

2008



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Executive Secretary



UNITED NATIONS

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60 YEARS WITH LATIN AMERICA AND THE CARIBBEAN

ISSUES COVERED IN THE SOCIAL PANORAMA 2008 EDITION



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- ➔ **Poverty, social exclusion and unequal income distribution**
- ➔ **Employment, poverty and the new target of the first Millennium Development Goal**
- ➔ **The demographic bonus: an opportunity to increase coverage and progression rates in secondary education**
- ➔ **The social agenda: inclusive approaches to youth and family violence in Latin America**





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FIVE YEARS OF ACHIEVEMENTS IN SOCIAL DEVELOPMENT (2003-2007)



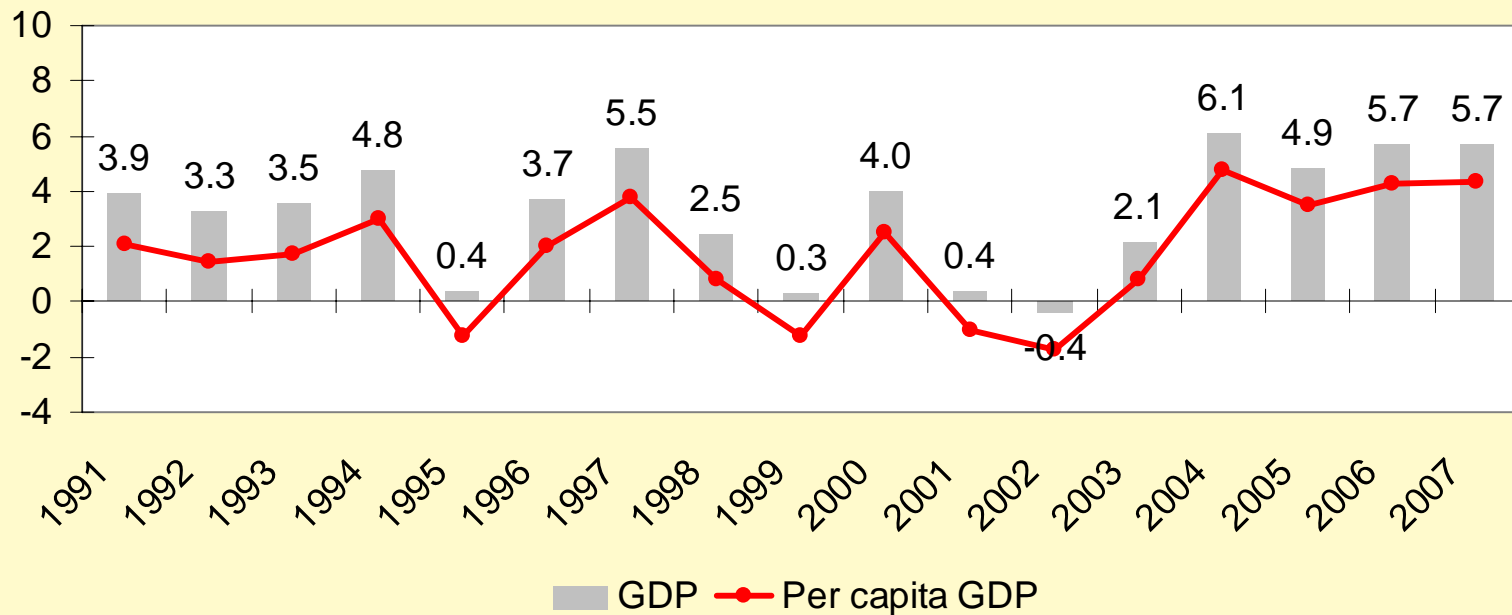
Between 2003 and 2007 almost all the countries enjoyed steady economic growth



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LATIN AMERICA: ANNUAL GROWTH RATE OF TOTAL AND PER CAPITA GDP,
1991-2007 ^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

^a Weighted average.

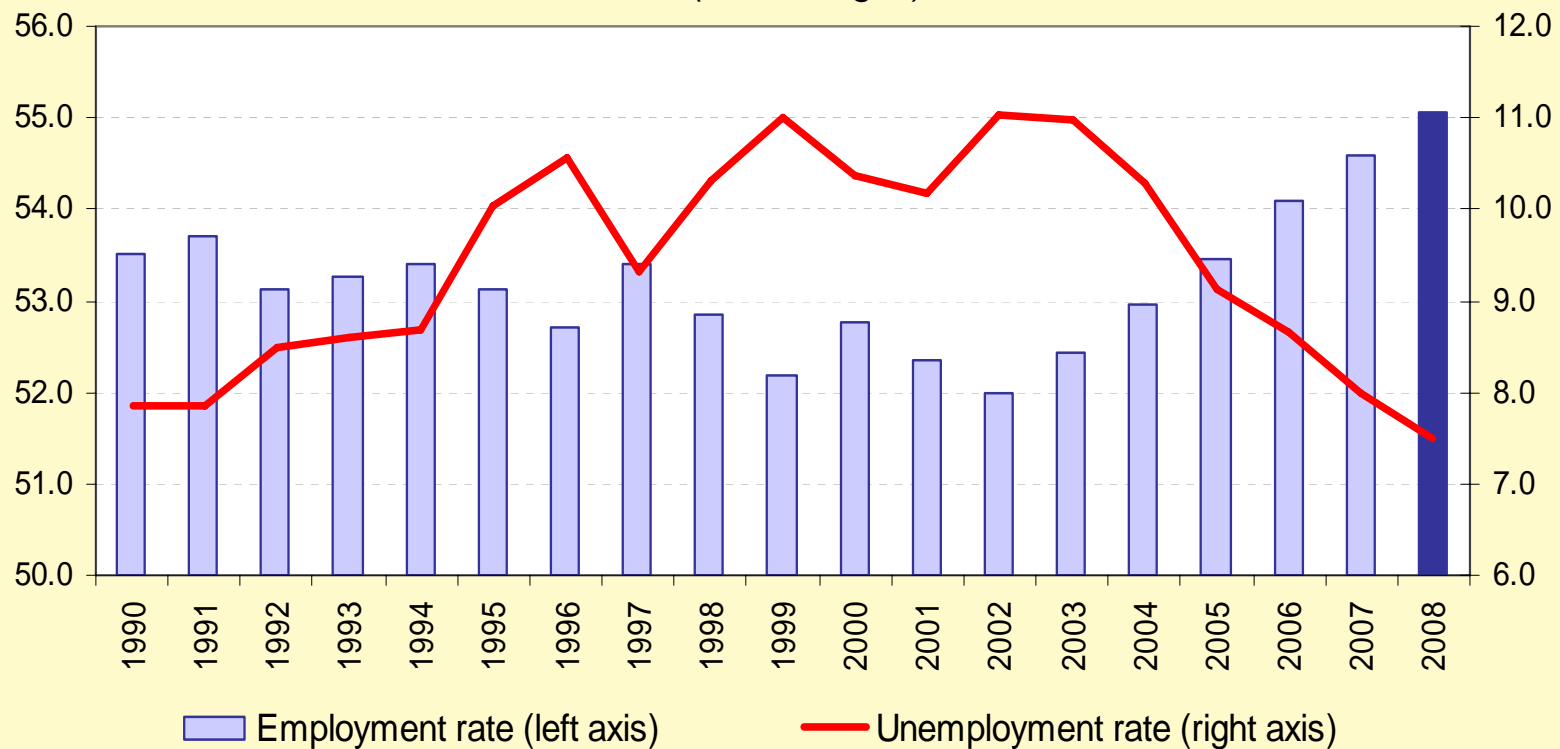
Growth has been accompanied by an improvement in labour market indicators



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LATIN AMERICA AND THE CARIBBEAN: EMPLOYMENT AND UNEMPLOYMENT, 1990-2008
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

Higher growth rates, lower unemployment and better quality jobs help to improve poverty indicators

Between 2003 and 2007 poverty and indigence decreased considerably...

