucratic, financial and political resources necessary for policy implementation and could offer assistance

in securing the necessary resources. These institutions could also facilitate dialogue between indigenous and Afro-descendent groups and the government entities responsible for policy implementation. They could assist in developing participation strategies that span the entire project cycle, from the creation of policies to implementation.

In terms of strategy, international aid agencies might want to think in terms of "easy" and "hard" cases. The easy cases would include instances in which governments are responsive to the concerns of indigenous and Afro-descendent populations, but lack financial resources or technical assistance. The hard cases would include instances in which governments lack the political will and a range of other resources to address the concerns of ethnic groups.

Conclusions

In recent years, indigenous and Afro-descendent groups have mobilized to demand that targeted public policies and programs be placed on the political agendas of their governments. Dialogue and negotiation with government officials, marches on national capitals, hunger strikes, street protests and demonstrations, and even violent conflict with security forces have been used by indigenous and Afro-descendent groups to promote their issues. These actions have often led to new government policies.

However, policy creation does not guarantee implementation, an area where ethnic and racial groups have had less influence. Political mobilization is no substitute for the kinds of resources that governments need to make policy implementation happen. What it can do is mobilize political support for governments to seek out the resources that they need. Political, bureaucratic, technical and financial resources are necessary to implement policies targeted at ethnic groups in Latin America. Where implementation has been successful, all these resources have been available.

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CHAPTER 17

Lessons from Gender Quotas

Mala Htun

Women in Latin American and the Caribbean made impressive gains in education, health, income, legal rights and political representation in the final decades of the 20th century. They mobilized around gender identity to press demands on states, and states responded with several laws and policies intended to promote equality. In the late 1990s, more than a dozen Latin American governments introduced legislation to prevent and punish domestic violence, reformed civil codes and constitutions, adopted measures to improve women's health, and organized day care, literacy and microcredit programs. Ten countries adopted national laws to ensure a minimum number of female candidates in national elections, and another, Colombia, ensured a share of senior appointments in the executive branch for women. In other areas, most notably abortion, old laws endured and in some cases became more restrictive (Htun, 2003a).

Yet women are not the only underrepresented, marginalized and disempowered group in Latin America. The situation of Afro-descendents and indigenous peoples is arguably worse. Do women's successes in the struggle for equality offer any lessons for the region's other oppressed groups? This chapter considers this question from the angle of political representation, examining regional experiences with gender quotas in order to extract ideas for improving the participation of Afro-descendents and indigenous peoples in decision-making. The success of quotas in several countries shows that, when conditions are right, the state can promote par-

ity in decision-making. Yet the nature and dynamics of gender differ from racial and ethnic identities. Reserved parliamentary seats, rather than quotas in parties, might be more appropriate for racial and ethnic groups.

Gender Quotas

International norms, lobbying by female politicians and feminist activists, and the strategic interests of male politicians have combined to prompt Latin American countries to adopt national electoral quota laws (Table 17.1). On average, these laws have boosted women's presence in power by 9 percentage points, offering evidence that affirmative action can work. But their results have varied across countries (Table 17.2). In Argentina and Costa Rica, the changes were dramatic; in Brazil, Mexico and Panama, much less so. What explains the difference? The effectiveness of quotas depends on several factors, including the design of electoral institutions, details of the law, and enforcement mechanisms (see Htun and Jones, 2002).

Table 17.1. Countries with Gender Quotas

Country	Date of law	Quota share (%)
Argentina	1991	30 - Chamber and Senate
Bolivia	1997	35 - Chamber
		30 - Senate
Brazil	1997	30 - Chamber
Colombia	2000	30 - In appointed executive posts
Costa Rica	1997	40 - Unicameral
Dominican Republic	1997	33 - Chamber
Ecuador	1997	30 - Unicameral
Mexico	1996	30 - Chamber and Senate
Panama	1997	30 - Unicameral
Paraguay	1996	20 - Chamber and Senate
Peru	1997	30 - Unicameral

Source: Htun (2003b).

