

Abstract

A constant in the *Social Panorama of Latin America* is the chapter on poverty dynamics in Latin America. The 2008 edition is no exception. Up-to-date estimates and analyses of the relevant figures, based on household surveys conducted in 18 countries, are provided for the year 2007. Three other chapters focus on the specific topics of the new employment-related target which has been incorporated into the Millennium Development Goals, the demographic dividend as an opportunity for expanding secondary education coverage, and the issue of youth violence and family violence as viewed from a perspective of social inclusion.

In the first chapter, the most recent estimates available for the countries of Latin America indicate that, in 2007, 34.1% of the region's population was living in poverty and 12.6% in extreme poverty or indigence. The total number of poor people stood at 184 million, of whom 68 million were indigent. The downward trend observed since 2002 has continued, with the number of poor persons falling by 37 million and the number of indigent persons down by 29 million. Rising food prices in 2007 (and part of 2008), however, are estimated to have prevented some 4 million persons from escaping from poverty and indigence, thus wiping out some of the gains made in terms of growth and income distribution. Nevertheless, in 2007, Latin America was well set to achieve the first target of the Millennium Development Goals.

The factors associated with poverty reduction are also analysed in chapter 1. The region continues to bear

the stigma of being the most unequal region in the world, and the disparity in its income distribution remains high, with the average per capita income of households in the tenth decile is approximately 17 times greater than that of the poorest 40% of households. Nevertheless, most of the progress made in 2002-2007 was due to an increase in the average incomes —mainly labour income— of the poorest households.

The discussion on social disparities looks at the perceptions of people in different socio-economic sectors and, in particular, seeks to determine whether they feel that they are part of society or are excluded from it. For most Latin Americans, social inclusion is associated with having a profession and an income of one's own, owning property, and having obtained a higher education, speaking a foreign language and being computer-literate. On the other side of the coin, perceptions and feelings of solitude, powerlessness and disorientation are greater among persons who are living in households with fewer assets and who have a lower level of education. Perceptions and feelings of exclusion do not, however, make any substantial reduction in individuals' expectations of social mobility, which tend to be more closely linked with perceptions relating to the future of the economy.

Between 1990 and 2002, some countries found it difficult to reduce poverty. The year 1990 was taken as a base year for measuring the advances made by countries towards the Millennium Development Goals, and 2002 reflects the consequences of the worldwide economic

stagnation seen in the early years of the twenty-first century, as well as the economic crisis that overtook Argentina and Uruguay, in particular.

In the past five years (2003-2007), at over 3% per year, per capita GDP growth in Latin America has been at its highest since the 1970s. For 2008, as a result of the recent international financial crisis, slower, albeit still positive, growth is projected. Weaker demand for the region's commodity exports, declining migrant remittances and scarce credit are just some of the factors that will have an adverse effect on aggregate demand in the region's countries. International financial market constraints and particularly the tight liquidity situation will be further obstacles to the countries in their attempt to maintain the pace of growth achieved in the past five years.

In 2009, this economic slowdown will have an impact on poverty trends and may thus prolong the less favourable turn that poverty levels took in 2008 as compared to the trend in 2003-2007, when poverty in the region fell significantly. Notwithstanding the most recent forecasts, which suggest that the relative incidence of poverty continued to decline in 2008, albeit at a slower pace than in previous years, there is no denying that the absolute number of extremely poor or indigent persons has increased slightly. This is mainly attributable to the fact that escalating food and oil prices triggered a small upswing (0.43 of a percentage point) in indigence in mid-2008. Clearly, food accounts for a major part of the basic basket of consumer items, especially in poor households. Although domestic prices for food and fuel have stopped rising, an even less favourable situation in 2009 in terms of poverty level is to be expected owing to the slower rate of growth that will be seen in the region in the wake of the current international financial crisis.

Generally speaking, aggregate employment for the region as a whole will probably be flat or even lower in 2009, and average real wages are expected to remain unchanged or to diminish somewhat. Moreover, the outlook in terms of how this deterioration in household income will be distributed is not encouraging: own-account workers and wage earners lacking in job security will be the hardest hit, since their jobs are usually most sensitive to movements in the business cycle. Poverty and indigence will probably increase, and even if the extent of this rise is limited, it will still prolong the negative trend that had already started in 2008.

The overall situation will differ from one group of countries to the next. Those that are most dependent on remittances or that have more direct links with the United States market are likely to be among the most seriously affected. The same applies to those which have a less diversified export structure and which rely on the commodity markets that have borne the brunt of the global crisis.