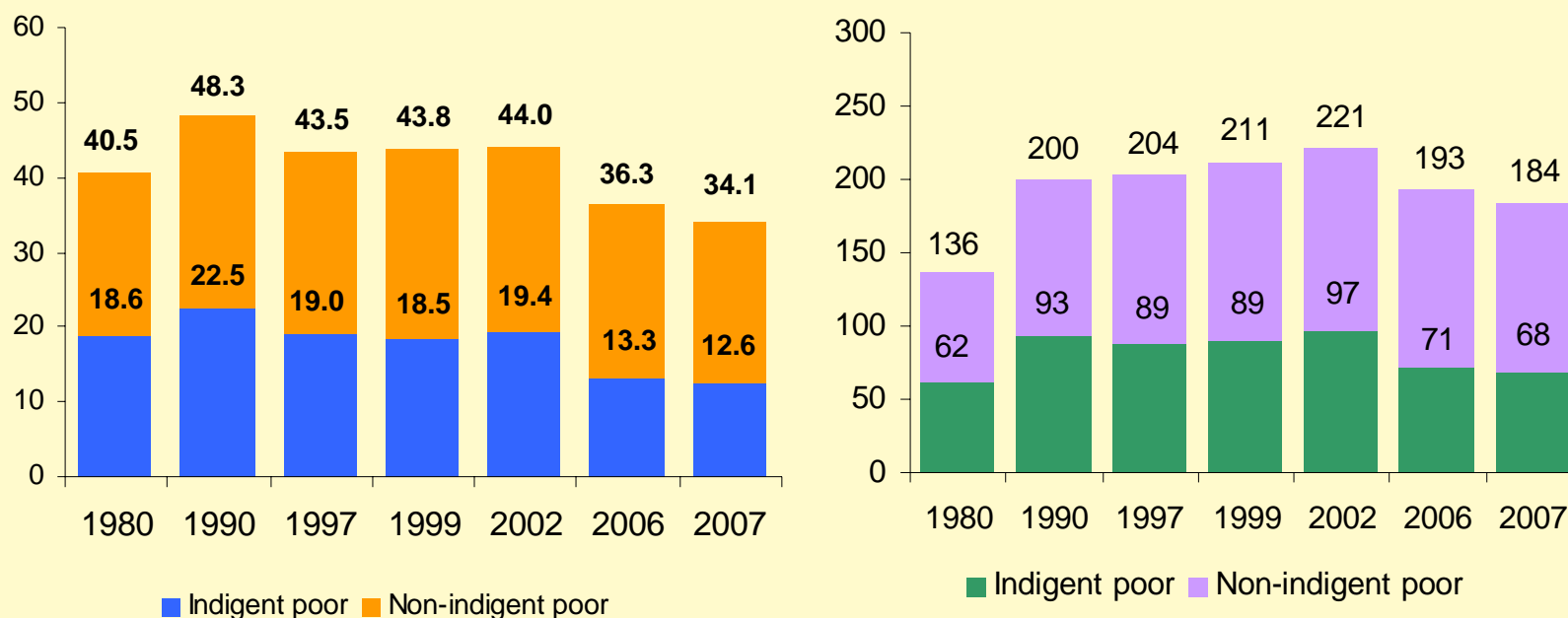


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LATIN AMERICA: POVERTY AND INDIGENCE, 1980-2007 ^a

(Percentages and millions of people)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Estimate for 18 countries of the region, including Haiti. The figures above the bars show the percentage and total number of poor persons (indigent plus non-indigent poor).

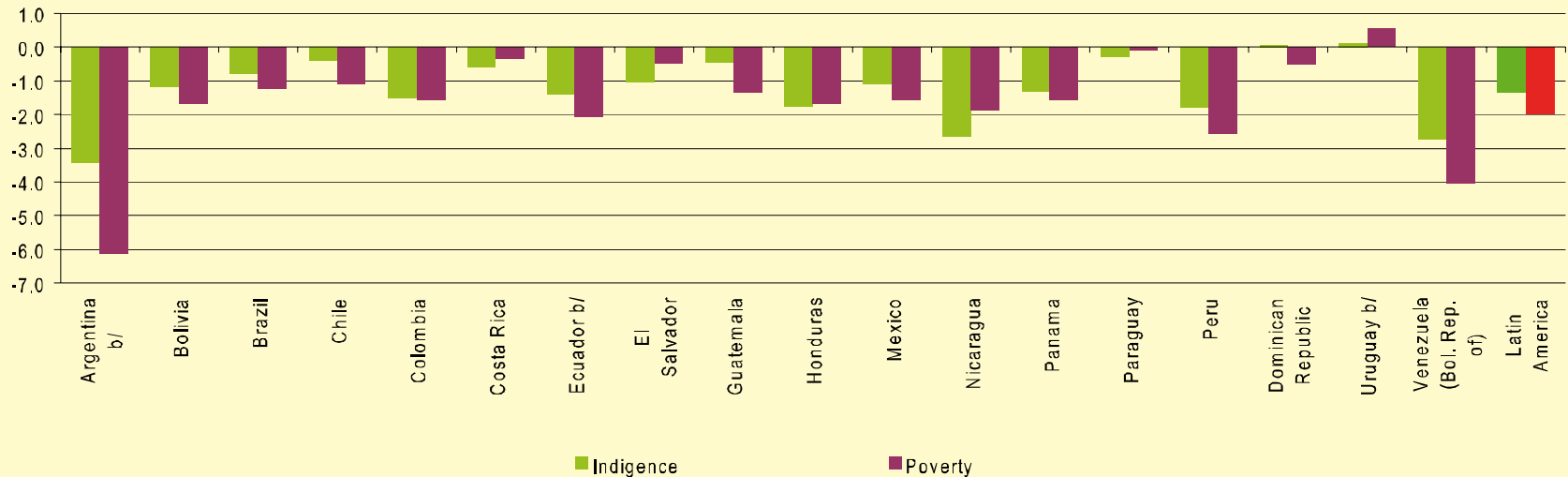
...in practically all the countries



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LATIN AMERICA (18 COUNTRIES): ANNUALIZED VARIATION IN POVERTY AND INDIGENCE RATES, 2002-2007 ^a (Percentage points)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a The year of the survey varies from one country to another. The 2002 period corresponds to the most recent survey available between 2000 and 2002, and the 2007 period corresponds to the most recent survey between 2005 and 2007.

^b Urban areas.



