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DEMOCRACY AND SOCIAL JUSTICE IN A CHANGING HEMISPHERE

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Introduction

Latin America at the end of the 1990s is a very different region than it was in the 1970s. The return to democratic rule, the fast evolution and increasing complexity of regional dialogue networks, the proliferation and development of regional integration initiatives and free trade agreements have changed the face of the region. As noted by the United Nations Development Programme, "in Latin America and the Caribbean nearly 90 general elections were held between 1987 and 1997. Democracy in this region has been strengthened and consolidated to the extent that no military *coups* have taken place in the last seven years."[1] As a result of these processes as well as of changes in the international arena, Latin America's relations with the outside world have also altered substantially, as new challenges and opportunities emerge with the tendency towards globalisation and the new flexibility resulting from the collapse of the bipolar system.

Despite the remarkable changes that have occurred in the region over the last three decades, however, some political and social issues have remained stubbornly on the agenda, suggesting an underlying level of continuity with the past. Foremost among these issues is the challenge of consolidating a fragile democratic rule in a context of persistent social inequity and poverty and concomitant high levels of political exclusion. Thus, concern with the links between equitable economic development and democracy continues to be a central question when thinking about Latin America.

Free trade advocates tend to view the market as the ideal mechanism to correct existing injustices, yet the "trickle-down" effect and remedial policies targeting the poorest sectors of society have proved to be insufficient to correct social inequities. Those in favour of regional integration, while agreeing with the need for open economies, view a more gradualist approach to liberalisation and a relatively more "protected" establishment of economies of scale among countries at a similar level of development as a means towards sustained economic growth and greater equity. But while the creation of economies of scale may increase wealth and stability, it does not of itself lead to greater social equity. After more than a decade of liberalisation, many are questioning the contention that "new democracies become stronger and more stable if they implement policies of economic liberalisation". Thus, there are "profound debates going on inside and outside Latin America over how to square the deep desire of newly democratising societies for representative and accountable government, citizenship and participation with the inequalities and injustices of market capitalism.[2]

Social equity is a priority if regional integration and free trade are to garner social and political consensus. Indeed, if social inequities are not addressed, the process of democratisation may be at stake. Not only is democratic legitimacy closely linked to the ability of regimes to deliver "social goods" and equity, but in Latin America the re-establishment of democratic rule is intricately tied with the return to free trade and regional integration as paths towards sustainable development.

1
The challenge of equity

It is not the first time that Latin America has faced the challenge of deepening democracy and bringing about greater social equity. Various recipes have been attempted to overcome what appear to be intractable obstacles. Today, the new formula found for development has met with wide consensus. It is based on the need to sustain and consolidate democratic rule, to promote market-based, liberal economic policies to ensure competitive economic development and insertion into the world economy and to participate in regional integration projects to promote technological, infra-structural, productive and competitive conditions within member countries.

Democracy, liberal economies and integration are not new in the history of the region. But their nature and the context in which they are taking place are different. There have been previous waves of democratisation – notably during the nineteenth century and in the period following the Second World War – but there are qualitative differences with the past. Today, the countries of the region are more "self-consciously democratic". Democracy is seen both as an end in itself and as a means to an end. On the one hand, greater value is now attached to democracy as a good in itself, both as a result of the experience of military authoritarian rule and the discrediting of alternative left-wing political regimes. On the other hand, democracy is seen instrumentally or as a means to an end: namely as the best way to avoid international political isolation and ensure optimal conditions for participation in the process of economic and political globalisation.

The region's economies were open in the nineteenth century and closely integrated into a world economy as "globalised" as today's in many respects. However, the previous period of liberal economics was not accompanied by close inter-regional links, as the region's countries tended to look outwards both in trade and political terms. Furthermore, in contrast with the past, conditions are more favourable for international economic opening insofar as the World Trade Organisation (WTO) can, in theory, "impartially" resolve trade conflicts and counter-act economic policies based solely on the power and interests of the most powerful countries in the international arena.

Latin America's republics have been "internationalist" since their foundation. However, in contrast with the past, the countries of the region are accepting the legitimacy of international intervention in issues once considered "domestic" and the need to lower traditional sovereign barriers to deal with problems that transcend the administrative and political capacities of individual states. In addition, they have a more positive attitude toward multilateral financial institutions. Not only have they already overcome the most "painful" period of adjustment, but free trade and financial probity as "sold" by the International Monetary Fund (IMF) or the World Bank has taken root within the region and is no longer viewed as an external imposition. The notion of "irreconcilable differences" with the developed countries shaping the politics of the "periphery" has been replaced by a more optimistic

engagement with the international economy and the developed world and by greater faith in the ability of poorer nations to benefit from participation in multilateral institutions.

Regional integration initiatives have also been undertaken before, notably from the latter half of the 1940s to the 1960s. These were based on the inward-looking import-industrialisation substitution model adopted in response to the international economic conditions at the time and to the contemporary view that the region was part of an underdeveloped "periphery". Today, countries have sought an open and competitive insertion into the world economy through regional integration. Furthermore, integration has led to a real growth in inter-Latin American ties. It has increased the importance of neighbouring countries, placed new emphasis on the formulation of policies by groups of countries rather than on a country-by-country basis, and led to the discovery and development of common interests as well as greater political proximity and mutual trust. This new regionalism, as exemplified by the Mercosul, the Andean Community and NAFTA, as well as other integration initiatives in Central America and the Caribbean, is perhaps the greatest novelty in the region and the one affording greatest hopes for growth and development.

