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ADJUSTMENT, GLOBALIZATION AND SOCIAL DEVELOPMENT

Report of the UNRISD/UNDP
international seminar on
Economic Restructuring and Social Policy
(New York, 11-13 January 1995)

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Preface

On 11-13 January 1995, over 200 representatives of governments, NGOs, international agencies and the research community met in New York at a seminar on **Economic Restructuring and Social Policy** to discuss issues of social protection and solidarity in the context of a rapidly changing global economic environment. The seminar, designed to provide input into the preparatory process for the World Summit for Social Development, was organized by the United Nations Research Institute for Social Development (UNRISD) in co-operation with the United Nations Development Programme (UNDP), and was co-sponsored by the European Centre for Social Welfare Policy and Research. This report highlights some of the principal discussions and conclusions of the meeting.

Over the last 20 years, there has been a remarkable convergence of approaches to economic and social policy throughout the world. The emphasis has been on market liberalization, privatization, reduction in government expenditures — including social services — and the withdrawal of state intervention from certain sectors of the economy. This report discusses some of the consequences of the standard structural adjustment model. In many cases, the impacts on the most vulnerable social groups have been severe, with the incomes of the poor being reduced and the number of people living in poverty increasing.

The adjustment model assumed that these “transitional costs” would be relatively short-term, and that the poor could be protected from their worst effects. However, this assumption has not been borne out. Moreover, the economic growth that was supposed to follow adjustment measures has in many cases failed to materialize. In other cases, growth was fragile and highly speculative. In fact, the conventional adjustment model emphasizes demand suppression — rather than production increase — to restore economic equilibrium, and thus sustained growth is far from automatic.

But participants also argued that economic growth was not sufficient for social development — many social problems are in fact correlated with rapid growth. This does not imply that growth is unnecessary or undesirable, but it does indicate that explicit mechanisms need to be

put in place to influence the type and the distribution of growth that occur.

The report calls for rethinking structural adjustment. The standard approaches to adjustment emphasize macro-economic restructuring, but there are in fact a range of other structural aspects of society that should be adjusted as well. Structural adjustment should address questions of the distribution of resources, assets, employment and earned income. It should pay attention to social policies that contribute to human security, stimulate the growth of skills and ensure equitable returns to productive activities.

Rethinking adjustment to bring it into line with the requirements of social development will entail redefining the priorities of adjustment, designing more effective monitoring mechanisms, and increasing the accountability of the market to the state and the state to the people. It will require working out new institutional arrangements that make adjustment measures more efficient and equitable by promoting positive-sum economic and social interactions, rather than accentuating the destructive zero-sum tendencies of the market. It will involve co-ordinating social policy reforms with economic policy reforms so that both will promote the ultimate goal of social development.

This is not to say that the problems of social policy reform will be easily solved. The crisis of the welfare state in many industrialized countries implies that new models for social policy must be found to address the needs of developing countries. The increasing interdependence among the world's economies forecloses some social policy options, but it also opens up new opportunities for globally co-ordinated social development strategies based on an understanding of the need for international solidarity.

The summary report is followed by the text of the opening address to the seminar, given by Rafeeuddin Ahmed, Associate Administrator of UNDP, and by reflections on the seminar prepared by Paul Streeten, Professor Emeritus, Boston University.

February 1995

Dharam Ghai
Director, UNRISD

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List of acronyms

BPPS	Bureau for Programme and Policy Support
CEDES	Centro de Estudios de Estado y Sociedad
CIS	Commonwealth of Independent States
CLACSO	Consejo Latinoamericano de Ciencias Sociales
ILO	International Labour Organisation
IMF	International Monetary Fund
ISS	Institute of Social Studies
NGO	non-governmental organization
OECD	Organisation for Economic Co-operation and Development
PTI	programme of targeted interventions
SIDA	Swedish International Development Agency
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNRISD	United Nations Research Institute for Social Development

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Introduction

Economic restructuring and its relation to social policy are among the most important and controversial issues of our times. The broad consensus reached in the post-war period concerning the objectives and approaches of social policy has been shattered by changing economic conditions and a revolution in economic policy approaches. The increasing interdependence of national economies — as well as increasing social and cultural global linkages — means that economic fluctuations and their social impacts now reverberate on a global level. Growing poverty and insecurity are linked to social conflict, extremism, violence, crime, child labour and other social problems. Because the source of these problems involves a global dimension, their solutions cannot be found only on the local level: local and national action must be complemented by action taken at the global level.

Free-market restructuring

The past two decades have been marked by a massive transformation and restructuring of economic activities, the scale and speed of which are unprecedented. At the heart of this change is a shift in economic policies and organizational structures in favour of market forces and private enterprise, which in many countries followed the economic stagnation and debt crisis of the 1970s and 1980s. Similar policy approaches were taken

up by the former centrally planned economies during their opening to the world economy in the 1980s and 1990s.

"Global restructuring continues to accelerate, driven by and in lockstep with global financial flows — over 90 per cent of which are speculative ... These new forces of globalization have already undermined national sovereignty — not only in domestic macro-economic management of fiscal and monetary policy, but also in loss of social policy options in health, education, safety nets, employment, environment and even the values and culture of citizens."

Hazel Henderson, Center for Sustainable Development and Alternative World Future,
St. Augustine, Florida, USA.

The direction of economic policy change has been broadly consistent throughout the world. The emphasis has been on restoring economic equilibrium through liberalization of markets — including capital markets — reduction of state intervention in the economy, privatization

of a broad range of enterprises and reduction of government expenditures — often including cuts in social services and in subsidies on consumer goods. In many countries, these changes have been brought about under pressure from international creditors, and through the design of structural adjustment programmes. In other cases, however, specific mechanisms of conditionality did not directly impact upon the design of the policy reforms.

Social consequences of adjustment and restructuring

The social and economic consequences of free-market reforms have been dramatic. In general, the primary incomes of the poor are down,

"[In Africa] the major beneficiaries of adjustment have tended to be small groups of individuals with access to foreign exchange ... We are witnessing peculiar types of social polarization and fragmentation, both of which are detrimental to the social and political order upon which independence was built."

Yusuf Bangura, Project Co-ordinator, UNRISD, Geneva, Switzerland.

the number of people living in poverty is up, and social income — access to public services — has decreased.

Targeted interventions meant to protect the poor and vulnerable groups from the worst aspects of adjustment never reach all of the poor, and seldom reach most of the poor.

Does "market friendly"

"Short term equilibrium can be found by bringing down demand or by expanding supply through increased capacity utilization of the economy. Certainly, in the past, demand restraints have dominated the agenda rather than the more messy policy decision of improving capacity utilization. The latter requires more knowledge of the economy and more reflection on sequencing of policy instruments of structural adjustment and designing special measures during the stabilization phase, which can improve capacity utilization. We do not know much about how to handle this exactly, especially in African economies which are not at equilibrium, but a greater search for appropriate policy intervention is certainly warranted."

Rolph van der Hoeven, Employment Strategies and Policies Branch, ILO, Geneva, Switzerland.

"[In Latin America in the 1980s] growth was constrained by new obstacles, which can be classified into three categories: first, the lack of global availability of resources ...; second, constraints to investment stemming from the deep breakdown of the domestic financial system, capital flights and credit rationing at the international level ...; third, inefficiency in the allocation of resources ... The 'market friendly approach to development' focused almost exclusively on the third of these, almost completely disregarding the first and second new constraints to growth in its explanation of the actual performance of most countries, as well as in its consequent policy advice."

Guillermo Rozenwurcel, Senior Researcher, CEDES, Buenos Aires, Argentina.

In addition, a range of other social impacts are associated with free-market reform. There has been a "desocialization" of social actors, as people from community to national levels turn their attention to coping with growing economic hardship in their individual capacities. Previous social bonds have been disrupted and social tensions have increased, leading to new or intensified forms

"[In the World Bank research on the coping strategies of the urban poor] we found four critical areas of results. First, in the area of employment the dramatic story is of the increased number of women who are economically active. In other words, the coping strategy in all these cities was to send women out to work ... Second, the increased casualization of work is significant. The informal sector is very much a residual sector, especially for women, and thus unpacking what is going on in the informal sector in particular contexts becomes very critical ... Third, the relation between home ownership and vulnerability was found to be important. Home ownership provides a cushion against extreme poverty ... Fourth, when looking at the question of where the safety nets are, it was found that the households are themselves safety nets. Households are shock absorbers in the short term — they absorb new members during crisis periods. The extent to which this can be an advantage depends on whether the new members go out to work."

Caroline Moser, Senior Urban Social Policy Specialist, Urban Development Division, World Bank, Washington, D.C., USA.

of inter- and intra-group conflict. In many cases, the impact of restructuring on women is especially pronounced, as the household provides the primary safety net for those economically displaced by restructuring. Women's reproductive work has thus intensified just as they are increasingly joining the labour force themselves.

In the specific case of structural adjustment programmes, designed to comply with the policy directives of donors and international financial institutions, debate has raged over the causal relationship between

mean "growth friendly"?

"In conventional adjustment models, the policy prescriptions designed to deal with inflation have been based largely on the adoption of a tight money policy ... which is inimical to increased production and output ... [Thus] the elaboration of an effective economic policy framework would need to emphasize equally both the control of inflation and the expansion of production and output ... This approach is extremely relevant to the pursuit of an optimal social policy in the context of adjustment since it not only focuses on compensatory social measures but seeks to avoid ab initio the adverse social consequences traditionally associated with adjustment through the stimulation of increased investment, production and employment."

Denis Benn, Director, Special Unit for Technical Cooperation among Developing Countries, UNDP, New York, USA.

"While the game lasted [in Mexico], the powerful peso, high interest rates and the stock market boom were the lures that kept foreign money pouring in, blind to the risk of devaluation. The foundation for this house of cards was an ever-increasing inflow of external funds. It began to crumble when prices on the bolsa stopped rising, and the collapse came with Mexico's devaluation the Tuesday before Christmas ... Most Mexicans would be better off now if their government had kept policy autonomy by not jumping into liberalization, and used it to spur investment and support wages and jobs for people in the population's bottom 80 per cent, who have lost real income steadily since 1982."