This decrease reflects both economic growth and better income distribution

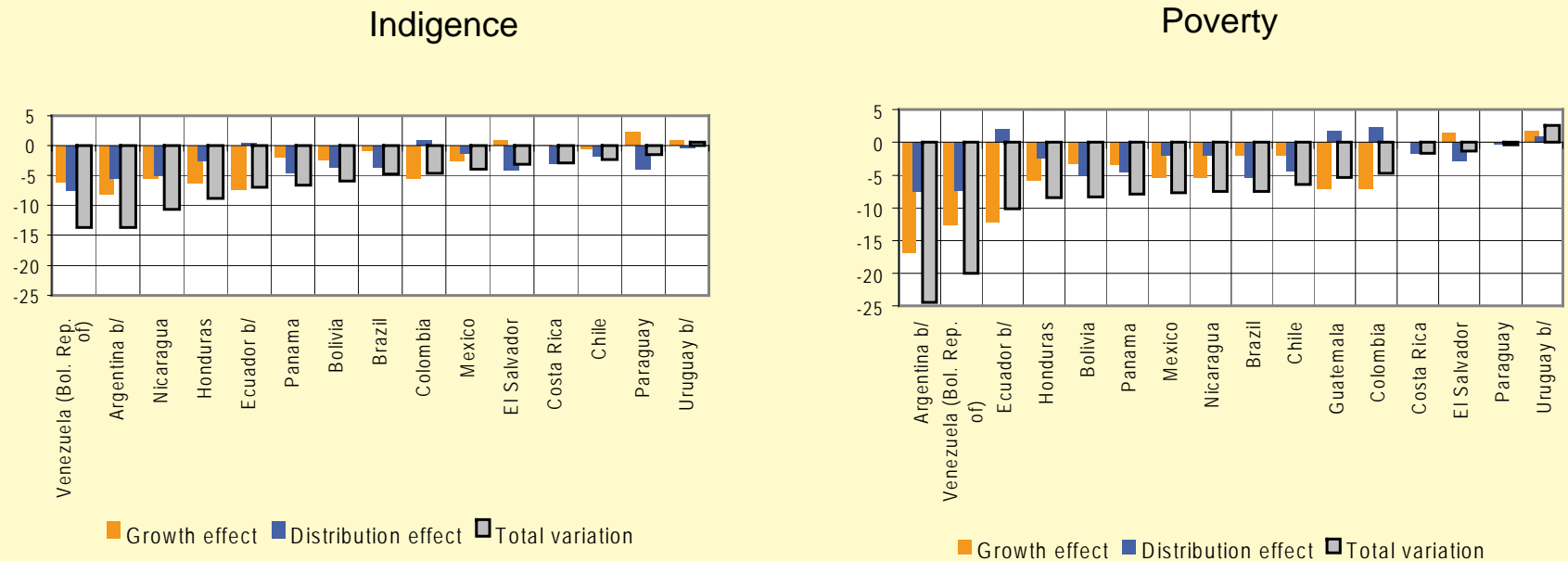


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LATIN AMERICA (16 COUNTRIES): “GROWTH” AND “DISTRIBUTION” EFFECTS ON CHANGES IN POVERTY AND INDIGENCE, 2002–2007 ^a

(Percentage points)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Does not include Guatemala (in indigence) or the Dominican Republic, because the results of the breakdown are not significant in these countries.

^b Urban areas.

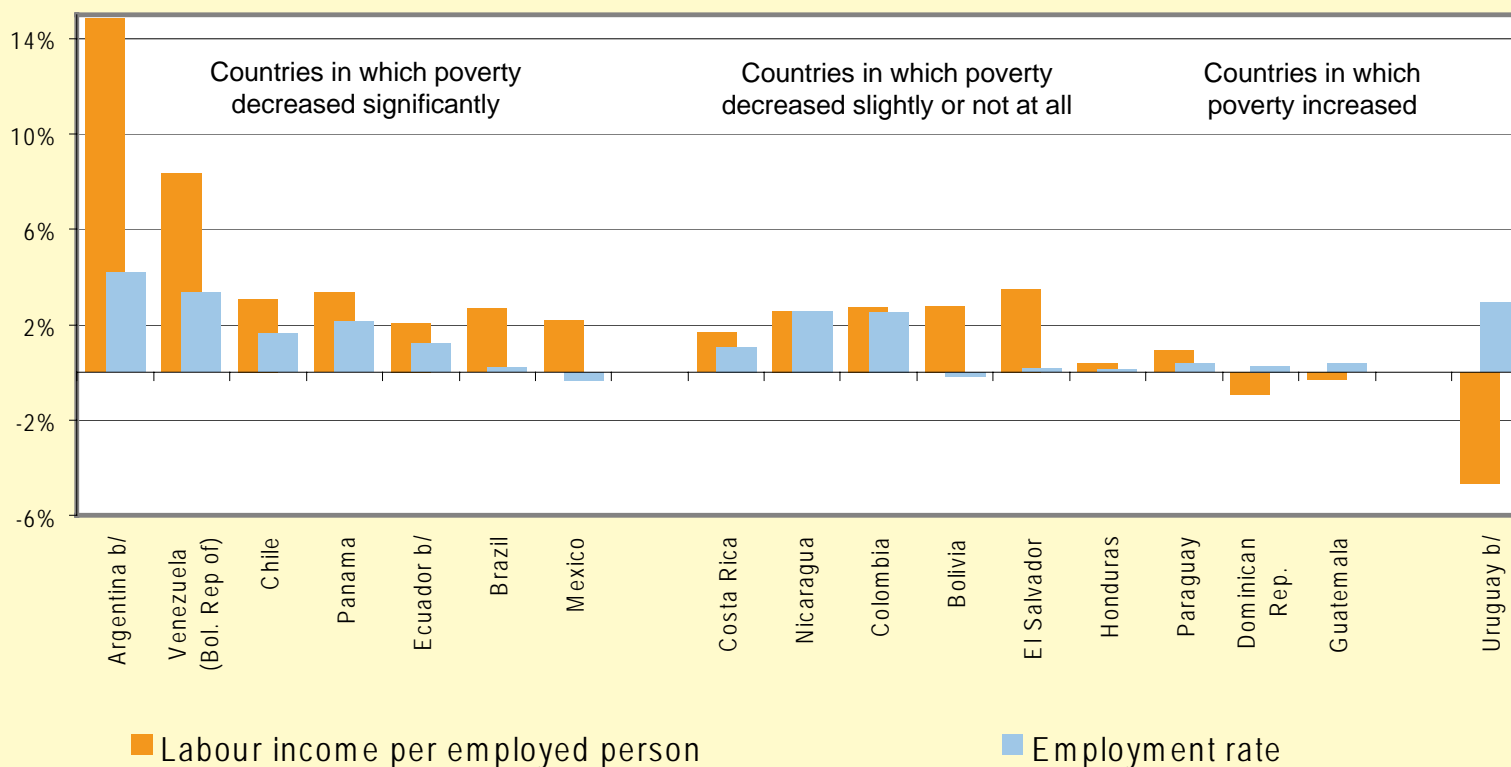
The labour market drove the principal gains in poverty reduction



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LATIN AMERICA (17 COUNTRIES): ANNUAL VARIATION IN THE COMPONENTS OF LABOUR INCOME PER PERSON, POOR HOUSEHOLDS, 2002–2007^a

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Countries grouped in three categories by trend in poverty rates between 2002 and 2007: significant decrease, standstill or significant increase.

^b Urban areas.