There is a general consensus regarding the desirability of democratic rule, free trade and open integration, but the problem of how to combine the former with social justice has not been resolved. Despite the achievement of greater macro-economic stability and economic growth, social indicators show that living standards have continued to deteriorate for a large part of the population. In many countries, the number of poor has increased dramatically in absolute numbers and the distance between the rich and the poor has grown. The 1990s have been characterised by the unequal distribution of the costs of adjustment and resumed growth has been accompanied by a highly inflexible pattern of income distribution.

According to the Economic Commission for Latin America and the Caribbean (ECLAC), economic growth in the region averaged just over 2% a year in 1990-1995. Yet the number of poor people rose from 197 million to 209 million and levels of indigence fell only from 18% to 17%, such that 1 out of every 6 households could not satisfy basic nutritional needs, even if all household income were spent on food. The World Bank reports that in 1992 the region's average gross domestic product (GDP) *per capita* was US$2,690, approximately 10 times lower than the US$22,160 average for developed countries and that in 1980-1992 the distance between the region and developed countries increased. ECLAC has also indicated that the unemployment rate for the region has been rising uninterruptedly since 1989 despite recovery in economic growth. During 1994-1995, high GDP growth rates were combined with persistent or rising unemployment levels in some countries.

In Brazil, despite a cumulative increase in GDP of almost 9% in 1993-1994, job creation was insufficient to absorb an expanding labour force, and the urban unemployment rates remained above 5%, the highest rate since the mid-1980s. In Chile, the best example of sustained economic growth in the region, a 4.5% growth rate in 1994 was accompanied by an increase of more than 2% in urban unemployment, and in 1995 the country was unable to reduce unemployment to 1994 levels despite an 8% growth rate. In cases of stagnation or negative growth in 1995, the situation was worse.

In Argentina the open unemployment rate rose up to almost 20% at the end of the first half of 1995.[3] Thus, economic growth rates in the 1990s have generated fewer jobs than are needed to absorb the growing labour force productively. Initially seen as a part of the incipient stages of adjustment, this appears to have become

permanent even where the reform process has advanced and growth rates are high. In many countries, the open unemployment rate for the poorest 20% of households is three or more times the average rate. This rate is proving intractable and is not greatly affected by the fluctuations in overall unemployment. Jobless-growth has also increased even where manufacturing output has grown, and there has been a decline in real wages, leading to an increase in "poverty-in-employment."

The process of urbanisation (73.5% of the population lives in cities and "mega-cities") has been characterised by low absorption of productive employment in the urban formal sector, weak social integration and increasing poverty. Participation in the formal labour force as a percentage of the population is 42% higher in the developed countries. Just over one third of the total population participates in the labour market. Urban employment is concentrated in low productivity sectors: in 1990–1992, 8 out of every 10 new non-agricultural jobs were concentrated in the informal sector and in small enterprises and in 1980-1990 large enterprises and the public sector absorbed only 2 out of every 10 employed workers.

The situation is further aggravated by fast population growth. Compared with the developed countries, Latin American yearly population growth is four times faster (1.9% versus 0.5%), gross fertility and birth rates are double (3.3% versus 1.7% and 27.0% versus 13.0%, respectively), infant mortality is much higher (47.2% versus 8.0%), and life expectancy at birth is 13 years less. Due to age and demographic factors, the proportion of the dependent population is much higher (68% versus 49%). It is estimated that by the year 2000 another 82 million will be added to a total population of 515 million, an increase of around 22% and population growth will be increasingly concentrated in lower, marginal, and poor social sectors.[4]

Social security systems have been weakened by population growth and falling levels of employment in the formal sector. Meanwhile, labour market deregulation and unemployment are straining systems in the "pioneer" countries with the highest levels of coverage, such as Argentina, Brazil, Chile and Uruguay, and preventing the development of less developed systems in other countries. The cost of providing universal coverage has risen due to demographic factors such as ageing and increased life expectancy, and the high cost of the system as a percentage of GDP which has a negative impact on employment generation and national savings. Although there has been some improvement in social indicators in the 1990s, it has become clear that macro-economic stability based on liberal economic policies has not succeeded in significantly reducing poverty and inequity. In most countries of the region, poverty continues to be deeply rooted in persistent social, cultural, political, and economic inequalities. When inequality becomes embedded in the social fabric it encroaches upon the principle of equality before the law upon which democracy and the observance of human rights is based.[5]

2
Social equity and democracy

Social equity is a priority if regional integration and free trade are to garner social and political consensus, particularly as the re-establishment of democratic rule in Latin America is intricately tied with the return to free trade and regional integration as paths towards sustainable development.

The political and economic history of Latin America has been characterised by the successive "postponements of a full incorporation of the large number of excluded" from the benefits of economic growth. As a result of this, the countries of the region have been unable to create the socio-economic conditions for the effective exercise of citizenship and concomitantly to deepen democracy.