Lance Taylor, Center for Studies for Social Change, New School for Social Research, New York, USA.

restructuring and deepening social problems. It has been argued that the latter cannot be attributed to adjustment policies, and that social problems might have

"[The economic crisis in Latin America] had devastating effects on social security. Revenues declined due to increasing open unemployment, expansion of the informal labour sector, declining real wages, growing evasion and payments delays, state failure to fulfil its financial obligations with the system, and negative real investment yields."

Carmelo Mesa-Lago, Professor of Economic and Latin American Studies, University of Pittsburgh, Pittsburgh, USA.

been worse had adjustment measures not been undertaken.

But it is not really necessary to address this unanswerable counterfactual question. Adjustment measures were ostensibly meant to address problems of poverty and inequality — to permit renewed economic growth and development. In fact, the World Bank has said that its work must be judged by the extent to which poverty has been alleviated. Thus, if poverty has increased, adjustment can be said to have failed — it becomes less important to ask if things would have been worse without adjustment than to ask whether things could be better.

The dilemmas of

"Far from scrapping the institutions and services that have become known as the 'welfare state' or 'targeting' them in ways currently recommended by monetarists, they should be improved and modernized, and the most vital parts of the basic infrastructure extended by stages to the poorest countries. This is the only strategy to reverse the damaging trends that have widened inequality and increased poverty in rich and poor countries alike during the 1980s and 1990s."

Peter Townsend, Social Policy and Social Planning, University of Bristol, Bristol, United Kingdom.

"Though Hungary lags far behind the true welfare states in level of economic development, it matches them in statutory welfare commitments and the ratio of welfare spending to GDP. In this sense Hungary is a 'premature welfare state'. The Hungarian authorities are under two kinds of conflicting pressure. There has been a widening of inequalities in wealth and income distribution, a rise in the number of people in dire poverty and greater uncertainty about prospects for the future. So wide sections of society want an increase, not a decrease, in the paternalism of the state. On the other hand, the present scale of redistribution cannot be sustained in economic terms ... These two conflicting pressures create a curious equilibrium that ultimately produces an 'impasse' of stagnation and impotence ..."

I do not associate with the present right-wing attacks against the welfare state ... but Hungary has too big a government. The welfare state is a great cultural achievement of the twentieth century, but it can be excessive in relation to the economic potential of a country. For Hungary, the present macro-economic situation is dangerous, and it can lead to catastrophic consequences. The people who will suffer will be the same people we want to protect."

János Kornai, Allie S. Freed Professor of Economics, Department of Economics, Harvard University, Cambridge, USA.

"[In Poland] the question of the reform of social policy, the health service and education was neglected. The reason for this was that the stabilization plan caused a widespread fall in living standards and fears of unemployment ... Under these circumstances the reformers felt that any reduction in the welfare role of the state could prove politically dangerous."

Lena Kolarska Bobinska, Public Opinion Research Centre, Warsaw, Poland.

The adjustment model assumed that austerity measures would be imposed only for a short period of time, and that vulnerable groups could be protected from their worst effects. Economic growth was supposed to follow soon after the stabilization of the economy. If the beneficial effects of this economic growth did not reach everyone directly, it was expected that growth would at least provide the resources necessary for compensatory measures and transfer programmes, so that all would benefit at least indirectly.

The success of the adjustment model, in terms of its ability to contribute to social development, thus depends on growth. Two questions would seem to follow. What if growth does not occur? And what if growth is not enough for social development? It was suggested at the seminar that in most countries growth has not occurred in a manner sufficient to address social problems — meaning that

the welfare state

"[Post-communist societies] have been fundamentally destabilized, so the whole logic of structural adjustment or reform is meaningless. These were command economies, based on a party-state that was introduced with foreign support. All of that is gone, there is nothing to be returned to in the logic of structural readjustment — it is not a question of reforming a non-market economy. To talk about 'transition' is to understate the problem — it assumes we know where we're going. The legacy of these societies includes a great deal of stress and uncertainty."

Richard Rose, European Centre for Social Welfare Policy and Research, Vienna, Austria; and Centre for the Study of Public Policy, University of Strathclyde, Glasgow, United Kingdom.

"Can advanced welfare societies survive? I hope they will — but I think they won't. They won't because the classical type of welfare state that we have seen over the last 100 years, and particularly over the last 40 years, seems to be in dissolution ... Half of social expenditures cover the old-age pension system, and the pension systems in many European countries are going to collapse within a period of 15 to 20 years if nothing happens ... Women have been the main losers of what I call 'incomplete modernization' over the last 40 years ... Most of the work women do is unpaid work; the casual work, the part-time work, the precarious work is almost completely feminized."

Bernd Marin, Executive Director, European Centre for Social Welfare Policy and Research, Vienna, Austria.

"We should not forget that the initial impetus behind the post-war welfare states went beyond narrow economic concerns. As a mechanism for social integration, the eradication of class differences and for nation building, the advanced welfare states have been hugely successful. Part of today's welfare state 'crisis' is similarly related to less tangible needs for new modes of social integration, solidarity and citizenship. The market may be an efficient mechanism for allocation, but not for building solidarities ... The economic effects of the welfare state cannot be disregarded, yet we should not forget that the only credible rationale behind economic efficiency is that it will produce social welfare."

John Myles, Pepper Institute on Aging and Public Policy, Florida State University, Tallahassee, Florida, United States.

adjustment has failed on its own terms — and also that growth by itself is not enough for social development, and in fact sometimes contributes to social problems — meaning that the adjustment model is also insufficient in more holistic terms.

Adjustment policies have generally not worked to stimulate growth, even among the “model adjusters”, and many adjusting countries have experienced declines in per capita GNP. In fact, although the long-term success of the adjustment model depends on growth, growth has not been the primary focus of adjustment strategies. Equilibrium can be restored to an economy that is out of balance either by suppressing demand or increasing supply: the main emphasis of adjustment policies to date has been on demand-suppressing austerity measures. But the growth that was supposed to have followed stabilization has in most cases not occurred. The increases in efficiency expected from liberalization and privatization have not been realized, partly because of the failure to recognize the importance of externalities, both positive and negative. The investment that did follow stabilization tended to be speculative rather than productive, creating a financial boom that was typically very fragile — as the recent Mexican crisis demonstrates.

The second question to be answered by the adjustment model is whether, if it succeeds in achieving growth, this growth will lead to social development. It is obvious that in a situation of general underdevelopment the problem of poverty, and the social problems related directly or indirectly to poverty, cannot be solved without economic growth. But it is also clear from the experiences of some of the fastest growing economies in the world — those of China and other East and South-East Asian countries — that growth by itself does

“China’s extraordinary recent growth rates were responsible for an initial sharp drop in the poverty rate. Yet China still faces pressing social problems. Is continued rapid growth the key to solving them? There are at least three reasons for doubt. First, unemployment, income polarization, crime and corruption, and other social problems have become more serious despite high growth rates ... Second, China’s very high growth rates are economically unsustainable ... Third, the recent very high growth rates are environmentally unsustainable.”

Carl Riskin, East Asian Institute, Columbia University, New York, USA.

not ensure social development. China has seen a rapid rise in unemployment, both as a result of underemployed rural populations moving

to urban areas, and due to the reduction of jobs in public enterprises. Polarization has increased, even in the previously prosperous areas of the country. Furthermore, in China as well as in other rapidly growing economies, a host of other unprecedented social problems have

emerged. Crime rates and drug use have increased, and prostitution — including child prostitution — has emerged or has worsened. Child labour has increased, and in some cases it has increased most in the fastest growing economic sectors. Often children, especially girls, are withdrawn from school to undertake unpaid family labour. In addition, worsening environmental problems and their associated social and health impacts are directly related to economic growth in many countries.

These problems do not indicate that economic growth is undesirable — certainly, in many African and Latin American countries that have suffered from years of economic crisis, growth is a prerequisite for social progress. They do suggest, however, that growth is not necessarily enough for social development. The type of growth — as well as mechanisms for the distribution of growth and the institutional and social structures

regulating the responses of social actors — is all important.

The social impacts of economic restructuring in the transitional

"Within the present inegalitarian institutional framework [in India] even rapid economic growth is unlikely to generate adequately broad-based entitlements for the poor ... Apart from a macro-economic realignment, therefore, it is also crucial — indeed unavoidable — to develop institutional innovations and reforms through which the assetless poor can gain access to the profit component of value added and productivity increases, since the meagre wage component spin-offs of such employment as might be generated are unlikely to be enough."

Ashwani Saith, ISS, The Hague, the Netherlands.

economies of Eastern Europe have been somewhat different. Problems of increasing poverty and polarization arise not only from the opening to the market, but also from the fiscal crisis of the welfare state. In a number of countries, people who have depended on the state or state enterprises for security during and after their working lives have been left to fend for themselves. Where this has not occurred, maintaining welfare services has seriously strained public budgets. There is a great deal of stress and uncertainty, and, according to some evidence at least, quality of life and health have declined significantly.

In the industrialized countries, economic restructuring has perhaps been less dramatic, but it has nevertheless had significant social impacts. To a greater or lesser degree, depending on the country involved, the basis of the Western welfare state is eroding. The post-war "golden age", based on Keynesian policies, could not survive the stagnation and inflation of the 1970s; and more recently economic globalization and rapid technological change have contributed to

growing polarization and unemployment. What has emerged, in fact, is something of a trade-off between employment and equity in the welfare states. The relatively high employment levels of the United States have been maintained through low wages and casual work, resulting in a new class of the working poor. Transfer programmes have enabled many European countries to avoid such social polarization, but at the expense of high levels of unemployment. Two countries that have managed to some extent to avoid this trade-off — Sweden and Canada — have done so at the cost of high tax burdens and rising public debt, and are thus approaching the upper limits of what this strategy can accomplish.

Throughout the world, in fact, there has been a striking convergence of social problems. Increasing polarization is evident almost everywhere. Absolute poverty, rather than relative poverty, has been emerging in the

"What is the social policy solution [to crime in the U.S.]? The first step is the building of more and bigger prisons. This is the one area of social policy where the taxpayers — white taxpayers — have been willing to pay more taxes. We currently in the United States have 1.4 million people behind bars ... we lead the world in the proportion of our population behind bars. Most of these are young men, and most of them are black."