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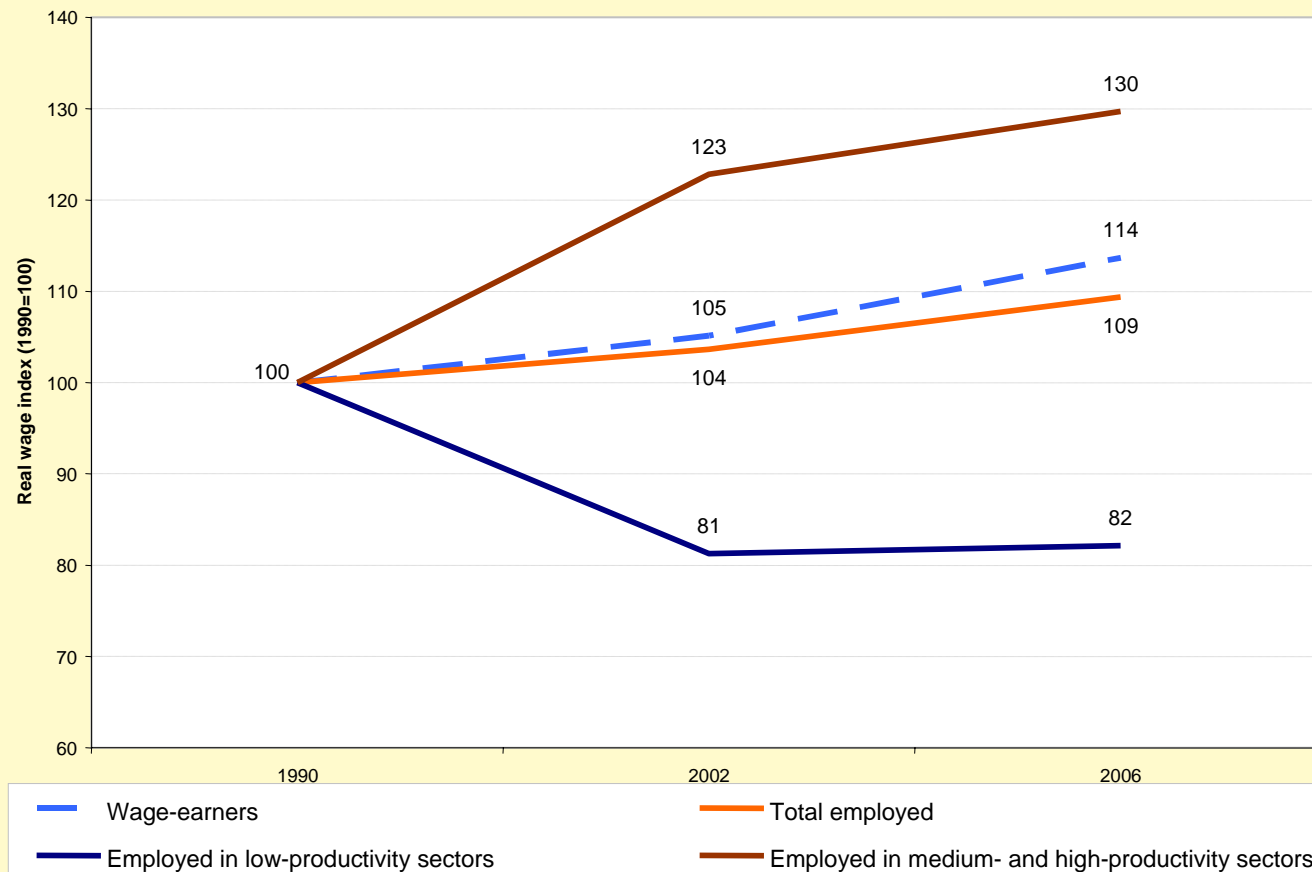
Labour income improved significantly for the urban employed ^a



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LATIN AMERICA (18 COUNTRIES): REAL WAGES, URBAN AREAS, AROUND 1990, 2002 AND 2006



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Wage levels have fallen in some of the periods falling between the years shown above, as a result of various crises.

Public social spending increased between 1990 and 2007, especially on social security and welfare

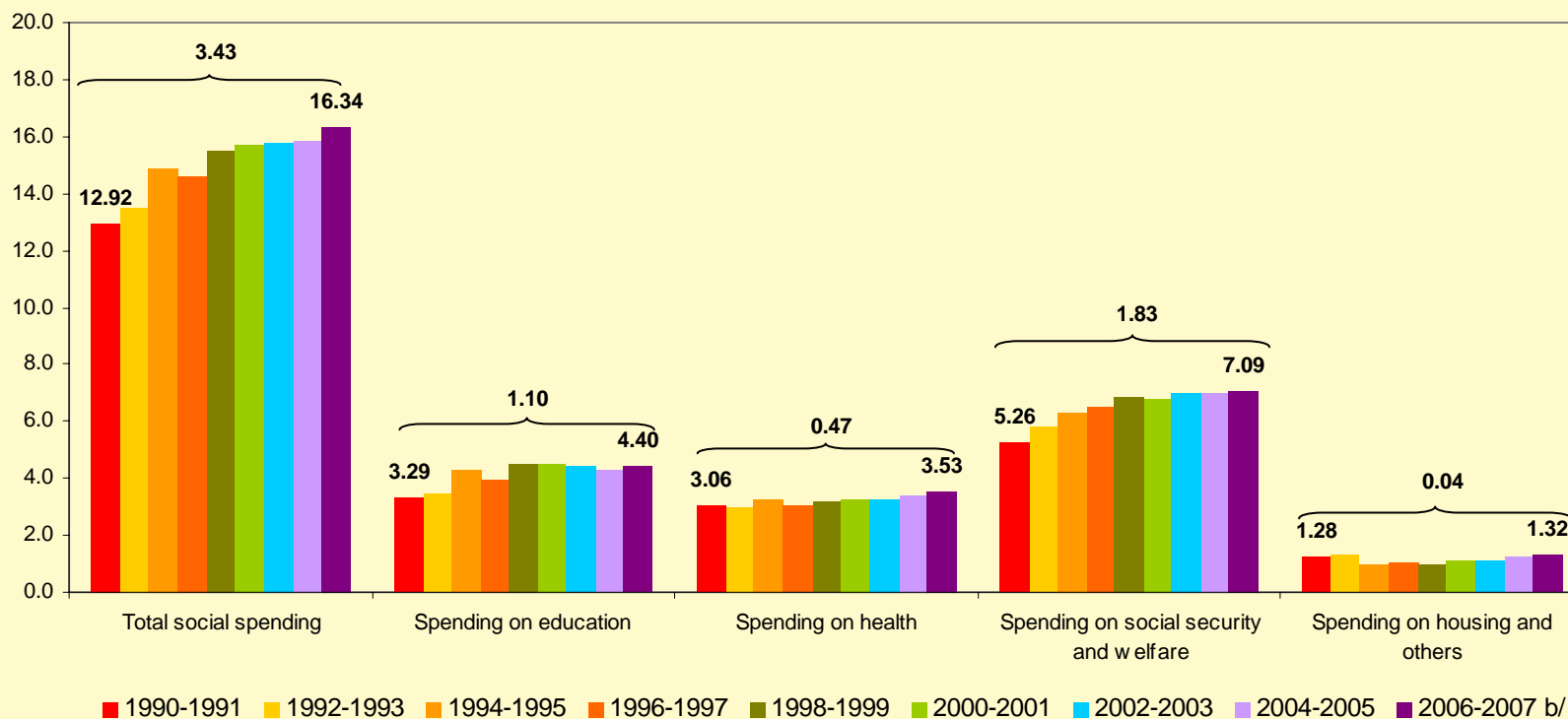


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LATIN AMERICA AND THE CARIBBEAN (21 COUNTRIES): PUBLIC SOCIAL SPENDING BY AREA, 1990-1991 TO 2006-2007 ^a

(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the social spending database.

^a Weighted average of the countries.

^b Provisional data.

Public social spending significantly increased well-being among the poorest sectors of society...