The transitions to democracy in the region did not lead to radical alterations in economic policy-making towards more equitable distribution policies. On the one hand, given changes in the global economy and in thinking, economic liberalism was accepted as the inevitable framework within which to ensure growth and development. On the other hand, it was felt that the cautious postponement of social demands and wide-ranging economic reform favouring re-distribution was the price to pay to have transitions, as such measures could lead to a back-lash from authoritarian sectors and economic elites and thus de-stabilise the process of transition.

This prudence was a product of lessons hard learned under authoritarian rule. Conflicts over distribution had led to the collapse of democracy. The economic policies designed or implemented by left-wing socialists or social democrats had failed. The neo-liberal revolution may have revealed excesses, but its contribution to macro-economic stability could not be ignored. Such had been the cost of arbitrary repressive rule that political democracy and respect for basic civil and political rights were to be preserved, even at the cost of delayed social justice. Only incremental reforms could be undertaken to ensure the continuation of fragile consensus and macro-economic stability.[6]

The links between political democracy and social democracy, a central concern for political scientists and policy-makers before the onset of military rule, were thus momentarily set aside. In the past, Marxist or left-wing theories of development in Latin America established a direct causal link between the "failure of democracy" and the structural limitations imposed by "dependent" or "peripheral capitalist development".[7] According to this view, the social and political restrictions imposed by this model of economic development meant that deep democracy and full citizenship were essentially mutually exclusive. Strongly put, it is not "just that democracy has functioned despite relatively low levels of participation and associational activity; rather, it has required them, and has broken down – as in Brazil in 1964 – whenever the assertion of citizenship has looked likely to breach imposed limits." [8]

This causal link has been questioned by studies on how institutional and political factors can sustain or weaken the democratic process that have revealed the relative autonomy of the political and ideological from the economic realms.[9] Meanwhile, the notion of "dependency" has been discredited or greatly modified given changes in the international political economy. However, as the countries of the region proceeded with democratisation it has transpired that the social reforms postponed were those necessary to ensure a process of democratic deepening.

Thus, if the 1980s taught policy-makers and analysts the wisdom of separating the political from the social and economic realms, the realities of incomplete democracies in the 1990s require that the connections between democratic deepening, citizenship and social justice be re-thought. Latin American democracy still largely fails to deliver most of these conditions and are therefore mostly democracies without effective citizenship for large sections of the political community.

This is leading analysts back to the old debate on how to create the "social conditions" for democracy. In the nineteenth century, European and Latin American democracies had resolved the problem of the social conditions for democracy by limiting citizenship rights to those who already fulfilled the social and economic pre-requisites for the effective exercise of their rights: men with property, income and education. The establishment of universal suffrage has extended rights and obligations to all, however, including individuals whose social and economic living conditions do not permit them to exercise their citizenship effectively.

Over a long historical period, developed countries largely succeeded in creating the social conditions for universal citizenship. They underwent an economic development process that permitted the improvement of living conditions for the majority of the population, with the creation of welfare states. They established minimum standards required for effective participation and had state bureaucracies and institutions as well as political authorities that accepted the primacy of the rule of law and of democratic "game rules".

In Europe, the establishment of "the rule of law, the system of political rights, and the rights to social welfare and education were faced as successive challenges."[10] Latin America cannot operate within the same time frame. Its democratic authorities are in the difficult position of having to implement wide-ranging economic reforms, including re-structuring the state, establishing working democratic political institutions and creating the social conditions for effective citizenship and respect for human rights all at once. The region's fragile democracies operate under the pressures emanating from mobilised societies with high expectations and under the constraints of narrow economic margins for manoeuvre. Severe economic and institutional constraints debilitate the capacity of the state to intervene effectively in the social arena, and democracy is strained when social reform measures are attempted that could have a significant positive impact on improving the quality of citizenship.

The pressures under which Latin America's economies operate today do not leave them with great margin for manoeuvre. As Esser notes, "the possibility of raising salaries and, as a result, consumption levels, are very limited, as are the possibilities of achieving a more equitable distribution of income through social policies. The need to improve competitive capacities also increases as the industrialised countries reduce their social spending. The current growth model in the region does not permit the development of a system of labour relations in business and of state welfare as established in the post-War period in the Federal Republic of

Germany or in Japan. Moreover, a social contract cannot be established according to the tradition of the Welfare State that stimulates opportunities, the spirit of public service and solidarity. Thus, for a great part of the population, the chances of seeing their living standards significantly improved will continue to be quite reduced."[11]

Government authorities thus face a contradictory situation. Economic stability is essential for growth and development and concomitantly for democratic deepening and "citizen creation" over the long-term. Over the short-term, however, harsh structural adjustment policies are required that further "postpone" a process of re-distribution necessary the achievement of these aims. Indeed, it would appear that the reforms necessary to create the social conditions for deepened democracy are exactly those that threaten the fragile stability of the region's "low intensity" democracies.[12]

3
Hemispheric free trade, integration and social justice

How are social issues being dealt with in the hemisphere today? More specifically, how are the Mercosul and the Free Trade of the Americas (FTAA) shaping up to these challenges? As far as the Mercosul is concerned, the social situation in the member countries is fragile and has become particularly precarious since 1997 when Latin American stock markets experienced sharp falls. During the first four months of 1998 there was a recovery, but the crisis in Indonesia and in Russia led to further serious falls. Argentina and Brazil, most dependent on external financing, are the countries that have been most affected by the crisis.