Andrew Hacker, Queens College, Flushing, New York, USA.

industrialized countries, so that some people are now forced to take "Third World jobs" and have living standards to

match. At the same time, polarization in the South has been accompanied by increasing crime and social fragmentation to match the levels of these problems in the North.

The "human face"

"Adjustment is not a development strategy. It was never intended to be a development strategy, it is not even an economic development strategy. Adjustment may have started as a way for countries to squeeze their publics, getting foreign exchange and paying back commercial banks. But in the long term it has really been a strategy to open up these economies, and to allow capital to go wherever it wants to go, and to use cheap labour and unregulated economies and environments in order to produce as cheaply as possible — or just to go into deregulated financial markets and make a quick profit and get out."

Douglas Hellinger, Managing Director, The Development Gap, Washington, D.C., USA.

"Fund-supported programmes are giving increasing consideration to the social aspects of economic policies and to integrating them within the programmes' overall macro-economic framework. However, the main focus of these programmes is, and must remain, macro-economic stability to create a growth-friendly environment. The Fund, by its mandate, cannot be a prime agency to finance social development in its larger and integrated sense, just as it is not in the business of financing development projects."

Rattan J. Bhatia, Director of the Fund Office in the United Nations, and Special Representative to the United Nations, IMF, Washington, D.C., USA.

Responses to the problems of adjustment

By the mid-1980s, the social problems associated with the standard adjustment measures led to widespread criticism of the international financial institutions that were the primary promoters of adjustment in the developing countries. As a result, the IMF and the World

Bank expressed their willingness to work for adjustment "with a human face" by increasing their

"Poverty in Africa is trickling up, social policy making is in disarray, and is totally overshadowed by short-term economic concerns ... We [at UNICEF] believe it is better to prevent than to cure. We would therefore like to focus attention on rehabilitation and strengthening the capacities of government delivery systems rather than supporting social safety nets."

Jan Vandemoortele, Director, Office of Social Policy and Economic Analysis, UNICEF, New York, USA.

attention to social issues, becoming more flexible on the conditionalities associated with adjustment lending, and searching for ways to directly alleviate the problems of the most vulnerable groups.

It is not yet clear that these sorts of initiatives have had any real effects. The increased flexibility claimed for adjustment programmes has in fact taken place only on a very limited scale, without involving significant changes to the basic adjustment model. The "social investment funds" set up to channel funding for development projects to vulnerable groups have as yet had only very limited impacts — with

of adjustment?

"There has been a sharp increase in Bank lending for the social sectors over the past 15 years ... Almost all Bank lending is designed to benefit the poor either directly or indirectly, but projects designed to target the poor and disadvantaged directly are now classified under the programme of targeted interventions (PTI). About 43 per cent of the Bank's investment lending to the poorest countries was classified as being in the PTI. Almost 85 per cent of these projects involve collaboration with NGOs. Depending on the country's circumstances, Bank lending to support structural adjustment programmes often includes components to support the poor, including steps to reorient public expenditures toward the social sector: in fiscal 1994, 17 of 24 adjustment operations included such a poverty component."

Oey Astra Meesook, Manager, Policy Analysis and Social Assistance, Education and Social Policy Department, World Bank, Washington, D.C., USA.

"The policy prescriptions of the Bretton Woods institutions do not sufficiently reflect the needs of the majority of the world's citizens. In part, this can be traced to their profoundly undemocratic character: while their policies impact principally upon the citizens of the South, both agencies remain firmly under the control of Northern governments ... If the World Bank and the IMF are to address the challenge of poverty reduction, fundamental policy reforms will be needed, including the redesign of structural adjustment programmes to reflect the imperative of poverty reduction and the creation of sustainable livelihoods."

Patricia Feeney, Policy Adviser, Oxfam UK, Oxford, United Kingdom.

even the largest of such programmes reaching a very small proportion of the vulnerable population. In addition, while there are hopes that such approaches to social funding may provide an efficient and holistic

"[Social safety net] programmes are not an answer either to the social costs of adjustment, or to poverty in the context of adjustment, and should not provide an excuse for not taking seriously the question of how to refine adjustment programmes to make them more sensitive to the needs and vulnerabilities of the poor."

Jessica Vivian, Project Co-ordinator, UNRISD, Geneva, Switzerland.

alternative form of social service provisioning based on participation and empowerment, some

evidence suggests that they in fact work to undermine public institutions and create new forms of clientelism.

Rethinking adjustment

Although it has been suggested that initiatives to reform adjustment measures on the part of the lending institutions have been more rhetoric than reality, probably a more important reason for the failure to overcome the social problems associated with adjustment is the failure to approach such problems holistically. The challenge is to combine the necessary economic changes with human security and human development, and success in doing so will require acknowledging and accounting for the interdependence between the different levels and sectors of society. Economic and social policies have effects on many different levels, from

the global to the macro, the meso, the micro (households, farms and firms) and

"Adjustment is not primarily a technical exercise. Technical expertise is of course an important element in designing policy reform; but, in the last analysis, adjustment poses dilemmas that can only be resolved politically. There are many ways to deal with any problem of imbalance in the economy, and each way implies a varying distribution of benefits and losses for people within the society in question."

Cynthia Hewitt de Alcántara, Project Co-ordinator, UNRISD, Geneva, Switzerland.

what has been called the "micro-micro" — inside households, farms and firms. Recognition of the relations between these different levels raises a host of questions that must be addressed if the contribution of adjustment measures to social development is to be improved. For instance, how is the bargaining power of women within households (the micro-micro level) affected by labour market policies at the meso or macro level? How do international policies influencing international migration affect the family and the firm?

Obviously, raising such questions makes the task of adjustment enormously more complex — but complicating the adjustment process has become a necessity. The crisis that faces the world is a structural one, involving the need not only for more stable and effective economic mechanisms, but also for more accountable and effective institutions to regulate a whole range of social relations. It is therefore time to define the term “structural adjustment” more broadly: it is not merely macro-

economic structures that need adjusting. Structural changes should also include such things as modernization of the food crop sector

“Economic growth requires restructuring. Such restructuring lays the foundation for growth and the expansion of production. However, economic reforms will never be enough by themselves; nor will a myopic fixation on aggregate indicators of national economic growth and performance. Economic reforms must be complemented by equally powerful initiatives to ensure that economic growth benefits the poor more than the rich, that it is job-led growth and that the environment is protected.”

Rafeeuddin Ahmed, Associate Administrator, UNDP, New York, USA.

and widening of the manufacturing base. Structural adjustment should address questions of the distribution of resources and assets. It should pay attention to issues of employment and the distribution of earned income, as well as to social policies that contribute to human security, stimulate the growth of productive skills and the opportunities to employ these skills, and ensure equitable returns to productive activities.

The old approaches to these problems cannot be resurrected under current global conditions. The crisis of the welfare state cannot be ignored, and the social and economic impacts of globalization cannot be wished away. Rethinking adjustment to bring it into line with the requirements of social development will entail redefining the priorities of adjustment, designing more effective monitoring mechanisms, and increasing the accountability of the market to the state and of the state

to the people. Above all, it will require working out new institutional arrangements that make adjustment measures more efficient and equitable by promoting positive-sum economic

“Women have recognized that alternative approaches [to the standard development paradigms] have to be built by the people themselves and based on the principles of reciprocity and mutual respect. They have recognized that their welfare and safety are built through collective action, neighbourhoods, interdependence, collective responsibility and honesty. They have also recognized that approaches to sustainable livelihoods and stable lives have to be locally based ... The new concepts being developed by women are not being picked up quickly by states to use as models for development because of the gender-based inequality in access to power.”

Achola Pala Okeyo, Chief, Africa Section, UNIFEM, New York, USA.

and social interactions, rather than accentuating the destructive zero-sum tendencies of the free market.

Redefining priorities

This must be the first step in rethinking approaches to adjustment in order to promote social development. Broad international norms and specific targets must be set, redefining the goals of adjustment and establishing what are — and what are not — the acceptable social costs of adjustment. The reduction of poverty and inequality is obviously one of the most important objectives of structural adjustment. Accomplishing these goals will have important implications for increasing efficiency and production, but they should also be defended in normative terms. In fact, structural adjustment programmes should not shrink from consideration of ethical questions and the protection of human rights for its own sake, regardless of its implications for efficiency. This is the essence of social development.

On a narrower level, the emphasis of the economic dimension of structural adjustment measures should be on productive growth rather than on demand suppression, with attention paid to the kind of growth that is produced. This will require a more nuanced understanding of the economies in which adjustment measures are undertaken, and

the social relationships within each economy.

Growth based on the mobilization of poor people's resources and abilities, and on improving their access

"Adjustment policies accompanied by economic growth are much more likely to be associated with reduced poverty than policies that lead to falling per capita incomes ... How can falling income be avoided? More generous finance (including debt rescheduling and write-off), more gradual policies, less rigid budgetary targets, more emphasis on switching policies and less on deflation are all likely to be associated with more growth and less poverty ... For any given level of income, policies that favour agriculture (usually) and poor people's crops, and policies that promote labour-intensive non-agricultural activities are also likely to improve income distribution and be better for the poor."

Frances Stewart, Director, Queen Elizabeth House, University of Oxford, Oxford, United Kingdom.

to key productive assets, should become a priority. Ways to enable the poor to access the non-wage components of growth — perhaps through co-operatives or privatization initiatives that make assets available to the poor — should be considered. Enabling the poor to participate at a more meaningful level in both economic and political structures will facilitate such outcomes.

The 20/20 concept, which calls for earmarking 20 per cent of national budgets and international aid for priority social needs, has been proposed by several UN agencies as a way to make available the resources necessary for social development, and to ensure that social needs are given priority in budgeting decisions.

The debt burden severely constricts social development opportunities for the severely indebted and least developed countries. Adjustment

measures, and especially debt repayment, should not be undertaken at the expense of the rights of poor people to an adequate standard of living. In many cases, debt relief will be

"The principal debt problem for low-income countries is in respect to their debt to official creditors. Despite the fact that the critical creditor decisions are therefore political rather than commercial ones, official creditors have dragged their feet over debt relief far more than have private creditors ... The case-by-case approach ... virtually guarantees a continued slow pace and an inappropriately tight leash on 'deserving' debtors. Would it not be more efficient and appropriate to begin with an across-the-board major reduction (say by 75 per cent) of the entire stock of debt of the low-income debt-distressed group, and then move to a consideration of the further requirements on a case-by-case basis?"