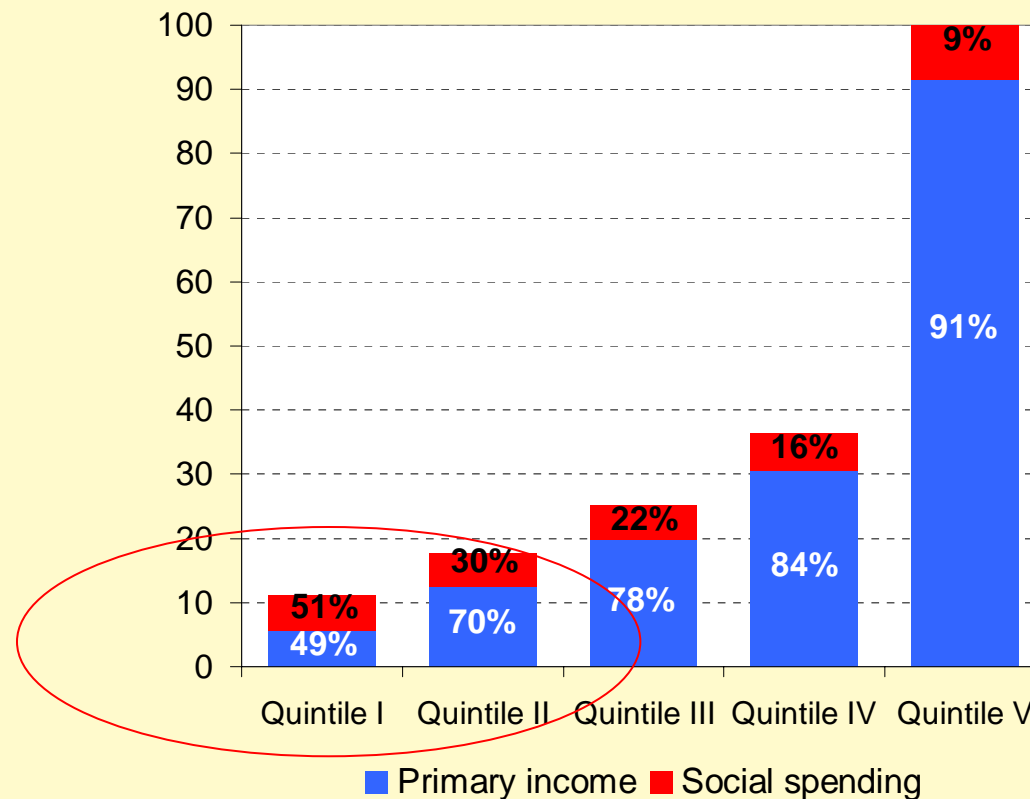


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LATIN AMERICA (18 COUNTRIES): REDISTRIBUTIVE IMPACT OF PUBLIC SOCIAL SPENDING BY PRIMARY INCOME QUINTILE ^a

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of studies conducted in the countries.

^a Average weighted by the proportion of spending in each country's primary income. Total income of quintile V = 100.

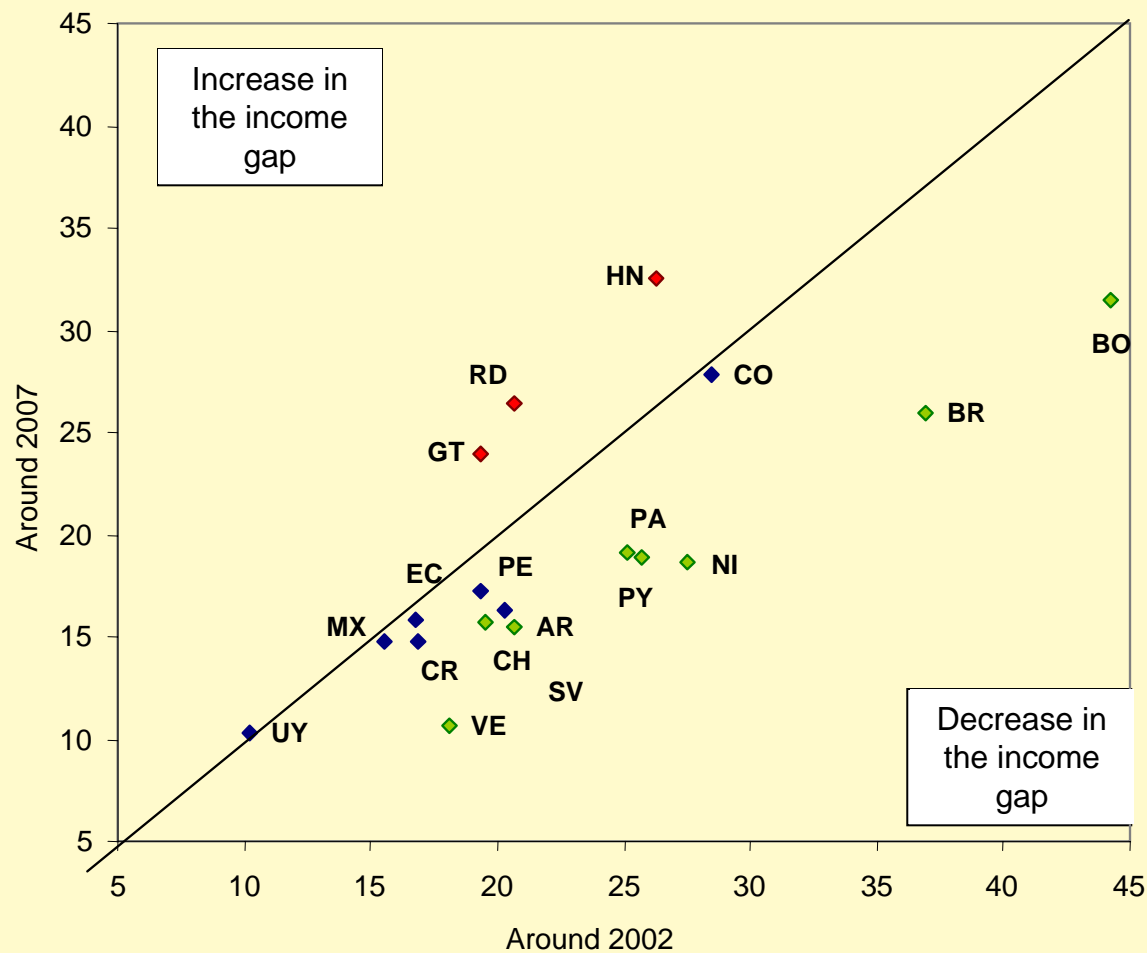
...which has helped to reduce inequality between the richest and poorest groups



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LATIN AMERICA (18 COUNTRIES): INCOME GAP BETWEEN THE RICHEST AND POOREST QUINTILES, 2002-2007



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

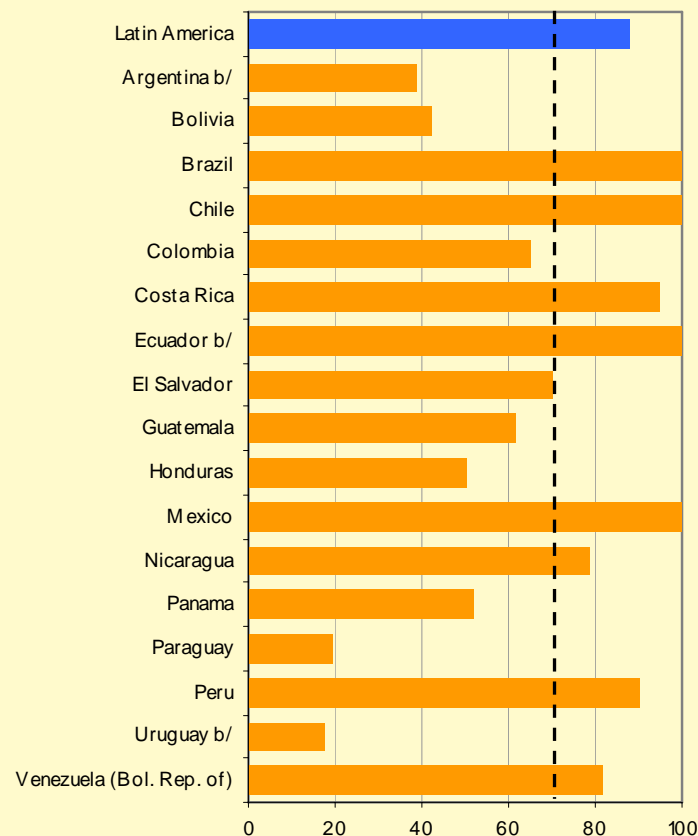


Up to 2007, the region was making good progress towards achieving the first Millennium Development Goal



LATIN AMERICA (17 COUNTRIES): ADVANCES IN REDUCING EXTREME POVERTY, 1990-2007 ^a

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a The amount of progress made (expressed as a percentage) is calculated by dividing the percentage-point reduction (or increase) in indigence registered during the period by one half of the indigence rate for 1990. The dotted line represents the amount of progress expected by 2007 (68%).