In Argentina, efforts to ensure stability and exchange-rate parity succeeded but at the cost of an economic recession and a great rise in open unemployment. The rise in unemployment during 1995 was the most important factor exacerbating urban poverty, neutralising improvements made since 1990. By May 1995 open unemployment in 25 large urban areas reached 19% and 20% in Greater Buenos Aires, with a serious impact on low income groups.

In Brazil, over two thirds of the population is subject to extreme poverty and is concentrated in the North and Northeast. The country rose from 64th place to 58th place in the HDI ranking in the 1996 UNDP Report on Human Development, but declined to 62nd place in the 1998 Report. Furthermore, it still ranks fifth in the world in terms of absolute poverty and continues to lead the countries with the worst distribution of income despite the fact that it is classified thirteenth among those with the most potential to reduce poverty. The average income of the richest 10% is 32 times greater than that of the poorest 40% and income concentration has increased steadily since 1960.[13]

In Paraguay the situation is also bleak. By contrast, Uruguay has maintained some of the best indicators of developing countries since the UNDP Human Development Report was first published. Nonetheless, while indicators improved after the transition to democracy in 1985, in 1995-1996 the average household income showed a negative growth rate. The poor and vulnerable homes have a high percentage of young people and this tendency is increasing. Employment in manufacturing has fallen as a proportion of the total, there has been an increase in self-employment and small businesses and there is a high level of underemployment, precarious work and jobs in domestic service, about 26% in 1994.

As the above indicates, each country faces immense challenges as far as equity is concerned. How will integration affect the social balance? The elimination of tariff barriers inside and outside the Mercosul will have an impact on productive structures, employment and salaries, and is likely to alter the balance of power among various social and economic actors. The introduction of a single currency as proposed by President Menem will also affect the social arena as fiscal policy must be tightened. Mobility of factors of production will also have an impact on social issues.

The more developed countries, as well as transnational and multinational companies can also shift productive centres to the Mercosul and other less developed sub-regions in order to benefit from the competitive advantages of cheap labour. NAFTA is a case in point. According to AFL-CIO Secretary-Treasurer Richard Trumka, testifying in 1997 before the Senate Committee on Finance: "in dollar terms, according to the Bureau of Labour Statistics, the average hourly compensation for a Mexican production worker in manufacturing has fallen 36% since 1993, from $2.40 to $1.51. Canada has seen significant erosion of its social safety net since the passage of NAFTA."[14]

In a context of labour mobility, social security systems will have to be harmonised, permitting workers to accumulate benefits for work in different countries. This will not be an easy task. Not only are social security systems in each country already in crisis and under pressure to change, but the task of co-ordination will require a high level of administrative efficacy which current state institutions are unable to provide. There are great differences among the countries of the Mercosul regarding labour legislation, particularly where the right to collective bargaining is concerned. This means that harmonisation is very difficult and will have to occur on a piecemeal basis, identifying differences and asymmetries and embarking on a gradual process of convergence. Sub-Group 11 on Labour Relations, Employment and Social Security of the Economic and Social Consultative Forum is already undertaking this work.

The asymmetries between the economies of the large and small members of the Mercosul as well as the regions within each country are also an immense challenge to the integration project. Over the long term, if the Mercosul is unable to deliver its benefits to wide sectors of the populations of these countries, the whole enterprise may lose its legitimacy, becoming only the policy-making objective of a political and economic elite benefiting from trade integration and liberalisation. Such a danger is already apparent when one examines the lack of connection that some North Eastern Brazilian states feel with regard to the Mercosul.[15] Many in that area contend that the "market for the South" does not benefit the north-eastern states, which are those most affected by poverty and social exclusion.

When one contemplates the possibility of the widening of the Mercosul to include the countries of the Andean Community, the challenges increase. The two sub-regions are currently engaged in negotiations to set up a free trade area by 1 January 2000. On 16 April 1998 both signed the Framework Agreement for the Creation of the Free Trade Area between the two integration agreements. Bolivia, Colombia, Ecuador, Peru and Venezuela are among those in the region with the greatest problems in terms of lack of respect for human rights, widespread poverty and social exclusion, weak state structures, corruption and armed insurgencies. Thus, if the Mercosul widens, it will incorporate within its own borders some of the most intractable social and political situations in the region.