Gerry Helleiner, Department of Economics, University of Toronto, Toronto, Canada.

necessary — but resources freed by debt relief should be used for more productive and socially desirable purposes, rather than to service additional debt.

Finally, because the bulk of the income of the poor is earned income, employment should be a primary concern of structural adjustment.

"Particularly because they are so often overlooked, it is important to emphasize the benefits that are often conferred by labour market regulations. A totally unregulated labour market is often also an inefficient one, and inequitable to boot. It generates excessive instability in employment, leads to underinvestment in training, and blocks the emergence of potentially superior regulated outcomes. Appropriate forms of regulation can, on the other hand, promote co-ordination and co-operation between and within enterprises that can lead to higher productivity and efficiency."

Eddy Lee, Chief, Employment Strategies Branch, ILO, Geneva, Switzerland.

Policies must take into account not only the number of jobs produced or lost by specific measures, but also the quality of jobs and the

distribution of earned income. Further casualization of work, low wages and the marginalizing of the informal sector will accelerate social polarization and will not be conducive to social development.

Strengthening monitoring and accountability mechanisms

This is necessary to confront some of the political difficulties of implementing socially desirable adjustment measures. National and international institutions and actors that intervene in the adjustment process must be monitored and made accountable for their actions.

Southern governments should take the initiative to make greater use of existing international regulatory bodies — including, for instance, those concerned with economic, social and cultural rights — to assert their right to social development in the context of structural adjustment. The

opportunity should be taken at the World Summit for Social Development to make existing international conventions on social development more binding, and to give international monitoring bodies (including NGOs) more access to international forums.

Because it is now recognized that social policy cannot be separated from economic policy, the Bretton Woods institutions should be reformed and brought more closely into the United Nations system.

The Articles of Agreement of these institutions should

"What should come out of the Summit? First, a panel should be set up internationally to rethink adjustment policies. It should be led by a high level political group, set up appropriately by the heads of state with members chosen by the Secretary-General and answerable in some way to the international community at head of state level. Under this should be a secretariat taking evidence [from the international agencies] but working independently. Second, we must agree on specific goals for poverty reduction and the follow-up process within the UN. Third, specific support will be needed for Africa, the least developed countries and the CIS countries. Fourth, more support is needed for developing countries in their dialogues on these issues, particularly with the Bretton Woods institutions."

Richard Jolly, Deputy Executive Director, Programmes, UNICEF, New York, USA.

be reviewed, and amended where necessary to enable them to take into account more explicitly the social dimensions of their activities. Although the IMF, for

example, is not currently directed to deal with social development or social policy, recognition that such issues cannot be divorced from macro-economic policies means that the Fund should be enjoined to work more closely with those international agencies enjoying a better understanding of social issues.

Markets versus

"The very language of 'the market' being subject to 'intervention' obscures the real issues: the problem we face is not of 'the market' versus 'the state' but of specific institutional mechanisms that would provide particular economic agents, including the state, with incentives and information that would lead them to behave in a collectively beneficial manner."

Adam Przeworski, Department of Political Science, University of Chicago, Chicago, USA.

"Most women do not have an interest in 'reducing the role of the state and increasing the role of the market' — or vice versa — per se. Rather, they want decent wages, employment, leisure, health care, education, personal autonomy and the ability to make decisions about their own lives. Therefore the important question is not the simplistic market versus state opposition, but more complex considerations, such as what kind of market growth and which types of state-led development improve specific aspects of gender equity, and how both markets and states can be restructured to improve the life chances of women."

Noeleen Heyzer, Director, UNIFEM, New York, USA.

One proposal supported by many at the seminar was for the creation of a panel to rethink adjustment policies. The panel should be set up by heads of state and answerable to the international community, and should have under it a secretariat examining the effects of adjustment.

"What many consider to be the economic miracle [of Chile] can be explained in terms of the capacity for formal and informal concertación — consensus building among different social sectors — that was developed in the long struggle against dictatorship in the country, and that has provided a space for debate and political participation for many different groups on proposed economic, social and political reforms."

Marcia Rivera, Executive Secretary, CLACSO, Buenos Aires, Argentina.

Finally, ways must be found to make political

bodies more accountable at all levels, from the local to the national. This will entail both the further expansion of existing democratic structures and exploring possibilities for institutional innovation. Although ensuring free elections is a necessary step in this regard, it is not sufficient. Elections are at best very blunt political instruments and must go hand in hand with other measures to make governments accountable to their constituents.

Increased political accountability will involve increased empowerment and participation on the local level, but it should not be assumed that such participation will solve all problems of accountability. The government, markets, civil society and individuals all need to have a voice in political, social and economic decision-making, but the right balance must be found between these sectors: each of them has

the state?

"What the Social Summit has done is to put social development back into the heart of international discussion. It reminds us that trickle-down hasn't worked, and that problems of economics and social development must be addressed together. And, very fundamentally, one reads throughout the texts of Summit documents a conclusion that neither the state nor the market can deal with these matters alone — this is a very fundamental premise at this point in time, as we move beyond the ideological battles of the Cold War. Thus we have to find adequate, concrete, specific solutions in which both of these elements are combined in order to pursue the types of human-led objectives that are at the heart of the philosophy of the Summit."

Juan Somavia, Ambassador, Permanent Mission of Chile to the United Nations, and Chairperson, Preparatory Committee of the World Summit for Social Development, New York, USA.

destructive as well as constructive elements. The potential destructiveness of civil society, for instance, is most dramatically illustrated by the experiences of Somalia and former Yugoslavia.

Creating new institutional arrangements for improving global economic and social co-operation

The world economy is becoming increasingly interdependent, as the global repercussions of the Mexican crisis show. The most efficient response to this interdependence is not the zero-sum approach of the

market, but the positive-sum approach of the commons. The appeal of market solutions is that they minimize the need for regulatory

"In an interdependent world economy, there is a close organic connection between the unemployment problem in the North and in the South ... The optimal solution to the global employment challenge lies in co-operative action: both the North and the South should follow 'positive-sum' policies that help to create jobs in both regions in a virtuous circle of cumulative causation."

Ajit Singh, Queens College, Cambridge, United Kingdom.

institutions — however, they have increasingly been shown to be inefficient in terms of realizing the potential of positive externalities. The reality of globalization calls for much greater co-operative action to increase the benefits available to the world community. In turn, such co-operative action must be regulated by new institutional structures.

The World Trade Organization has the potential to play an important role as a global regulatory institution that will maximize the global benefits of international trade. In addition, other incentive and regulatory structures should be set up with the power to influence behaviour that affects the global commons. Proposals in this area include calls for the taxation of international financial transactions and other initiatives to regulate international capital flows; the levying of fees on nations and corporations for the use of the global commons; and global "sin taxes" on the international arms trade, pollution, excessive depletion of natural resources and wasteful energy use. At the same time, dividends could be provided to indigenous and other peoples who maintain

the global commons through sustainable resource management systems.

"The provision of a modicum of universal economic and social security in an era of open markets, fierce competition and rapid technological progress poses a formidable challenge. The answer has to lie in a new configuration of institutional structures in greater harmony with the social and economic forces of the twenty-first century."

Dharam Ghai, Director, UNRISD, Geneva, Switzerland.

In short, there is a need for a globalization of social policy to respond to economic globalization — and a global social policy will require new institutions and new forms of institutional relations.

Conclusion: Structural adjustment and international solidarity

Social development under the conditions of globalization we are now experiencing requires co-operative initiatives. The world economy does not need more intense market-based competition to make it more efficient — rather, it needs greater efforts to identify mutually beneficial solutions. This will require redefining priorities, strengthening mechanisms for monitoring and accountability, and reworking institutional arrangements and relations.

All these activities, in turn, will require a new global social consensus, based on a concept of global citizenship and solidarity. Although there have been many negative aspects of the globalization process, the other side of the globalization coin is that a world community is slowly emerging — by fits and starts, perhaps, but emerging nonetheless. There is an increased sense of mutual responsibility between nations. With the sense of a world community comes a sense of obligation to others — even if this sense is not always acted upon. Explicit efforts must be made to foster the growing awareness of global citizenship, because it is through international solidarity that the problems of social development have the best chance of being resolved.

Opening address by Rafeeuddin Ahmed (Associate Administrator, UNDP)

Ladies and gentlemen,

I would like to welcome all of you to this important meeting and to thank you for inviting me here today. I would also like to thank my colleagues at UNDP and UNRISD for making this meeting possible.

Although we all come from different backgrounds, we are here for a common purpose: to make an important contribution to the preparatory work for the World Summit for Social Development. This Summit must not be remembered merely as one of words. It must be remembered as a summit of innovation, commitment and action.

The topic of our seminar, "economic restructuring and social policy", is central to the debate leading up to the Social Summit. It cuts across all three of the issues to be taken up by the Summit's delegates: poverty, unemployment and social integration. I hope that by the end of our seminar we will have developed concrete and meaningful strategies that can be incorporated into the Summit's declaration and programme of action.

The development record of the past 50 years has been mixed. We live in a world where more people than ever are poor. Misery and suffering are rampant throughout the developing world. Millions, in fact a full 20 per cent of the world's population, find themselves in dire situations of deprivation and hopelessness.

The time has come to revisit development thinking. We need a new set of tools because the old ones are just not working anymore. We need to abandon the illusion that, sooner or later, development will "trickle down" to everybody, and agree instead on a model of development that builds upon people's resourcefulness and ingenuity to achieve greater social equity and economic efficiency. We must turn development priorities on their head to ensure that **people** — men and

women, young and old, sick and healthy — get a chance to live long and productive lives.

Poverty cannot be reduced without economic growth, and economic growth cannot take place when millions are still trapped in poverty. The poor are key economic players, and their importance must not be overlooked. Economic growth must therefore be based on the mobilization of the poor's resources and abilities, and on their access to key assets of production. It should empower people, not marginalize them. Poverty reduction must not only be seen as an end in itself but as a **means** for achieving sustained economic growth.