^b Urban areas.



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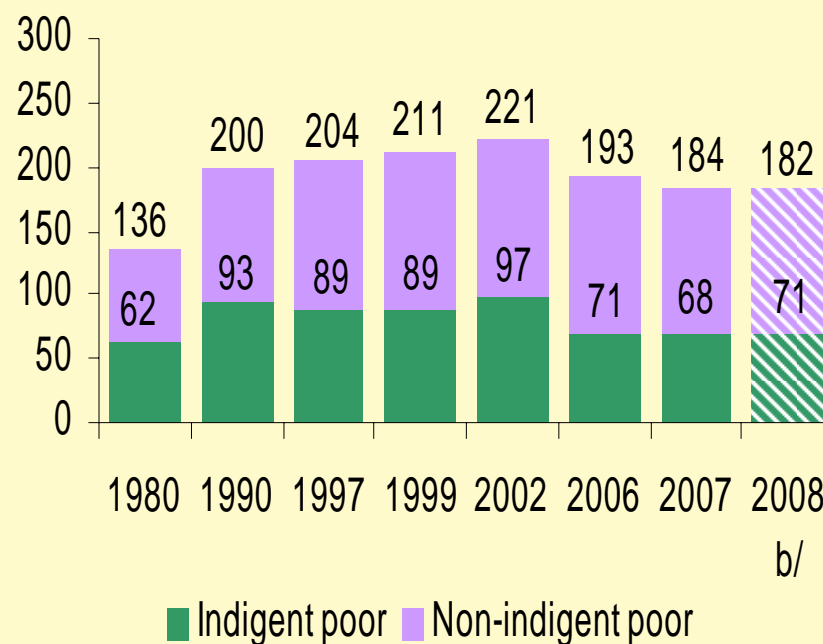
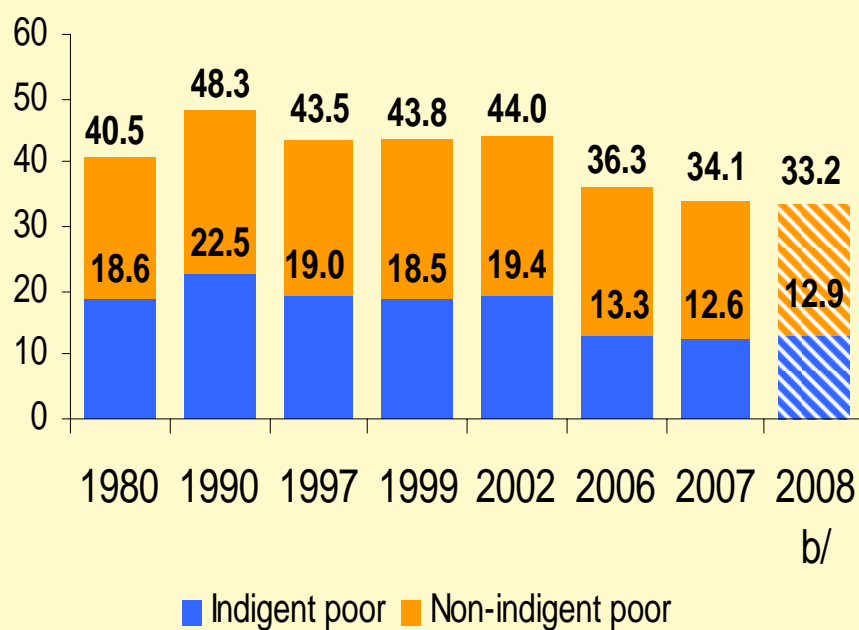
RISK OF LOSING GROUND ALREADY GAINED: EFFECTS OF THE FOOD PRICE SURGE AND THREATS OF THE GLOBAL FINANCIAL CRISIS

In 2008 poverty appears to have decreased slightly, but indigence has increased...



LATIN AMERICA: POVERTY AND INDIGENCE, 1980-2008 ^a

(Percentages and millions of persons)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a Estimate for 19 countries of the region, including Haiti. The figures above the bars are the percentage and total number of poor persons (indigent plus non-indigent poor).

^b Projections.



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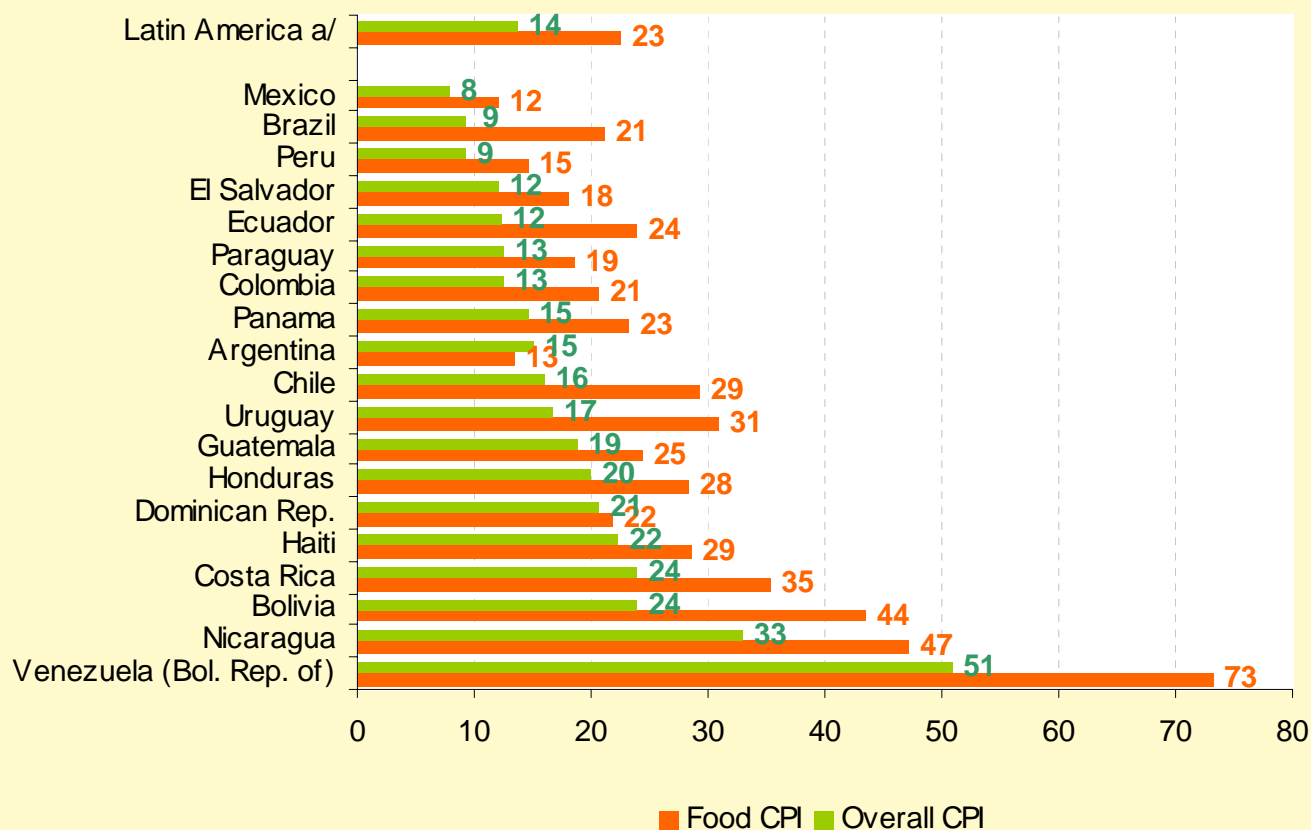
...basically because of the impact of the surge in food prices...