The chapter on employment shows that joblessness in Latin America remains high and that, as of 2006, the rate was still 2.4 percentage points higher than in 1990. However, since 2002, unemployment rates have fallen in most urban areas in the countries of the region. Notwithstanding this reduction, sharp inequities persist and take the form of higher rates of unemployment among the poor, women and youth. This is due to the fact that female participation rates, especially among very young women, have continued to rise (54.2% around 2006), while the male participation rate has remained stable (78.9%) and has even declined slightly among the youngest age groups.

The precarious situation in the region's labour markets is associated with employment in low-productivity sectors, which is generally characterized by poor job quality, a lack of job security, low wages and a lack of access to social security coverage. This situation is often referred to as "labour informality". In 2006, informal workers in urban areas of Latin America accounted for 44.9% of all workers. Of particular concern is the high percentage of urban women employed in low-productivity sectors (50.7%), compared with the figure for men (40.5%).

This chapter also looks at the new target (target 1B) of the first Millennium Development Goal: achieve full and productive employment and decent work for all, including women and young people. It notes that, for three out of the four indicators for monitoring progress towards this target, the trend in the region has been favourable: labour productivity and the rate of employment have increased and worker poverty has diminished. Nevertheless, worker vulnerability —measured as own-account and family workers over total employed— has remained unchanged.

Improving the quality of workforce integration in the labour market, in particular among the poorest, is identified as a crucial need. This would involve providing better wages, stable contracts, secure working conditions, and access to and membership in health-care schemes as well as paying into the social security system. Advances in these areas are of fundamental importance in order to reduce both poverty and income inequality.

One of the dimensions that should be taken into account in evaluating future social development opportunities is the demographic transition. This edition of the Social Panorama of Latin America contains a chapter which assesses the advantages provided by what it known as the "demographic dividend", which accrue to all Latin American countries. This dividend is associated with the more favourable ratio of the working-age population to the dependent-age population (children and older persons) that arises during one of the stages of the transition and will come to an end once the older population begins to increase substantially. Individual countries are at different

stages in the demographic transition, since, for some, this window of opportunity is closing, while for others it is just opening up.

The education sector in most countries is now benefiting from a clearly positive demographic dividend, since the demand for primary education will continue to decline in the coming decades (owing to a relative and absolute reduction in the child population) while the demand for secondary education will begin to decrease (as a result of the relative and subsequently absolute decline in the adolescent population). This is a period when governments are well placed to set ambitious targets for increasing levels of coverage and improving the quality of the secondary education cycle.

However, as pointed out in this section of the report, the benefits to be derived from this period do not accrue automatically: they depend on the adoption of macroeconomic policies that stimulate investment in production, increase job opportunities and foster a stable social and economic environment that is conducive to sustainable development. They also depend on education policies and investment in this sector being oriented towards anticipating the virtuous effects of the demographic dividend, especially in order to expand enrolment in secondary schools, improve the quality of the supply of public services, and support sectors of the population that have less educational capital in order to improve their effective learning, their advancement within the school system and their graduation from the secondary cycle.

The chapter on the social agenda focuses on the issue of youth and domestic violence in Latin America. Violence committed by and against young people is expressed in multiple forms, including self-inflicted violence, criminal violence, violence associated with international crime (drug trafficking), domestic violence and territorial violence. Such violence feeds on various forms of social and symbolic exclusion among youth, including a lack of equal opportunities, a lack of access to employment,

alienation, discrepancies between symbolic consumption and material consumption, territorial segregation, the absence of public facilities for social and political participation, and an increasingly informal labour market.

Government authorities consulted for the purposes of the preparation of this year's edition of the Social Panorama have stated that the main problems they have to contend with in addressing the issue of youth violence are crime, gangs, street violence and the carrying of weapons. Indeed, the use of weapons is a serious concern in urban areas in several Latin American countries. A particularly alarming pattern is the involvement of youth gangs in drug use, drug trafficking and trafficking in persons.

Government authorities also drew attention to family violence, dating violence and intergenerational violence. While reporting of gender-based violence and violence against women has increased, abused children and youth remain largely without protection. Other serious problems are self-inflicted violence and violent behaviour related to alcohol and drug abuse.

In Latin American, various approaches have been used for preventing youth violence, including approaches that focus on risk, citizen security, conflict resolution theory and human rights. However, a holistic approach by government institutions and the adoption of policies that support and coordinate initiatives coming from both government and non-governmental institutions are needed. Experts suggest that policies geared towards reducing violence should be specific, concerted, decentralized and participatory. In addition, they recommend primary preventive measures, together with appropriate social reintegration schemes for rehabilitated youth.

The chapter on the international agenda also reviews the agreements adopted in Santiago in November 2007 at the seventeenth meeting of the Ibero-American Summit of Heads of State and Government, whose central theme was social cohesion and social policy and how they can be used to create more inclusive societies in Ibero-America.