Economic growth requires restructuring. Such restructuring lays the foundation for growth and the expansion in production. However, economic reforms will never be enough by themselves; nor will a myopic fixation on aggregate indicators of national economic growth and performance. Economic reforms must be complemented by equally powerful initiatives to ensure that economic growth benefits the poor more than the rich, that it is job-led growth, and that the environment is protected.

Much attention has been properly focused on the "first generation" reform issues, those economic and political adjustments needed to slow inflation, strengthen the private sector, improve investor confidence, restart growth after the stagnation of the 1980s and achieve democratic and open governance. Different countries have approached these issues in different ways and in different time frames, but these economic and political transformations are now producing tangible results.

However, too many people are still very poor. Without a "second generation" of policies, the current economic reforms are likely to restart growth that is not socially equitable or environmentally sustainable.

Indeed, new priorities are needed if we want one day to see a just world where women and men have equitable access to socio-economic and political opportunities, where the battle against poverty has been won; where the diversity of humankind is a source of strength, not conflict; and where the Earth's carrying capacity is in harmony with human capability.

Economic growth is important. But growth and restructuring that do not translate into a long-term improvement in the standards of living of the bulk of humanity are unsustainable — economically, socially, politically and environmentally.

The Social Summit offers us the opportunity to commit to a global compact for this type of development — sustainable human development. The compact should be based on a mutual respect and partnership between industrialized and developing countries, taking into account their common interests and shared responsibilities, but respecting national sovereignty and each country's development priorities.

A global compact for poverty alleviation would mobilize all development actors and resources for the implementation of broad-based, "inclusive" policies for social development. Governments, with the active participation of society in general, would identify concrete objectives and actions to eradicate poverty, particularly extreme poverty and poverty in rural areas. Once overall objectives were agreed upon, they could be translated into specific time-bound targets.

I would like to ask all of you today to ask yourselves whether we can risk another decade of business as usual, whether we can afford to plod along with the same prescriptions for reform and growth, or whether radical change is necessary.

I believe that change is what the Social Summit is all about. It is about reversing the downward spiral of humanity. It is about changing our march down the path toward unemployment, social disintegration and poverty.

Almost four centuries ago, Francis Bacon said that "he that will not apply new remedies must expect new evils". Bacon's timeless wisdom should not be forgotten. Let us hope that the Social Summit will be a forum for discussing and developing new remedies, for committing ourselves to new compacts, not just an opportunity to reiterate our support for old ones. We must move quickly. We must make sure that future generations will not pay the high price of our neglect and delays. We must act before poverty spreads further.

Reflections on the seminar — Paul Streeten (Professor Emeritus, Boston University)

Five levels of decision-making

The question that ran throughout the seminar like a leitmotif was: are liberal market reforms compatible with reforms for poverty reduction, or, more generally, how can change (and adaptability to change) be combined with human security? This question was discussed at five different levels:

- At the lowest stage there is the micro-micro level. It is concerned with what goes on inside the household, the firm, and the farm. These activities are not part of the market. Instead, they depend on the structure of decision-making inside these agents of economic activity. They may be hierarchical, as in many firms (particularly in Japan); patriarchal, as in some families; or participatory, as in co-operatives, communes and other families. The dominance of male decision makers in some cultures may be called “macho policies”.
- The second level is the micro level. Here we consider the decisions made by firms, farms and households as they enter the market, constrained by their incomes, their assets, the available information and the prices they face. These decisions will depend on the structure of markets (competition, oligopoly or monopoly), the structure of signals (prices or changes in inventories signalling gluts or shortages), the structure of incentives (rewards for success and penalties for failure) and the mobility of resources (how readily they respond to signals and incentives). Small units, such as family enterprises, will tend to use more labour per unit of other factors than large units, which will tend to use more capital-intensive techniques.

- The third level is the meso level, intermediate between micro and macro. It concerns the impact of macro policies and micro-micro structures on particular groups, such as rich and poor, men and women, urban and rural residents, industry and agriculture, people living in different regions or belonging to different ethnic or religious communities, groups paying direct and indirect taxes. When a budget deficit is reduced, meso policies will determine who pays the taxes and who benefits from the public expenditures. Frances Stewart has emphasized the importance for anti-poverty measures of these policies. Past policy recommendations by the International Monetary Fund and other agencies have concentrated on macro decisions and not paid much attention to their allocational and distributional impact, for which the meso level is decisive. If we are concerned with poverty reduction and employment creation, the meso level is crucial. The same reduction in a budget deficit has a very different impact according to whether social services to the poor or subsidies to the middle class are cut, or if indirect taxes on necessities or progressive taxes on land holdings are increased. The same amount of credit restriction has different consequences for employment according to whether it hits small-scale, informal sector firms or large firms using capital-intensive methods.
- The fourth level is the macro level. The government with its fiscal policies and the monetary authorities will set some prices, such as the exchange rate, interest rates, tariffs, minimum wage rates, etc., which will affect large economic aggregates. Although getting prices right has been a popular slogan, more important is the encouragement of competition. It is public and private monopolies — rather than just distorted prices, or public enterprises — that are a threat to efficient employment. The bulk of the literature on employment and the choice of techniques has been concerned with micro decisions; however, macro policies are also very important in creating or destroying employment opportunities (though their intentions are often quite different). Thus, an overvalued exchange rate, which may have been adopted to keep the prices of imported foods low, can be a

serious deterrent to the adoption of labour-intensive techniques and may militate against labour-intensive exports. At the same time, overvaluing the importance of any single component, including the exchange rate, in a system of related variables can be worse than overvaluing the exchange rate.

Credit policies in many developing countries discriminate against labour-intensive, small-scale activities. The existence of repressed inflation, in which interest rates are substantially below market clearing rates and credit is rationed, favours the established, large firms, known to the lender and capable of offering good collateral, while small and new firms are deprived of credit.

There have been many calls for the micro foundations of macro analysis and policy; we have heard much less about the equally important need for the macro foundations of micro policies. Many good, well-designed projects and micro policies have failed because they have had to operate in an economically hostile environment: overvalued exchange rates, low-priced capital rationed to favoured firms, excessively high wages, heavily protected domestic markets, etc.

- Finally, there is what might be called the macro-macro or global level, which comprises policies at the transnational level, including policies for supra-national but sub-global regions like Europe, Asia, Africa and Latin America. International institutions such as the General Agreement on Tariffs and Trade — and now the World Trade Organization — or the International Monetary Fund, or trade agreements, or currency régimes, or forms of international co-operation can have important effects on the poor in a country. Import barriers put up by a foreign country, or deflation abroad to reduce a deficit in the balance of payments, can play havoc with the best domestic employment programme.

These five levels interact in complex ways. Employment opportunities for women, for example, strengthen their position inside the household — even if they do not actually take up the opportunities. Macro-economic policies for trade affect the distribution of resources inside

the household, depending on what crops are exported: if there is a switch to tradables, which are in the hands of men — whereas non-tradables are cultivated by women — this weakens the position of women. Meso policies have important implications for the distribution of benefits and costs. International migration of men in search of jobs — an event at the global or macro-macro level — affects the family (micro-micro) and firm (micro) levels.

Structural adjustment

Initially, before 1985, adjustment had been given a narrow interpretation. It meant adjustment to outside shocks such as the oil price increase and the subsequent debt crisis. But when excessive deflation occurred in response to balance-of-payments crises complaints were raised that adjustment should be in the context of expansion not contraction, and growth kept creeping back. So between 1985 and 1988 there was talk of adjustment with growth. Then UNICEF put pressure on the International Monetary Fund and came out with **Adjustment with a Human Face** (1987) and the World Bank added the social dimensions to adjustment. Concern for the poor was incorporated into the rhetoric of adjustment policies. For good measure reform of public enterprises was also included. Then, between 1988 and 1992, protection of the environment took an important place in the adjustment process. Next democracy, human rights and good governance found their place in the rhetoric — and as these and Uncle Tom Cobley and all were added to the conditionality of foreign assistance, the money disbursed shrank. Adjustment came to embrace all the objectives of what had been covered under the term “development”.

It should be remembered that adjustment applies to unexpected good outcomes, as well as to bad shocks. A favourable move in the terms of trade, an unexpected drop in oil prices for an importing country and an unexpected increase in available aid are conditions to which countries have to adjust so as to take the greatest advantage and avoid unfavourable effects. The prevalence of the Dutch disease has shown

how unexpected blessings can turn into curses, unless sensible adjustments are made to them.

We are frequently told that the world is becoming ever more interdependent. Although the move towards a régime of flexible exchange rates in the 1970s was supposed to combine the benefits of growing international trade with greater autonomy in domestic policies — including social and employment policies — this hope was disappointed. Employment levels and reforms aimed at poverty reduction depend strongly on other countries' policies, and only by international co-operation can mutually destructive actions be avoided.

Adjustment, the theme of this seminar, is no great rallying cry. We cannot see people laying down their lives or mounting the barricades for adjustment. They may not even want to salute the flag. Somebody once asked me whether there is life after adjustment. At first, I thought to reply that all life is adjustment. But when we hear that in the year after Zimbabwe's structural adjustment policy was introduced the number of women dying in childbirth doubled in Harare alone, we begin to wonder whether life only begins after structural adjustment. Gerry Helleiner suggested that we drop the term "structural adjustment" altogether (as well as the outstanding debts) for the low income countries. Adjustment, at best, is a means or a necessary constraint, whereas poverty eradication is an end. Lance Taylor used Mexico as a horrible warning against a "market-friendly" approach that can be very people-unfriendly. Speculative capital inflows, a collapse of savings and reduced real investment eventually led to disaster. The rebellion in Chiapas and more recently in Tabasco is related to the increasing inequality provoked by the neo-liberal policies of the 1980s.

We all agreed that anti-poverty reforms should not be stuck on as an afterthought, but should be integrated from the beginning in any set of reforms. Marcia Rivera, Douglas Hellinger and Rolph van der Hoeven made the case for an integrated policy. We should drop the words "poverty alleviation", which indicate a palliative — like a band aid — an anaemic, short-term action. Short-term measures like social safety nets and social investment funds can use a lot of money and do little good. The aim is uprooting poverty, poverty eradication or at least poverty reduction as an integral part of the adjustment package.