On the positive side, countries are revealing increased concern with social issues. According to the 1998 UNDP report, "Brazil's experience shows how a national human development report can receive high profile attention and significantly change the way a government allocates its resources for development. The production of the 1996 report involved researchers from 25 institutions – government, NGOs, UN agencies and universities – and provided comprehensive information about human development in all 27 Brazilian states. The report led to several interesting initiatives. The state of Minas Gerais, for example, further broke down the human development index for all its municipalities. It then introduced the

"Robin Hood Law", to ensure that more tax revenues are allocated to municipalities that rank low on the index and perform poorly on other social and environmental indicators. Allocations to municipalities are also based on the successful adoption of concrete programmes to overcome the shortcomings detected. No longer will geographic area, economic power and population size be the only parameters for determining resource allocations to municipalities. Now the budgets also depend on the level of human development."[16]

This concern has naturally extended beyond the national sphere. The FTAA has shown concern with social issues, for example. At the II Summit of the Americas held in Santiago on 18-19 April 1998, the 34 participating countries promised to pursue shared objectives in areas as diverse as democracy, education, poverty and the fight against drug trafficking as well as continue to work towards the establishment of the FTAA. The Declaration of Santiago – "A Hemisphere of Shared Values" – and the accompanying Action Plan constitute a platform to jointly confront political, social and economic topics, so that shared values can be applied to societies with great differences in their degrees of development, aspirations and cultural values. The key aim is to ensure access for all young people to primary education, to ensure that they remain in the system, to give 75% access to and permanence in secondary education, and provide lifetime educational opportunities for the general population by 2010. A special regional fund is to be established for education using existing resources of the Inter-American Development Bank (IDB). With the co-operation of the IDB, the Organisation of American States (OAS), the World Bank, ECLAC and the Pan-American Health Organisation, the Summit also committed the Heads of State to:

- *The preservation and strengthening of democracy, justice and human rights*. This includes: promoting education for democracy, encouraging the participation of civil society, guaranteeing human rights for all migrants, including migrant workers and their families; strengthening municipal and regional administrations; supporting the "Inter-American Program to Battle Corruption"; promoting exchanges of experience in the financing of electoral campaigns; preventing and controlling illegal consumption of drugs, illicit drug trafficking and related crimes, with a multilateral approach; preventing, combating and eliminating terrorism; stimulating confidence and safety among States; strengthening legal and judicial systems and entities; modernising the State in its handling of labour-related matters.

- *Eradication of poverty and discrimination*. This includes: promoting micro, small and medium-sized industries; registering properties; increasing the availability, access to and quality of medicines and vaccines and overall health technologies; strengthening domestic mechanisms and governmental organisations in charge of promoting juridical equality and opportunities for men and women; promoting basic labour standards recognised by the International Labour Organisation (ILO).

Although these aims are to be achieved in the context of continued economic integration and free trade, it is not clear whether free trade as it is currently envisioned is compatible with greater social justice, and there is concern regarding its social impact. The FTAA does not address the issue of agrarian reform that most social studies recognise as a key bottleneck to distribution and equity. Furthermore, there are no provisions for mechanisms facilitating collective bargaining or for democratic control over the actions of transnational corporations operating in the region. The Labour Forum has also not been officially recognised and there is yet no Working Group on Labour Rights within the FTAA process or provisions for bilateral and multilateral trade agreements incorporating a social dimension.

The Latin American Community of Nations submitted in 1996 by the Latin America Parliament to the Heads of State of the region and discussed at the II Latin American Social Summit held in Santiago on 1-3 April, 1998 brought up the topic of equity, a key concern for the Latin American Association of Workers. This organisation issued the Declaration of the Workers of the Americas, "Democracy, Development and Social Justice in the Americas" issued at the III Western Hemisphere Trade Ministerial in Brazil on 16 May 1997. The document expressed concern with job losses, the erosion of wages and social services and increased unemployment produced by the process of unilateral and accelerated trade liberalisation and growing wealth concentration. It also noted an increase in the number of people who survive only by turning to the informal sector. Finally, other causes for worry were the fact that liberalisation has contributed to the decline of the family farm and an increase in food dependence, as well as the fact that growth in rural migration has led to increased poverty, unemployment and violence in urban areas.

Latin America is not alone in the challenges it faces in terms of equity. The promotion of full, productive employment remains an unresolved problem for many national economies and the international community as a whole. The issue of unemployment raises concern on the part of governments and citizens, especially because it is an aggravating factor in the process of deepening inequality and social exclusion. According to the ILO Report, "World Employment 1996-1997: National Policies in a Global Context", published in November 1996, the employment situation is grim and is resulting in increased social exclusion in many industrialised countries, compounded by rising wage inequality and growing numbers of "working poor" in others. According to the report, there have been sharp increases in income inequality in the "transition" economies, even where the rise in unemployment has been relatively moderate. In most of the developing world, the majority of the labour force remains trapped in low productivity employment that offers little relief from poverty.