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LATIN AMERICA AND THE CARIBBEAN (19 COUNTRIES): CONSUMER PRICE INDEX (CPI), OVERALL AND FOR FOOD, DECEMBER 2006-SEPTEMBER 2008
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from the countries.

^a Weighted average.

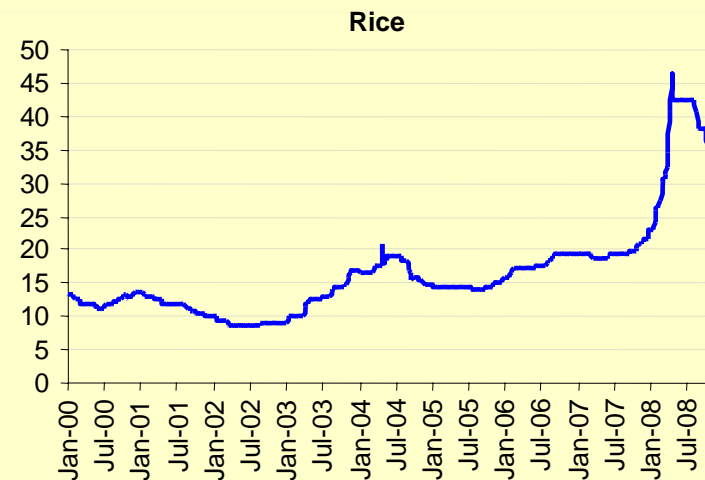
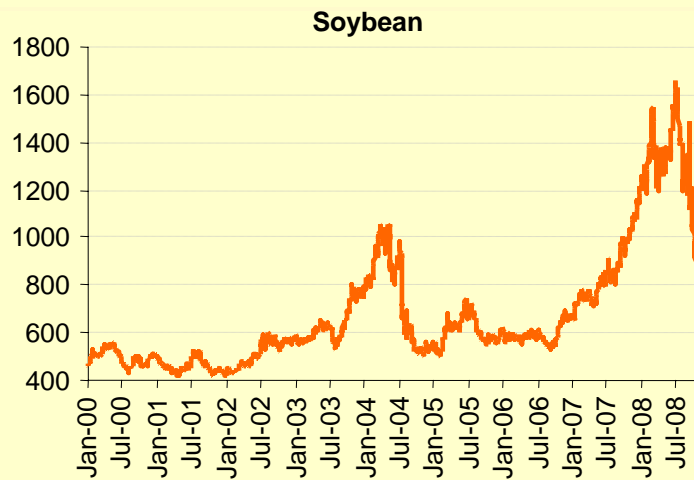
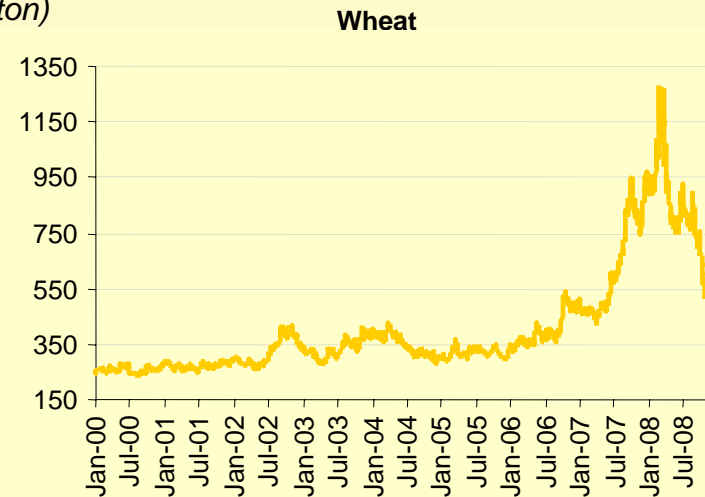
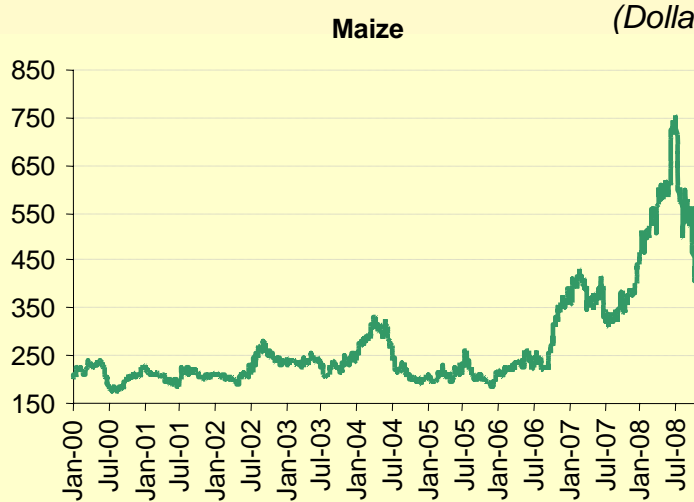




...especially food staples



INTERNATIONAL PRICES FOR SELECTED FOOD STAPLES, JANUARY 2000–NOVEMBER 2008



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Bloomberg.



This rise has prevented 11 million people from leaving poverty behind



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LATIN AMERICA: SIMULATION OF THE IMPACT OF FOOD PRICES RISES ON POVERTY AND INDIGENCE RATES, 2007 AND 2008 ^a

	Percentages			Millions of persons		
	Actual rates	Simulated rates a/	Difference in percentage points	Actual rates	Simulated rates a/	Difference in millions of persons
2007						
Indigence	12.6	11.9	0.7	67.8	64.2	3.6
Poverty	34.1	33.4	0.7	183.9	180	3.9
2008 (projection)						
Indigence	12.9	10.9	2	70.8	59.6	11.2
Poverty	33.2	31.2	2	181.6	170.7	10.9

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of household surveys conducted in the respective countries.

^a The rise in food prices is assumed to be equal to the rise in CPI for all other goods as from December 2006.

Threats of the financial crisis



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- The crisis may erode the “growth” and “distribution” effects that have helped to reduce poverty
- The impact of the crisis will vary by group:
 - Falling employment and rising unemployment
 - Informal jobs will be the worst affected
 - Standstill in real wages and salaries
 - Shortage of credit for SMEs and micro-enterprises
 - The crisis may worsen youth and family violence
- Impact differentiated by groups of countries:
 - Migrants will send fewer remittances
 - Financial contagion will vary from country to country
 - Foreign direct investment will decline
 - Some countries depend more heavily on official development assistance
 - The impact will depend on the diversification of goods and services exports, including tourism