Holistic was a commonly used word. The philosopher Henri Bergson said that it was the function of time to prevent everything happening at once. Similarly, it is the function of departments in organizations and of academic disciplines to prevent us from talking about everything at the same time. Yet, as Dharam Ghai told us in his opening statement, "social policy is in disarray". Marcia Rivera called for an integrated policy against poverty. This means not divorcing wage policy from employment policy, from social security, from macro-economic policy, from policies affecting the informal sector. The integrated or holistic approach will reinforce the power of any given policy.

"Structure" in structural adjustment means many things to different people. Fritz Machlup once distinguished, as I seem to remember, something like 57 varieties — like Heinz sauces. The conventional mainstream refers to changes in economic variables such as income, demand, output, industrial production, agricultural production, imports, exports, savings, investment, etc. Most of us in this room would include institutional factors such as land ownership, administration, politics, power relations, society and culture in referring to structural change.

UNICEF asked for adjustment with a human face. (A cynic may wonder what is so wonderful about the human face, but looking round this room I am reassured.) But to confine structural changes to the economic variables is purely cosmetic: it is structural adjustment without structural change; it is adjustment with a human face lift, or with a human facial. Structural adjustment must surely mean removing obstacles to the poor's access to resources and power, to end discrimination and exclusion. This means land reform, access to food, health services, jobs, credit, education and training; it means access to power and empowerment and participation.

Rolph van der Hoeven warned us against excessive aggregation in the analysis of adjustment. It is all too easy but misleading to say that because adjustment improves the rural terms of trade it will reduce poverty; or to say since the poor have no access to government services the decline of these services will not hurt them. Yet, some generalizations are useful, as Frances Stewart has pointed out. An encouragement to the growth of poor people's crops, and of labour-

intensive activities, for example, is good for the poor, higher exports of minerals bad.

There are three way in which structural adjustment adversely affects the poor:

- First, changes in the relative prices of goods, services and factors of production can hurt the poor. The elimination of bias against tradables may help the rural poor, but it can also hurt the informal sector and benefit rich landlords.
- Second, the reduction in total demand that usually goes with stabilization tends to harm the poor.
- Third, reduced government expenditure on social services (and charging user fees without exempting the poor) will be detrimental to the poor.

Guidelines

What are the guidelines that can be laid down for preventing the poor being hit by structural adjustment? We have discussed some of these. The general rule is that policies that improve the access of poor people to resources and power, to land, food, jobs, credit, information, education and training, etc., will be indicated.

- First, pursue expansionist, not contractionist macro-economic policies. Gerry Helleiner drew our attention to the fact that investment dropped everywhere under adjustment policies.
- Second, invest in increasing the productivity and earning power of the poor.
- Third, put a floor for minimum health, education and nutrition levels. The World Bank talks of target groups and of targeting social expenditure. This suggests that people are not only got at but actually shot at. The metaphor is in line with the Bank's military metaphors of strategies, task forces, delivery systems, etc. (Shall we soon see "missions" be replaced by "sorties?") We

have heard powerful and convincing arguments against narrow targeting. Peter Townsend has shown how demeaning means testing can be, how incompatible with human dignity. We were also told that the objective of "hitting" **all** the poor and **only** the poor can never be achieved. Trying to aim at **only** the poor is bound to leave out many poor people. It is also sensible to enlist the political support of some non-poor groups for the food subsidies or other measures. Frances Stewart has argued that raising tax revenue will tend to have less harmful effects than cutting expenditure.

- Fourth, there is the need for a social safety net, so well analysed by Jessica Vivian. She showed the strict limitations, as well as the uses, of safety nets. They must, of course, not become safety hammocks.
- Fifth, there is scope for restructuring within the social services: from men to women; from rich to poor; from town to country; from curative, urban hospitals to preventive rural health services; from free tertiary education for the children of the better-off to primary and secondary education; from soldiers to teachers. The plea that the resources for these policies are lacking is unconvincing when we bear in mind the vast sums spent on the military, on loss making public enterprises that subsidize the better-off, on large prestige projects and on capital flight.
- Sixth, restructure policies and institutions so that the informal sector, which contains many poor people, does not suffer.
- Seventh, create public employment schemes that provide jobs and produce useful works.
- Eighth, as Frances Stewart has stressed, pursue meso policies that protect the poor.
- Ninth, empower the poor. I would suggest adding participation to Adam Przeworski's four planks of the coming liberal social democratic consensus, both as an end and as a means to greater efficiency. This means freeing people's time, and especially women's time. It was Oscar Wilde who said "the trouble with

socialism is that it takes too many evenings". The same can be said of participation.

G.D.H. Cole used to distinguish between A-socialists and B-socialists. The A-socialists were the anarchists (and syndicalists, among whom he counted himself); the B-socialists were the bureaucrats, who believed in central government planning. The outstanding examples were Sidney and Beatrice Webb. Many of us have shifted our allegiance to the A-side, in the sense that we believe popular participation and better access to power by the poor are both good in themselves and good for greater efficiency.

The important thing to remember is that greater participation should be practised not only in the political sector, but in all four sectors. Central planning has failed as a way of running the economy, but it is still widely practised in private profit-seeking firms. Workers' participation should be introduced in the private sector, in NGOs, in the civil society and in the family. Some of the great members of the civil society such as certain churches and trade unions, are not known for their participatory way of running their affairs. And there should be more participation in the international institutions, the United Nations agencies and other international and regional organizations, which do not always practise what they preach.

We heard a lot about the role of the civil society in balancing the forces of the market and those of government. And it is true that the private sector can corrupt government and government can overregulate and strangle business, and that the civil society can exert pressure to prevent this. But too strong a civil society can also be destructive — as can be seen in Lebanon, Sri Lanka, Somalia and the old Yugoslavia. We should think carefully about the relations between democracy and participation. So-called representatives can be quite unrepresentative.

Finally, as Gerry Helleiner has pointed out, international pressures and support can also be helpful. Debt write-off, aid for the social sectors, technical assistance, better access to trade, etc. can help domestic efforts of poverty eradication.

These measures are to be preferred to emergency funds, narrow "targeting" of social services and income maintenance schemes, though these may have a function in the short run.

The trouble with the prescriptions of the World Bank is that they are both too general and too specific. They are too general in that they tend to use a uniform formula, without regard to the different economic, social, political and cultural circumstances of a country. They are also too specific in that they recommend Kenya diversify out of coffee into tea and Sri Lanka diversify out of tea into coffee, when both coffee and tea are in world surplus. A global view of international trade would avoid such errors.

The World Bank, in its study *The East Asian Miracle*, admits that the Asian tigers did practise government intervention, but concludes that this is not for other developing countries to imitate because the East Asian civil services were competent and resisted self-interested pressure groups. Other countries lack such bureaucracies and should use only the free market, which is the uniform recipe of the Bank. But why not conclude that other countries should emulate the East Asian countries by training and educating their bureaucracies to become competent and resist pressures?

Some hopeful signs

The impression anyone listening to the proceedings of this seminar is likely to take away is very gloomy. But in the midst of misery there are some hopeful signs. The results of the adjustment programmes had some good aspects. Just to restore the balance a little, let me mention a few.

First, austerity programmes have made leaders receptive to the needs of vulnerable groups and drawn their attention to the need to do something about the poor, jobs, incomes and productivity. India's Integrated Rural Development Programme is one illustration. The widespread adoption of democratic forms of government helped.

Second, getting prices right can be used for the benefit of the informal sector in which many poor people are to be found. Kenya's tariff rebate for the imported inputs into small firms is an illustration.

Third, balance-of-payments and debt problems, by restraining imports and, through devaluation, making them more expensive, can also be helpful for the informal sector and micro enterprises. In some cases the power of the large companies has been used to strengthen the small ones through subcontracting work on labour-intensive components, spare parts and ancillary services.

Fourth, among the four current catchwords — liberalization, deregulation, privatization and decentralization — the last, decentralization, can mean empowerment of local communities, greater responsiveness to their needs and greater effectiveness in the use of resources.

Fifth, many governments in developing countries, especially in Latin America, have become less dogmatic, less populist and more pragmatic in their policies. Even when they campaign on a dogmatic platform, once in power many leaders adopt pragmatism. Unfortunately, as Albert Hirschman has pointed out, just when this is happening, the Americans, who in the past had preached pragmatism to leaders of developing countries, have become more dogmatic, insisting on the four "-tions".

Sixth, the widespread approval and the growth of NGOs, grassroots organizations, voluntary societies and citizens' groups, and the distrust of large state bureaucracies, have also meant greater responsiveness to the needs of the poor. The Grameen Bank in Bangladesh has become a model for many others and the women's dairy in India has helped to empower poor women and raise their incomes and status.

Richard Rose told us that official economic figures greatly overstate the decline in production and incomes in Eastern Europe, while the social and human indicators are much "harder" and more reliable.

Advanced countries: Jobless growth

Kurt Vonnegut, in his novel *Player Piano*, describes a future nightmare society in which the divine right of machines, efficiency and organization has triumphed, and the large underclass of unemployed are handed out plenty of goodies by a small group of affluent managers, but lack what John Rawls regards as "perhaps the most important primary good", which is self-respect. Vonnegut's unemployed eventually revolt.

The concern in the advanced countries has become jobless growth. Recently there has not been much growth in Europe, but growth of output without more work is, of course, to be welcomed, not condemned. While the International Labour Organisation in its 1976 statement regarded employment as a basic need, Sidney Webb, the co-founder of the Fabian Society, regarded leisure as a basic need. Many forms of monotonous, hard or dangerous work are a burden, not a blessing. It is highly desirable for productivity to grow. Increases in output per worker are to be welcomed, but only as long as either output grows rapidly enough to absorb all those seeking work or the reduced work load can be spread evenly. This was so in the golden Keynesian age after the last War. But if, as has been the case in the OECD countries in the last decade, output grows insufficiently fast to generate employment for the whole workforce, we find ourselves in a society in which John Kenneth Galbraith's private affluence amid public squalor is joined by private affluence amid private squalor. Anyone walking through New York City to the United Nations building has witnessed the homeless sleeping in mid-winter on benches in the open. Whether the cause of growing unemployment is inadequate growth of demand (due to fears of inflation and balance-of payments-crises), or technological change that calls for new skills that are and will remain scarce, or low-cost imports from developing countries, the unemployed underclass does not even benefit from Vonnegut's handouts. They lack both recognition and necessities.