In the European Union it is necessary to adjust a consolidated welfare state to the new circumstances of globalisation and regional integration in such a way that it could respond better to the demands of a changing labour market and family structure. Further, social issues must be taken into account, a demand that is high on the agenda of social and political actors. According to a Commission report, "The European Union continues to face significant social challenges: unemployment remains stubbornly high; the world of work is changing rapidly, as globalisation and the emerging information society make their mark; poverty, social exclusion and poor health conditions are still prevalent.[17]

A meeting between trade union representatives of various EU countries on 5 March 1998 highlighted the social problems faced by the Union. In the document "No Euro without a Social Europe!", participants noted that the social situation is deteriorating and that there are currently 50 million poor and 20 million unemployed in the EU. Economic competition and policies aimed at lowering the labour cost undermine social conditions, while reforms of social protection systems restrict the access to social rights and benefits. The document stated that without a social Europe, the enlargement of the Union would increase differences in competitiveness and perpetuate social dumping. It also rejected the creation of a single currency if it leads to rising unemployment and a greater democratic deficit, and urged authorities to adopt social measures before the Euro comes into force and in preparation for the enlargement of the EU.[18]

In light of the creation of the FTAA and the weight of the US globally and as a partner both for Latin America and Europe, social justice should be dealt with by all three partners. Historically, the US has been regarded with some suspicion by the countries of Latin America. The US has undeniably acted towards various countries in the region in a unilateral and forceful way. More recently, however, Washington has shown that it is willing to adopt a new attitude towards the region. Although still ambiguous, it no longer automatically opposes Latin American political co-ordination and accepts the legitimacy of economic integration efforts. This provides a promising foundation upon which to build an integrated social project for the Americas.

4
Social justice in the broader international context

The EU and the US have already established an incipient dialogue on aid issues, namely through USAID. Five joint working groups have been set up to cooperate on issues ranging from civil society, food security, health and population, democracy and humanitarian assistance for Latin America. In 1998, the European Council stressed the need to place the fight against poverty at the heart of international development co-operation and to adopt a comprehensive approach. The latter should embrace not only stimulation of economic growth, investment support and reform of social services – the focus of efforts so far – but also the link between poverty and social exclusion, equity, social justice, democracy, human rights and conflict prevention. In order to achieve these aims, action was required in a number of spheres. Among the most important were improving the knowledge of the causes and consequences of poverty and supporting the efforts of governments of the countries concerned and their partners to strengthen local institutional capacity for poverty analysis. Also highlighted was the co-ordination of aid implementation procedures to support and strengthen local systems, and increasing collaboration within the donor community.[19]

However, trilateral co-operation is only useful insofar as it becomes a force towards the creation of a broad multilateral social agenda involving both non-governmental and governmental actors. The increasingly influential role played by business in economic policy-making indicates that they should also be made to share responsibility for social policies as well as ensuring respect for human and social rights. Globalisation is leading to the increasing influence of great financial empires and transnational corporations in the world market. Ensuring accountability and social responsibility of powerful non-elected private actors is crucial, particularly in a context where states and national democracies are losing power as decision-making is de-territorialised. As noted by Dahl, "the flourishing international corporation is for all practical purposes a new, shadowy, unregulated polity with resources greater than those of most nation states". Faced with such companies, "nothing could be less appropriate than to consider the great corporation a private enterprise."[20] Since Dahl wrote his assessment of the corporate leviathan, his contention has become even more pertinent.

Various NGOs and other transnational actors play an increasingly important role in shaping international responses to social issues. Multinational consulting firms engaging in "social auditing" to assess labour conditions in companies operating in Latin America have worked in conjunction with NGOs pressing for equal rights for women in the work place in factories inserted in transnational production systems. Ernst and Young, for example, undertook a "social audit" of the Exporters Manufacturer's Association in Guatemala in 1997.[21] The Mandarin factory in the San Marco free trade zone in El Salvador is monitored by an Independent Monitoring Commission composed of Salvadorian NGOs. In 1997 labour and church groups as

well as local NGOs in Guatemala created a committee for the monitoring of corporate codes of conduct. An association between Human Rights Watch (HRW) and union organisers working in the Phillips-Van Heusen *maquiladora* factories in Guatemala led to the acceptance of collective bargaining rights by the company and the first ever instance of a collective bargaining agreement in the Guatemalan *maquiladora* sector in August 1997.[22] International NGOs, such as the National Labour Committee and the Press for Change and Global Exchange based in the United States, as well as the European coalition of NGOs led by the Dutch Clean Clothes Campaign, have played an important role in applying pressure on home companies and informing the public about the labour conditions under which certain garments are produced.[23]

The process of democratic deepening and the ability to ensure greater social justice in any country has become intricately linked with the power of sub-state forces as well as by exogenous events and forces that operate outside the boundaries of the state. The practise and theory of citizenship and political and social rights are shifting as a result of changes in the political, juridical and economic boundaries of the Nation-State and international institutions produced by the processes of transnationalisation and globalisation. As Held notes, "in an era in which the fates of peoples are deeply intertwined, democracy has to be recast and strengthened, both within pre-established borders and across them."[24]

Cosmopolitanism, transnationalism and globalisation are promoting a common language of rights and a new conception of global citizenship. Cosmopolitanism sees individuals as members of a global political community rather than as citizens of a state and therefore tends to minimise the significance of sovereign-bound rights. It has contributed to the creation of and been reinforced by the emergence of transnational advocacy networks, involving local, national, regional and international state and non-state actors working on various normative issues that are linked by shared values and a common discourse.[25] Although non-linear and complex, globalisation is leading to the emergence of a global public attentive to normative issues, of a global society based on the diffusion of common values aided by the rapid evolution of communications.