Table 17.2. Results of Quota Laws

Country	Legislative body	Women's share before law (%)	Women's share after law (%)	Change (%)
Argentina	Chamber	6	31	+25
	Senate	3	36	+33
Bolivia	Chamber	11	19	+8
	Senate	4	15	+11
Brazil	Chamber	7	9	+2
Costa Rica	Unicameral	14	35	+21
Dominican Republic	Chamber	12	17	+5
Ecuador	Unicameral	4	15	+16
Mexico	Chamber	17	16	-1
	Senate	15	16	+1
Panama	Unicameral	8	10	+2
Paraguay	Chamber	3	9	+6
	Senate	11	9	-8
Peru	Unicameral	11	18	+7
Average		9	18	+9

Source: Htun and Jones (2002) and author's calculations based on recent election results.

Electoral System

Quotas work best in closed-list, proportional representation electoral systems with placement mandates and large electoral districts. Voters vote for a party list, not for individual candidates, and party leaders control the placement of candidates on the list. The number of votes received by the party determines how many candidates from the rank-ordered list will be elected. The placement mandate requires that women be placed in "electable" positions (such as positions that alternate with men) on the party list. There is a reasonably direct relationship between the number of women candidates and the number of women elected.

By contrast, in an open-list, proportional representation electoral system, voters vote for candidates (exercising a "preference vote"), not for a party list. Though votes are pooled at the party level, the number of preference votes determines which candidates from the party will gain a seat. There is considerable competition among candidates from

each party for preference votes. There is a much less direct relationship than in the closed-list system between the number of women candidates and the number of women elected. A quota boosts the number of women contesting the election, but it does not direct voters to give women their preference votes. In Brazil's open-list system, the results of quotas have been disappointing, at least at the national level.

In a first-past-the-post or plurality electoral system, representatives are usually elected from single-member districts. Only one representative is elected per district, and the person gaining more votes than anyone else wins the seat. To date, no country has successfully applied a quota in such a system. In countries with mixed systems, where part of the legislature is elected through proportional representation and part through single member districts, quotas generally apply just to the part of the legislature elected by proportional representation.

Placement Mandates in Closed-list Systems

Placement mandates are critical to the success of quotas in closed-list proportional representation electoral systems. Since candidates are elected from party lists according to the order in which they appear, placement on the list determines the chances of being elected. Placement mandates require parties to place women in high positions on party lists. Without these mandates, political parties tend to comply with quotas in the most "minimalist" way permitted by law, putting women in the lowest possible places on the list (Jones, 1998). The Costa Rican quota law, for example, contained no placement mandate for the first two elections to which it was applied, and parties complied with the quotas by placing many women near the bottom of party lists, from which they stood no realistic chance of getting elected. When the Supreme Court issued a ruling requiring parties to adopt placement mandates, the presence of women in the Costa Rican parliament jumped from 19 to 35 percent. Argentina's success with quotas also owes much to placement mandates.

Details of the Law

Many quota laws fail to specify details of implementation. The resemblance among quota laws in countries with different electoral systems is striking, reflecting a lack of attention to the ways that electoral regimes condition the impact of quotas. Ill-designed laws leave considerable discretion to political parties to apply—or fail to apply—quotas as they see fit. The first Mexican quota law, approved in 1996, failed to specify whether the quotas should apply to regular candidates, alternates or both. As a result, political parties ended up complying with the 30 percent gender quota largely by including women as alternate candidates. In Mexico's national elections of 2000, 70 percent of alternate candidates were women. Mexico's law, which was revised substantially in 2002, also fails to specify how the quota law is to be applied in the 300 single-member districts that elect three-fifths of the Chamber of Deputies. Though the text of the Mexican law suggests that the quota applies to both the proportional representation and the plurality elections, sanctions for noncompliance are administered only for proportional representation elections.