An adequate increase in demand (e.g. through public investment) would remove much of the "structural" unemployment, as we

witnessed during the Second World War. Training and adjustment assistance would also help. And it is not at all clear that our society cannot use plenty of health workers, nurses, gardeners, sweepers, protectors of the environment, and other service workers who do not need the high and scarce skills demanded by modern technology and whose services cannot be replaced by imported low-cost goods from low income countries. Many of these jobs are, however, in the currently despised public sector.

There remains the problem of the insiders-outsiders. A small, mainly male, insider élite workforce co-exists with poorly paid, not fully recognized outsiders. Such polarization has occurred in the United States. Europe, by contrast, showed greater job security, high wages and high social benefits, combined with a more rapid growth in unemployment. More on this later.

Institutional innovation

Technology has moved rapidly ahead of our institutions. Technologically we have become a (partially) integrated global society, shrunk by the revolutions in transport, travel, communication and information, but institutionally we are still stuck in 1648, the Peace of Westphalia, which set up the nation state. Gunnar Myrdal thought that national integration (the welfare state, full employment policies) led to international disintegration. Now, as Dharam Ghai has pointed out, we are witnessing a situation in which partial international integration — through transnational corporations, financial markets and global élites — leads to national disintegration. Polarization between rich and poor, between those with access to power and those without, both within countries and between countries, is rising. A response in the form of global, transnational institutions, such as an Economic Security Council, a global competition policy, a global central bank, a global migration policy, a global investment fund that would recycle the Japanese current account surpluses to capital-starved developing countries, and some form of global taxation, is needed. The social and environmental implications of the activities of transnational

corporations and banks, their social welfare services, and the implications for polarization between privileged insiders and marginalized outsiders are important items on the research and action agenda. At the same time, some of the functions now exercised by the central government should be delegated downwards to local communities, private voluntary societies, grassroots organizations and citizens' groups.

Ajit Singh called us back to the future of the golden age of Keynes. But as he points out, Keynes did not foresee the need for restraining wage increases and inflation in conditions of full employment and did not allow for the changing distribution of relative power that full employment brings and that is resisted by employers. And there may be more deep-rooted structural causes of unemployment, resulting from the high skills required by modern technology and low-cost imports to the advanced countries. As a result of globalization the power of national governments to pursue full employment policies is reduced. Fiscal and monetary policies have been greatly weakened by global interdependence. Carl Riskin also pointed out that Ajit Singh's Keynesian age had ignored the impact of policies on the environment. But Ajit Singh's emphasis on the need for more co-operative arrangements between workers, employers and governments and between national governments in an interdependent world than the fashionable confrontational and competitive model calls for is surely convincing.

Dharam Ghai has called imaginatively for global citizenship and core entitlements. He outlined the necessary conditions for such citizenship. I shall be among the first to apply for his global citizens' passport. National governments now often stand in the way of progress towards such citizenship, and it is for the global civil society, running across national boundaries, to assume the task of advancing it.

As indicated in the UNRISD report, **States of Disarray: The Social Effects of Globalization**, it has taken the advanced societies three centuries to achieve the civil, political and social dimensions of human development. The eighteenth century established civil rights: from freedom of thought, speech and religion to the rule of law. In the course of the nineteenth century political freedom and participation in the

exercise of political power made major strides, as the right to vote was extended to more people. In the twentieth century the welfare state extended human development to the **social and economic** sphere, by recognizing that minimum standards of education, health, nutrition, well-being and security are basic to the civilized life, as well as to the exercise of the civil and political attributes of citizenship. These battles had not been won easily or without resistance. Each progressive thrust has been followed by reactionary counter-thrusts and setbacks.

The struggle for **civil** liberty was opposed, after the French Revolution, by those fearful that it could only lead to tyranny; the fight for **political** participation because it was believed that it would bring enslavement to the masses. We are now witnessing one of these counter-attacks on the **economic** liberties of the welfare state, and on some fronts partial retreat. The argument again is that the opposite of the intended results is achieved. Just as civil liberty was said to lead to tyranny, and political liberty to slavery, so compassionate concern for the poor, it is now said, can lead only to their pauperization. But we know, as Dharam Ghai, Peter Townsend and Albert Hirschman have shown, that human progress is possible, though not inevitable, along all three fronts.

Welfare state

John Myles and Dharam Ghai have made it clear that the initial impetus to the welfare state went beyond economic concerns to social integration, the eradication of class differences and nation building. It is clear that the anonymous, competitive market is not good for solidarity, citizenship and social integration, although Werner Sombart argued that sellers of products must woo and love their buyers. With the end of the Cold War we have become more aware of the different styles of capitalism, some manifesting more co-operation, loyalty and bonds between agents than others. As the ex-socialist countries have moved from the zoo to the jungle — exchanging security for freedom

and totalitarianism for crime — they will have to opt for one of these types.

In the Western democracies the old unhappy triangle between full employment, price stability and free wage bargaining has given place to a new conflict, pointed out by John Myles, between equality and jobs. In the United States and Canada relatively high employment levels have been accompanied by growing poverty, inequality and the emergence of an underclass. Europe, more socially conscious, has maintained greater equality at the cost of increasing unemployment. The growing army of welfare dependants threatens the social security finances. The high wages and job security in Europe have added to labour market rigidity. The welfare state has, however, been undermined by globalization, technical advance, new family forms and aging populations.

It is odd that the neo-liberal philosophy is very keen on free choice by consumers between different brands of detergent, but has nothing to say about workers' free choice between jobs. Most of us spend more time producing than consuming and the choice between jobs figures more importantly than that between goods. But free choice of jobs calls for over-full employment, more vacancies than job-seekers. Even if it were said that this reduces the choice of employers, it should be remembered that they are in a minority. And the dangers of inflation should be fought in ways indicated by Ajit Singh.

The low-paid jobs in the United States may be dead-end jobs, holding out little hope for advancement. The United States lacks institutions and funds for training and education to upgrade these workers. Whereas most Americans support measures that help people to become self-reliant, such as education, job training and public service employment, actual expenditure on such programmes fell from 33 billion US dollars in 1980 to under 25 billion US dollars in 1992. Peter Townsend has imaginatively called for an accountable global welfare state, built-on-integrated national welfare states. Accountability of the bureaucracy and access to power by the poor are more important and more realistic than getting power itself.

Turning to Eastern Europe, I have already referred to Richard Rose's point that figures of large declines in output in Eastern Europe and

Russia are unreliable and that the actual drop is much less, because of the large unrecorded sector. János Kornai has told us about the premature welfare state in Hungary. Hungarian welfare payments are much higher than would correspond to Hungary's income level. Expectations of high social benefits, calling for high taxes, lead to the very conditions — unemployment and poverty — that make these payments desirable, while at the same time undermining the tax base. Carl Riskin showed that China's high growth rates and economic liberalization were accompanied by high and growing unemployment, polarization of incomes, crime, corruption and environmental degradation.

The new consensus and morality

Adam Przeworski presented four planks in a future consensus on liberal social democracy, contrasting it with John Williamson's Washington consensus. The four headings are:

- The "Indian" (because based on the ideas of Amartya Sen and Partha Dasgupta — both Indian) emphasis that deprivation incapacitates the poor from leading a useful life and that social and human spending is investment.
- The "Chicago" rediscovery that selective state intervention is required to generate economic growth.
- The social democratic legacy of restraining wages in exchange for social expenditure. Private wages yield lower social returns than social spending.
- The liberal concern with the excessive power of the state. Institutions must enable principals to control their agents; governments must have instruments of intervention and citizens must have instruments to monitor and sack governments.

Milton Friedman, an economist with whom I do not normally agree, said "there is only one problem with a consensus: it is always wrong". Sometimes it is better to identify a **dissensus**. Politicians and practical

people reach agreement by blurring distinctions and differences, academics by sharpening them. Only then can one know what kind of evidence would resolve differences. It is not easy to envisage consensus between Patricia Feeney, representing Oxfam, and Oey Astra Meesook, representing the World Bank, or between the views of Rattan Bhatia, representing the International Monetary Fund, and those of Douglas Hellinger or Hazel Henderson, representing their splendid selves. (Moreover, there seemed an inconsistency in the Fund claiming credit when policies turned out well, but falling back on "it's the country's decision" when they failed.) It would be hard to forge a consensus between those who believe that structural adjustment makes things worse for the poor, and those who believe it is a necessary condition for the improvement of their lot, or between those who believe that the Ford Motor Company is nearly indistinguishable from the Ford Foundation and those who think it is, if not the devil incarnate, then the devil incorporated.

Guillermo Rozenwurcel correctly pointed out that state intervention is needed for many purposes additional to the externalities promoting growth and social expenditure mentioned by Przeworski: structural unemployment and imperfect labour and capital markets call for additional state interventions; research, the provision of infrastructure, competition policy, natural monopolies, protection of the environment, the production or provision or financing of certain public goods, etc. can be done only by the state. Indeed, a powerful state is needed in order to make markets work efficiently. Market reform is inconsistent with state minimalism. And government action is needed not only to correct for market failure, but even more for market success, such as famines when people starve while food goes to those who have the money to pay for it.

Ashwani Saith said that Przeworski raised a deeply moral question: whether people in general and women and the poor in particular should be treated as fodder for the productive machinery, as human capital, or as ends in themselves. The case for gender equity and equality should not be based on grounds of efficiency but on human rights. If it turned out that treating women equally would not add to production, should it therefore be abandoned? If the returns on "investing in the poor" (or, as

the World Bank called its **World Development Report 1993**, "investing in health") turned out to be zero, would no action be recommended?

On the face of it, the dispute seems odd. Should those who believe that anti-poverty measures are right in themselves and those who believe that they are a good form of investment in human capital not embrace each other and make common cause? After all, means are means to ends, and the human resource developers presumably also regard the improvement of the human condition as the ultimate end.