The effects of globalisation can be both positive and negative. It can have positive impacts, including the growing integration of international markets for goods, services and finance. But it can also lead to instability that challenges sustained growth. As a result of the recent Asian crisis, in December 1997 the IMF decreased its growth projection for 1998 by one percentage point, from 4.5% to 3.5%. The IDB expects a drop in the regional gross product, from 5.5% to 3% in 1998. Increased poverty and the absence of income distribution are taking place in a context of increased access to information, leading to increased expectations and frustration, particularly among educated, unemployed youth in urban areas.

Globalisation can lead and is leading to greater integration through the communications revolution but it is also deepening awareness of the gap between those who benefit from economic development and those permanently excluded from it. Globalisation can lead to new forms of inequality resulting from shifts in the structure and cohesion of key social institutions, a growing sense of social insecurity, the emergence of an underclass, and the reduction of the opportunities for younger generations.

The debate about employment, human rights, development and social clauses is complex. The fear of the worsening of this situation in the countries of the North was what led to "social dumping" or "green protection" as arguments. Many countries in Latin America rightly fear that "social conditionality" may become a form

of disguised protectionism and reduce labour-based competitive advantage. Some argue that social clauses are the wrong means to support a just cause, because they eliminate the Third World's only comparative advantage in international trade. Others claims that social clauses are marginal, as they leave international structures untouched, or because they apply only to the formal economy, whereas in many developing countries the informal sector accounts for the bulk of economic activities. For the democratising countries of Latin America, an alliance with countries such as China and Indonesia over the issue of social labelling is bad for their image. Brazil's rejection of the "social label" proposed by the Director General of the ILO is a case in point. This position unnecessarily damages Brazil's image abroad, giving the impression that labour conditions are as bad in that country as in China or Indonesia where there is not even freedom of association.

In this context, the Mercosul and its partners have an interest in ensuring that the issue of social justice is dealt within a multilateral context and in affirming the notion that all countries share responsibility to resolve an issue that can easily become a source of conflict. A multilateral approach weakens the logic of "the power of the most powerful". It is especially beneficial for weak states because if offers them the chance to make use of commonly determined rules to protect their interests and makes them less subject to arbitrary unilateral action.

Conclusion: A global challenge

According to the 1998 UN Human Development Report, the world has made much progress in terms of basic living standards over the last 30 years. Thus, "a child born today in a developing country can expect to live 16 years longer than a child born 35 years ago. Developing countries have covered as much distance during the past 30 years as the industrial world managed over more than a century. Their infant mortality rate has been more than halved since 1960. The lives of more than 3 million children are being saved thanks to the extension of basic immunisation over the past two decades. Child malnutrition rates have declined by a quarter. Combined primary and secondary school enrolment has more than doubled. And the share of rural families with access to safe water has risen from 10% to about 60%. Every region has made progress – as measured by the human development index – over the past three decades. This index, worked out for 174 countries having comparable data, measures the overall progress of a country along three dimensions of human development – health, knowledge and a decent standard of living."[26]

On the other hand, it is notable that "new estimates show that the world's 225 richest people have a combined wealth of over $1 trillion, equal to the annual income of the poorest 47% of the world's 2.5 billion people."[27] Furthermore, as noted by the same report, epidemics, armed conflict and economic turmoil can reverse achievements. It is estimated that over the last decade, armed conflict has killed 2 million children, disabled 4-5 million and made 12 million homeless, over 21 million orphaned and 10 million psychologically traumatised. Indeed, if consumption trends of the past 25 years were maintained for another 50, the UNDP estimates that by the middle of the next century the consumption of the fifth of the people in the world's poorest countries would still be well under $2,000. This is less than 3% of the average of the rich countries at that time and under 10% of rich country levels today. In addition, carbon dioxide emissions would double, fish stock would decline, soil erosion increase, deforestation continue, and water scarcity will become more acute. Indeed, "continuing past trends, with little change in consumption patters or production technologies, would thus reinforce some of today's most basic human problems. Poverty would not be eradicated. Inequalities would widen. And the environment would be pushed even further beyond its limits."[28]

Latin America and the countries of the EU are not the worst off in the world. Nonetheless, they can only solve their problems and those of the world community by taking decided joint, democratically-determined multilateral action to make fundamental changes in the way the income is distributed and the benefits of development and knowledge are spread. It is only by addressing the social question as a global challenge that European-Latin American co-operation has a meaningful future. Given all the regional changes of the last decade, Latin America's relations with the outside world have altered substantially. The tendency towards economic

and political globalisation as well as the new flexibility resulting from the collapse of the bipolar international system is presenting the region with new challenges and opportunities, which it must seek to address and take advantage of, in partnership with other democracies.

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Notes

[1] United Nations Development Programme (1998), *Human Development Report 1998*. Oxford University Press (Oxford); p. 23. This does not include unsuccessful coup attempts.

[2] Grugel J. (1996), "Supporting Democratisation: A European View", in *European Review of Latin American and Caribbean Studies*, no. 60 (June 1996); p. 102.