Brazil's law also contains a loophole. It states that parties must reserve 30 percent of candidate slots for women, but does not require that parties actually fill these slots. Since Brazilian electoral law allows parties to present 50 percent more candidates than seats being contested in a district, a party may, in practice, present a full slate without including any women. For example, if a district elects 10 members to congress, each party is permitted to present 15 candidates. The quota law requires that parties reserve four of these slots for women. If a party is unwilling to recruit women, it may present 11 male candidates to the electorate and still not violate the law.

Oversight and Enforcement Mechanisms

For quota laws to be effective, parties must face sanctions for noncompliance. The strongest sanction is to have a party's list of candidates declared invalid and for the party to be excluded from the election. When

a quota law was first applied in Argentina in 1993, for example, very few party lists complied with the 30 percent quota for women. In response, networks of female politicians and feminist activists, spearheaded by the National Women's Council, challenged party lists in court. In most cases, electoral judges refused to validate the lists and sent them back to political parties (Durrieu, 1999).

Mexico's quota law also prevents noncompliant parties from contesting the elections (though these sanctions apply to proportional representation elections only; there are no sanctions for noncompliance in plurality elections). If a party's list fails to contain 30 percent women, or fails to place them in appropriately high positions on the party list, the Federal Electoral Institute will give the party 48 hours to correct the list. If the party still has not complied, the institute will issue a public reprimand and give the party an additional 24 hours to comply. After that, the party will be forbidden from contesting the election in the district (Baldez, forthcoming). What counts, however, is not just a formal penalty, but also the mobilization of civic groups to monitor compliance with the quota and report failure to the electoral authorities.

Voluntary Quotas

Quota laws work well in closed-list proportional representation systems with placement mandates, carefully drafted laws, and effective enforcement. In general, however, countries with the highest levels of women's representation use voluntary party quotas, not national laws (Table 17.3). Among the 10 countries in the world with the highest levels of women's representation, only one, Costa Rica, uses statutory gender quotas. Denmark, in second place, uses no quotas, although since political parties there used quotas until 1996, the prolonged use of quotas likely created norms of women's representation that endured even after the formal policies were abandoned. Cuba, in sixth place, also lacks quotas, though Cuba has experimented with various other forms of gender-based affirmative action. The remaining seven countries all have major political parties that use gender quotas.

As this suggests, the best way to promote women's leadership may be through party quotas. Many of the problems that limit the effectiveness of statutory quotas—electoral system difficulties, vague laws, weak sanctions and noncompliance—arise because states force quota rules on recalcitrant parties. When parties adopt quotas on their own initiative, these problems are less relevant. Those who want to will find ways to apply them, even in difficult circumstances. When these parties are electorally successful, the results can be dramatic for women's representation overall.

Table 17.3. Top 10 Countries Worldwide in Women's Representation

Country	Share of women in parliament (%)	Type of gender quota
Sweden	45	Main parties have 50 percent quota
Denmark	38	Main parties used to have 40 percent quota, but these were abandoned in 1996
Finland	38	No quota
Netherlands	37	Labor and Green parties use quotas
Norway	36	Main parties have 40 percent quota
Cuba	36	No quota
Costa Rica	35	Statutory quota of 40 percent
Iceland	35	Main parties have 40 percent quota
Austria	34	Main parties have 33-50 percent quotas
Germany	32	Main parties have 33-50 percent quotas

Women in Power

For many advocates, what counts is a rise not just in women's numerical presence, but also in substantive representation of their gender interests. They favor quotas as a means of generating greater discussion of feminist issues in the legislature and bringing about policies favoring gender equality. Have these wishes been fulfilled?

Comparative research is mixed. Studies from the United States show that women tend to be more active on feminist policy issues. They express a greater interest in women's rights and are more willing to focus their energies on these topics. Data from Argentina from the early 1990s

show that, on average, women were more likely than men to present bills and serve on committees related to women's rights and child and family issues (Carroll, 2001; Swers, 2002; Htun and Jones, 2002).