But things are not so simple. Though there are large areas of overlap of common concern between the humanitarians who regard people as ends and the human resource developers or human capitalists who regard them as productive inputs, there are also areas of conflict. What about the unemployables, the lame ducks, the old, the chronically sick, the disabled, the handicapped? What about the role of women as breast-feeding nurturers of children and good housewives against their role as autonomous agents, free to join the labour market? What about the different political constituencies to which the two groups appeal: bankers and investors versus idealists, action groups and NGOs? Should the educational curriculum be narrowly vocational or open the minds of the students to the world around them? One could go on. Means also have the odd characteristic of becoming ends in the eyes of their advocates, and human resource developers soon look on people as passive target groups whereas humanitarians regard them as active agents. For reasons such as these Ashwani Saith is surely right in pointing to the moral issues behind the first plank of Przeworski's consensus and emphasizing the importance of treating people as ends.

We return to the question raised at the beginning: what is the relation between market reforms and redistributive and anti-poverty reforms? Several recent econometric studies have shown that the two are complementary. All the evidence points to the fact that the reduction of inequality, and *a fortiori* of absolute poverty, accelerates economic growth. And economic growth of the right quality and composition in turn provides the resources for redistribution, poverty eradication, and the opportunities for the fulfilment of all human lives.

The agenda for the Social Summit in Copenhagen in March 1995 covers many subjects. If we had time, it would be interesting to go

round the room and ask everyone to which reforms he or she attaches top priority. I would select two: children's rights and children's welfare, and an inheritance tax.

By children's rights and welfare, I mean not only nutrition, health and education, but also an end to exploitation, and to the labour of barely educated children. I know the difficulties and the arguments on the other side (not being exploited at all can be worse than being exploited, work can be a form of education, etc.), but if the poor families could be provided with alternative resources they would not have to depend on their children's earnings. And for this and other social purposes I recommend an inheritance tax. It does not interfere with negative incentives to work, save and venture (and indeed may contribute to positive ones) and its revenue can be used both directly for redistribution to the poor and indirectly to finance land reform, the spread of children's rights and other social objectives.

The conclusions of this meeting are entirely in the spirit of Adam Smith, who has been wrongly claimed by the neo-liberal libertarians. Amartya Sen wrote: "Shakespeare did not say it, but it is true that some men are born small, some achieve smallness, and some have smallness thrust upon them. Adam Smith, the father of modern economics, has had to cope with a good deal of such thrusting". Far from rejecting moral motives and preaching selfishness, Adam Smith, the author of **The Theory of Moral Sentiments**, knew that self-interest must be embedded in altruism, benevolence and morality, and that self-love must be combined with love of others. And he wrote that there is a place for different motivations, including the roles of "humanity, justice, generosity and public spirit".

Agenda

Wednesday 11 January

10.00 - 11.00

Opening session

Opening statement: **Dharam Ghai** (Director, UNRISD, Geneva)

Opening address: **Rafeeuddin Ahmed** (Associate Administrator, UNDP, New York)

11.00 - 11.30

COFFEE BREAK

11.30 - 12.15

Session 1 — Global restructuring and social policy

Chairperson:

Jacques Baudot (Coordinator, World Summit for Social Development, United Nations, New York)

Speakers:

Hazel Henderson (Center for Sustainable Development and Alternative World Future, St. Augustine, Florida, and Global Commission to Fund the United Nations, Washington, D.C.)

Ajit Singh (Queens College, Cambridge)

Peter Townsend (Social Policy and Social Planning, University of Bristol, Bristol)

12.15 - 13.00

Discussion

13.00 - 14.30

LUNCH

14.30 - 15.15

Session 2 — Debt and structural adjustment

Chairperson:

Ramtane Lamanra (Ambassador, Permanent Mission of Algeria to the United Nations, and Chair of G-77)

Speakers:

Lance Taylor (Center for Studies for Social Change, New School for Social Research, New York)

Adam Przeworski (Department of Political Science, University of Chicago, Chicago)

Gerry Helleiner (Department of Economics, University of Toronto, Toronto)

15.15 - 16.00

Discussion

16.00 - 16.30

TEA BREAK

16.30 - 17.15

Session 3 — Adjustment and social policy approaches

Chairperson:

Dag Ehrenpreis (Chief Economist, Task Force on Poverty Reduction, SIDA, Stockholm)

Speakers:

Frances Stewart (Director, Queen Elizabeth House, University of Oxford, Oxford)

Caroline Moser (Senior Urban Social Policy Specialist, Urban Development Division, World Bank, Washington, D.C.)

Achola Pala Okeyo (Chief, Africa Section, UNIFEM, New York)

17.15 - 18.00 Discussion

Thursday 12 January

9.30 - 11.30	Session 4 — Agency approaches to structural adjustment and social policy
Chairperson:	John Sewell (President, Overseas Development Council, Washington, D.C.)
Speakers:	Richard Jolly (Deputy Executive Director, Programmes, UNICEF, New York) Rattan J. Bhatia (Director of the Fund Office in the United Nations, and Special Representative to the United Nations, IMF, Washington, D.C.) Eddy Lee (Chief, Employment Strategies Branch, ILO, Geneva) Oey Astra Meesook (Manager, Policy Analysis and Social Assistance, Education and Social Policy Department, World Bank, Washington, D.C.) Denis Benn (Director, Special Unit for Technical Cooperation among Developing Countries, UNDP, New York)
Discussants:	Patricia Feeney (Policy Adviser, Oxfam UK, Oxford) Douglas Hellinger (Managing Director, The Development Gap, Washington, D.C.)
11.30 - 12.00	COFFEE BREAK
12.00 - 12.45	Session 5 — Economic reform, institutional change and social policy in Africa
Chairperson:	Abdul Magid Osman (Director, Management Development and Governance Division, BPPS, UNDP, New York)
Speakers:	Jan Vandemoortele (Director, Office of Social Policy and Economic Analysis, UNICEF, New York) Yusuf Bangura (Project Co-ordinator, UNRISD, Geneva) Rolph van der Hoeven (Employment Strategies and Policies Branch, ILO, Geneva)
12.45 - 13.30	Discussion
13.30 - 14.30	LUNCH
14.30 - 15.15	Session 6 — Economic reform, institutional change and social policy in Latin America
Chairperson:	Cynthia Hewitt de Alcantara (Project Co-ordinator, UNRISD, Geneva)
Speakers:	Carmelo Mesa-Lago (Professor of Economic and Latin American Studies, University of Pittsburgh, Pittsburgh) Marcia Rivera (Executive Secretary, CLACSO, Buenos Aires) Guillermo Rozenwurcel (Senior Researcher, CEDES, Buenos Aires)
15.15 - 16.00	Discussion
16.00 - 16.30	TEA BREAK

Agenda

16.30 - 17.15	Session 7 — Economic reform, institutional change and social policy in Eastern Europe
Chairperson:	Jean-Claude Milleron (Under-Secretary-General, Department of Social Information and Policy Analysis, United Nations, New York)
Speakers:	János Kornai (Allie S. Freed Professor of Economics, Department of Economics, Harvard University, Cambridge) Lena Kolarska Bobinska (Public Opinion Research Centre, Warsaw) Richard Rose (European Centre for Social Welfare Policy and Research, Vienna and Centre for the Study of Public Policy, University of Strathclyde, Glasgow)
17.15 - 18.00	Discussion

Friday 13 January

9.15 - 10.00	Session 8 — Economic reform, institutional change and social policy in Asia
Chairperson:	Nay Htun (Director, Regional Bureau for Asia and the Pacific, UNDP, New York)
Speakers:	Ashwani Saith (Institute of Social Studies, The Hague) Carl Riskin (East Asian Institute, Columbia University, New York) Noeleen Heyzer (Director, UNIFEM, New York)
10.00 - 10.45	Discussion
10.45 - 11.00	COFFEE BREAK
11.00 - 11.45	Session 9 — Social policy in Western Europe and North America
Chairperson:	Olivier Giscard d'Estaing (Chairman, Business Association for the World Social Summit, Paris)
Speakers:	Andrew Hacker (Queens College, Flushing, New York) John Myles (Pepper Institute on Aging and Public Policy, Florida State University, Tallahassee) Bernd Marin (Executive Director, European Centre for Social Welfare Policy and Research, Vienna)
11.45 - 12.30	Discussion
12.30 - 13.30	Closing session
Keynote address:	Juan Somavía (Ambassador, Permanent Mission of Chile to the United Nations; Chairperson, Preparatory Committee of the World Summit for Social Development, New York)
Reflections on the seminar:	Paul Streeten (Professor Emeritus, Boston University, Boston)
Closing remarks:	Dharam Ghai (Director, UNRISD, Geneva) Sarah L. Timpson (Acting Director, BPPS, UNDP, New York)



UNRISD
and the
World Summit for
Social Development

The World Summit for Social Development, to be held in Copenhagen in March 1995, will consider three closely interrelated agenda items: (a) decreasing poverty, (b) reducing unemployment, and (c) enhancing social integration.

The pre-Summit preparatory process provides an important opportunity for individuals and organizations around the world to discuss these issues and to carry out new research relevant to the Summit debate.

UNRISD is mobilizing its worldwide network of scholars, activists and development practitioners in an effort to (a) promote reflection on major social issues, (b) channel new information and ideas into the Summit preparatory process, and (c) build public support for a successful Summit.

UNRISD work for the Summit is concentrated in the following areas:

1. **Rethinking Social Development in the 1990s**, involving an attempt to assess the nature of contemporary social change, explore the underlying dynamics of change and highlight emerging problems of interpretation and analysis;
2. **Economic Restructuring and Social Policy**, which evaluates targeting, social funds and other new social programmes being implemented in a period of deepening poverty, fiscal crisis and global restructuring. Within this programme UNRISD is also sponsoring a *Dialogue on the Future of the Welfare State*;
3. **Ethnic Diversity and Public Policies**, examining state policies which either alleviate tensions or aggravate friction in ethnically diverse countries;
4. **The Challenge of Rebuilding War-Torn Societies**, a programme designed to help the international community and local authorities deal constructively with peace-making and with post-conflict settings of reconstruction and development.

Output from these projects is being circulated and discussed in a number of forums, including conferences and seminars, electronic networks, and national and international news media. In addition, concise reports in the *UNRISD Briefing Paper and Occasional Paper* series examine issues central to Summit deliberations.