[3] ECLAC (1995), *Panorama Social de América Latina*, ECLAC (Santiago); e ECLAC/UNDP (1990), *Magnitud de la Pobreza en América Latina en los Años Ochenta*, ECLAC (Santiago).

[4] For the above see: ECLAC (1998), "La Brecha de la Equidad: América Latina, el Caribe y la Cumbre Social", Primera Conferencia Regional de Seguimiento de la Cumbre Mundial sobre Desarrollo Social, São Paulo, April 6-9, 1998.

[5] This section is partially drawn from the article by F. Panizza and A. Barahona de Brito: "The Politics of Human Rights in Democratic Brazil: *A Lei não pega*", in: *Journal of Democratisation*, no. 5 (4), Winter 1998, pp. 20-51.

[6] For a discussion of the "price to pay" for postponing reforms in terms of socio-economic equity see: G. O'Donnell (1986), "Introduction to the Latin American Cases", in G. O'Donnell, P. Schmitter and L. Whitehead (eds.), *Transitions from Authoritarian Rule: Latin America*, Johns Hopkins University Press (Baltimore); p. 9. See also: D. Levine (1988), "Paradigm Lost: Dependence to Democracy", *World Politics*, no. 40; pp. 377-394.

[7] The classic is: A. Gunder Frank (1966), *Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil,* Monthly Review Press (New York). See also: N. Poulantzas (1973), *Political Power and Social Classes,* New Left Books (London); and F. H. Cardoso and E. Faletto (1979), *Dependency and Development,* University of California Press (Berkeley).

[8] Cammack P. (1994), "Democratisation and Citizenship in Latin America", in G. Parry and M. Moran (eds.), *Democracy and Democratisation,* Routledge (London); p. 186.

[9] For a discussion of this see: R. H. Chilcote (1994), *Theories of Comparative Politics: The Search for a Paradiam Reconsidered,* Westview Press (Colorado); pp. 232-250. On parliamentarism and presidentialism see: J. J. Linz and A. Valenzuela (eds.) (1994), *The Failure of Presidencial Democracy: The Case of Latin America,* vol. II, Johns Hopkins University Press (Baltimore). On party systems see: S. Mainwaring and T. Scully (eds.) (1995) *Building Democratic Institutions: Party Svstems in Latin America*, Stanford University Press (Stanford). On the importance of political leadership see: G. Di Palma (1990), *To Craft Democracies: An Essay on Democratic Transitions*, University of California Press (Berkeley); and L. Diamond and J. J. Linz (eds.), *Democracy in Developing Countries: Latin America*, vol. IV, Lynne Rienner Press (Colorado); p. 14.

[10] Przeworski A. (1995), *Sustainable Democracy,* Cambridge University Press (Cambridge); p. 36.

[11] Esser K., "Son competitivos los países latinoamericanos en el mercado mundial? Crecientes desafíos, dificiles respuestas", Institut fur Spanien und Lateinamerika Studien, mimeo; p. 22.

[12] Term coined by Argentine political scientist, Guillermo O'Donnell.

[13] IBRD (1995), *Brazil: A Poverty Assessment,* IBRD (Washington).

[14] "Testimony of Richard Trumka, Secretary-Treasurer, American Federation of Labour and Congress of Industrial Organisations before the Senate Committee on Finance on Renewal of Fast-Track Trade Negotiation Authority", News & Views Library Labornet, June 3, 1997 (Document 97-09).

[15] See: M. A. Guedes de Oliveira (1995), "Mercosul e marginalidade: o caso do nordeste brasileiro", paper presented at the Latin American Studies Association Congress, Washington, September 28-30, 1995.

[16] UNDP, op. cit; p. 18.

[17] Communication COM (1998) 259 final, April 29, 1998.

[18] Attended by representatives of: IG Metall Vorstand, IG Medien Wiesbaden, Fédération Finances, CGT, Brussels FGTB, CFDT URI Basse Normandie, Fédération Générale Transports et Equipement - CFDT, CC.OO, Féd. Metallurgie Galice, FETE-UGT, SUD-PTT.

[19] Council conclusions on the fight against poverty, adopted on 18 May 1998. Bulletin EU 5-1998.

[20] R. A. Dahl (1990), *After the Revolution: Authority in a Good Society,* Yale University Press (New Haven); p. 97 and p. 100.

[21] Human Rights Watch (1998), *Human Rights Watch World Report 1998,* HRW (New York); p. 420 and pp. 441-444.

[22] Human Rights Watch (1997), *Corporations and Human Rights: Freedom of Association in a Maquila in Guatemala*, HRW (New York).

[23] HRW, ibid; p. 417. The foregoing is partially drawn from a chapter, "The Human Rights Movement in Latin America", published in a two volume book on the region published by Manchester University Press (1999).

[24] H. Held (1995), *Democracy and the Global Order: From the Modern State to Cosmopolitan Governance*, Polity Press (Cambridge); p. 223.

[25] M. Keck and K. Sikkink (1998), *Activists Beyond Borders: Advocacy Networks in International Politics,* Cornell University Press (Ithaca); pp. 1-2, 6 and 8-10.

[26] UNDP (1998), op. cit; p. 19.

[27] Ibid; p. 30.

[28] Ibid; p. 86.