On other issues, however, elected women behave similarly to men. The Argentine study found no significant differences in legislative behavior on education, health, social security and the environment. Moreover, around 60 percent of women presented no bills related to women's rights or the family (Htun and Jones, 2002). Most female politicians do not make gender issues a central focus of their campaigns or legislative careers. Party identity, not gender, tends to be the main determinant of legislative behavior. As Rodríguez (1998, p. 8) concludes based on interviews with 80 Mexican women in politics: "Women's political loyalties, first and foremost, rest with the political party or organization to which they belong. Gender loyalty, for all practical purposes, comes in a (distant) second."

When women do mobilize around gender issues, there is evidence that what matters for policy change is not their sheer numbers but their degree of organization. The institutionalization of women's caucuses and multipartisan political alliances makes women's strength greater than the sum of their individual efforts. Meeting regularly, women get ideas from one another, lend mutual support, and curb the isolation many legislators had reported feeling in the past. Collective empowerment enhances effectiveness.

Many of the policy changes benefiting Latin American women were the fruit of multipartisan alliances of female politicians (Htun, 2003c). Studies of U.S. state legislators similarly reveal that women in legislative chambers who report meeting regularly with others were more likely to sponsor feminist initiatives than their counterparts in legislatures without a caucus. One study comparing legislatures in 12 U.S. states found that those with women's caucuses had a higher legislative output on feminist issues than states without them, irrespective of the number of women in the legislature (Welch, 2001).

Yet women have varied interests. To be sure, they may share common experiences by virtue of their positioning in a gender-struc-

tured society. Most cultures uphold a sexual division of labor that holds women responsible for child rearing, care of the sick and elderly, and household maintenance. But in other respects women are a diverse lot. As half of humanity, women cut across other social categories, and notions of the "social group" often used to characterize ethnic communities or religions may not apply to women. As noted in a report by India's Commission on the Status of Women (1974): "Women are not a community, they are a category. Though they have some real problems of their own, they share with men the problems of their groups, locality, and community. Women are not concentrated in certain areas confined to particular fields of activity…Women's interests as such cannot be isolated from the economic, social, and political interests of groups, strata and classes in the society."

This is one reason why gender quotas are increasingly accepted by political elites. Though the presence of women in leadership introduces new items to policy agendas, it does not substantively alter class relations, the partisan balance of power, or other aspects of the social hierarchy. Women belong to every social class, region, ethnicity, linguistic community and religious group. Gender rarely determines how one votes or what party one affiliates with (though on average, there may be small gender gaps in voting), and women do not form political communities apart from men.

Parliamentary Reservation and Ethnic Representation

The dynamics of ethnic politics differ from those of gender. In countries where ethnic identity is salient, it tends to overlap with party affiliation, voting patterns, and membership in other organizations. Ethnic communities are often coterminous with political ones. They may be residentially and occupationally segregated. Women and men, by contrast, tend to inhabit the same political and social spaces.

For these reasons, most countries around the world have integrated ethnic minorities into political life through parliamentary reservations (or reserved seats), not quotas in parties. What is the difference? Quotas,

as shown above, require that a minimum number of candidates fielded by political parties for legislative election be from a certain category of people. Reservations or reserved seats, by contrast, set aside a percentage of legislative seats for members of a certain group. These seats may be filled through competitive election in specially created districts (scheduled castes and tribes in India), election by voters registered on separate rolls (Maoris in New Zealand), designation by political parties (constitutionally recognized ethnic groups in Mauritius), or by the group member receiving the most votes in general elections (women in Taiwan).

The political dynamics of the two policies differ. Quotas intervene in party nomination procedures but do not affect the features of the electoral system that have been shown to exert the most powerful effects on the party system and structure, such as counting rules, the circumscription of electoral districts, or the structure of the ballot. As a result, quotas may be compatible with existing party systems and representational dynamics. They are appropriate for women, who tend to belong to the same parties and organizations as men. There are, however, some countries with reserved seats for women, though most of them are authoritarian or semi-authoritarian regimes without competitive party politics and elections. Exceptions (democracies with women's reservations) include India, where constitutional reforms of 1992 and 1993 created reserved seats for women in village councils, and Djibouti and Taiwan, where 10 percent of parliamentary seats are reserved.

Reserved seats introduce group-specific avenues of representation that circumvent the existing party and electoral system. These include the creation of separate electoral rolls, special electoral districts where only group members can compete, exceptions to counting rules such as lower representational thresholds, and the appointment of group members to the legislature. Rather than making space for group members within parties, as quotas do, reservations establish routes to power that do not require any connection to mainstream parties. They thus permit the continued separation of political communities and facilitate the electoral success of group-specific parties. When reservation levels are high, the legislature is divided among groups, each with its own party system and

representational dynamics. Examples include the parliaments of Belgium, Bosnia-Herzegovina, Cyprus, Fiji, and Serbia and Montenegro. Countries with small numbers of reserved seats for ethnic groups include Colombia, Croatia, Mauritius, New Zealand, Niger, Samoa and Venezuela.

Though the general trend is to promote ethnic representation through reservations, there are exceptions. The United States practices race-conscious districting to boost the presence of minority candidates in Congress. Other countries—including Denmark, Germany, Poland and Romania—apply a lower representational threshold to ethnic minority organizations than to mainstream parties. (In a proportional representation system, each party must receive a certain percentage of the vote to gain a seat; in these cases that percentage is reduced to facilitate minority representation). And there are bills being considered in the Brazilian Congress to establish racial quotas in political parties.

These types of legal and constitutional mechanisms are not without drawbacks. They require the state to identify in advance the groups deserving special privileges. Such choices open the door to favoritism, may produce discrimination, and run the risk of entrenching social divisions. An alternative is to adopt variations of proportional representation systems that effectively permit groups to define themselves (Lijphart, 1985; Guinier, 1994).

Some theorists believe it is better to ensure minority influence over politics than actual numerical representation in the legislature. Why not engineer electoral rules requiring politicians to seek minority support in order to get elected? Such rules—such as alternative voting and plurality plus distribution—would reward politicians who reach out across group lines to include previously marginalized people (Horowitz, 1991; Reilly, 2001).

Conclusions

The most important lessons of gender quotas concern the role of the state. Through proactive policies, the state can promote representational parity as long as attention is paid to the details of quota laws,

their interaction with electoral rules, and the development of enforcement mechanisms.

Numerical representation, however, does not always translate into changes in policy outcomes. Women have diverse interests, party affiliations and political priorities, and their legislative behavior reflects these differences. Nevertheless, on the occasions when women have come together, their organization has succeeded in introducing feminist concerns to policy agendas.

State policies can also increase the representation of indigenous peoples and Afro-descendents. But the type of policy will have to depend on the characteristics of the ethnic group in question. If ethnic groups are residentially segregated and constitute their own political communities and organizations, then quotas in mainstream parties will not work. If the underrepresented ethnicity is already integrated into the parties—such as blacks in Brazil—quotas may be more appropriate.

Options will depend on the type of electoral system. In a single-member district or mixed system, policymakers might want to consider reserving certain single-member districts for the exclusive election of group members (if district lines can be drawn around areas of high group concentration). In a proportional representation system, the representational threshold for ethnic minority organizations could be lowered to increase the chance that they can elect one of their own to Congress. Alternatively, the state could reserve seats in parliament for ethnic minorities and create separate voter rolls to elect group members to these seats.

Unlike the introduction of gender quotas in political parties, these schemes all require major changes to electoral regimes. They will be highly controversial. And the fact that ethnic representation is likely to introduce a different set of class, regional and linguistic interests into the political system will only enhance the controversy. Nonetheless, it is important to remember that when first proposed, women's suffrage also generated controversy. More recently, so did gender quotas—yet now, dozens of countries have them, and dozens more have political parties that adopted quotas voluntarily. The beginning of a discussion plants the seeds of change, though much work remains to shape its course.

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