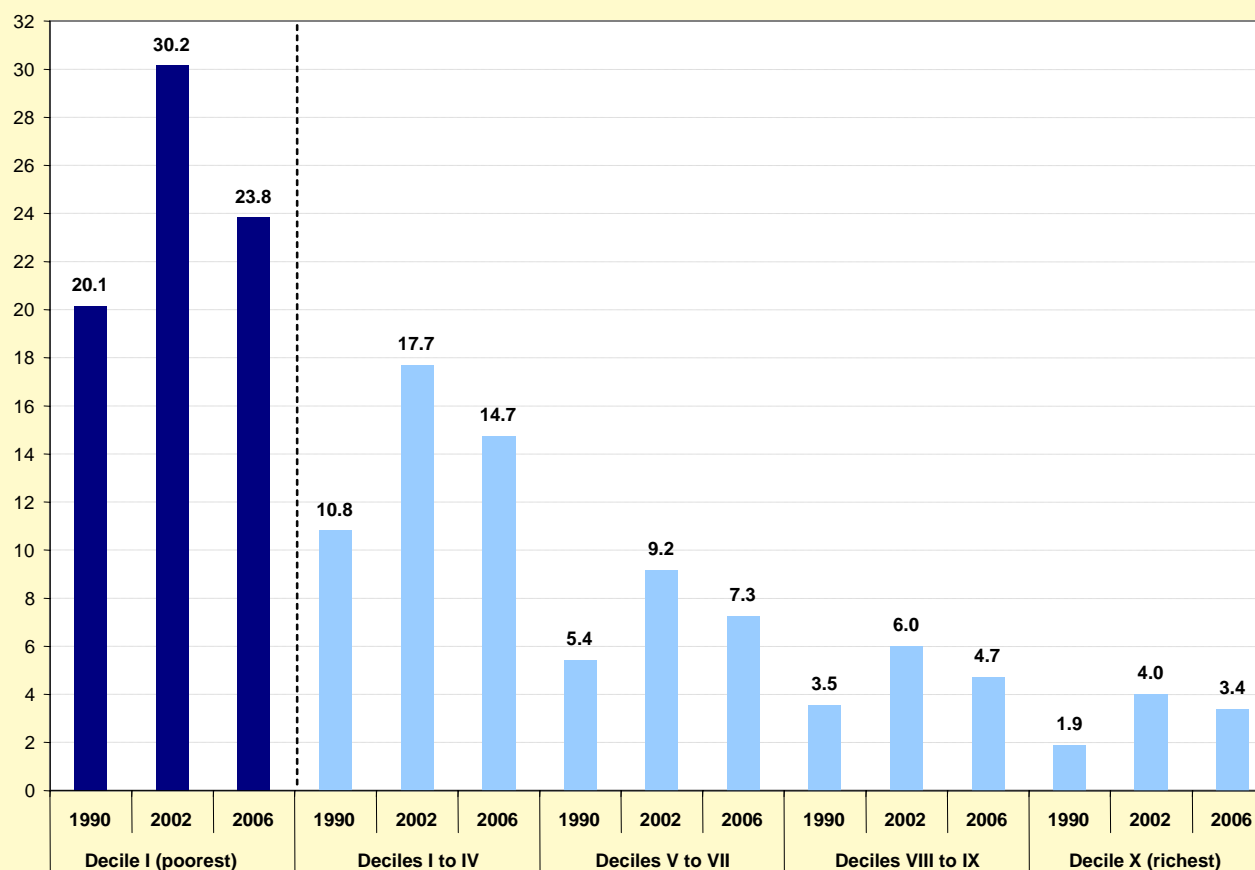
Unemployment is highly likely to rise, with the poor being the worst affected



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LATIN AMERICA (18 COUNTRIES): UNEMPLOYMENT RATES IN THE POPULATION AGED 15 AND ABOVE, URBAN AREAS, 1990, 2002 AND 2006, BY INCOME DECILES ^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of household surveys conducted in the respective countries.

^a Weighted average. For 2006, does not include Nicaragua. Data for the Bolivarian Republic of Venezuela are nationwide figures. The unemployment rates obtained from household surveys in Colombia, the Dominican Republic and Panama include hidden unemployment.



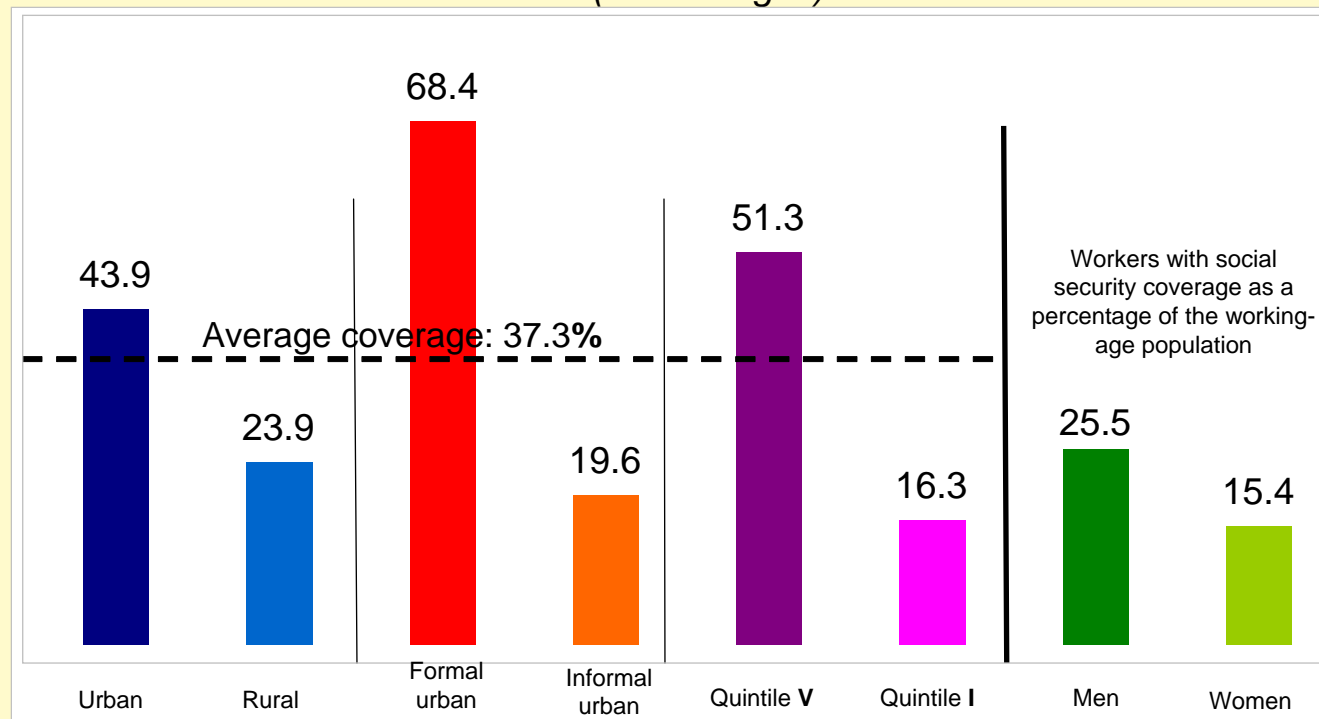
The low coverage of social security could be worsened by rising informality



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LATIN AMERICA (16 COUNTRIES): EMPLOYED PERSONS REGISTERED WITH SOCIAL SECURITY, AROUND 2006^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of household surveys conducted in the respective countries.

^a Employed workers aged 15 and above who declared labour income. In Argentina and the Bolivarian Republic of Venezuela refers to wage-earners in general. Simple average.

The impact of the crisis from a gender perspective



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- ▶ The gap in the employment rate between women from low and high quintiles (which is larger than for men) reflects obstacles that may worsen in a crisis situation
- ▶ Female unemployment is already higher, especially in the lower quintiles
- ▶ Informality is more widespread among women, especially in the lowest quintiles, which implies a lack of social protection and unstable income
- ▶ Some activities which employ a large proportion of women may be badly hit by the economic crisis: formal commerce, financial services, manufacturing (especially textiles and maquila), tourism, restaurants and domestic service
- ▶ Reduced availability of fiscal resources may cut into social spending and place additional pressure on household care work

The structure and distribution of public social spending is biased against the poorest sectors in times of crisis

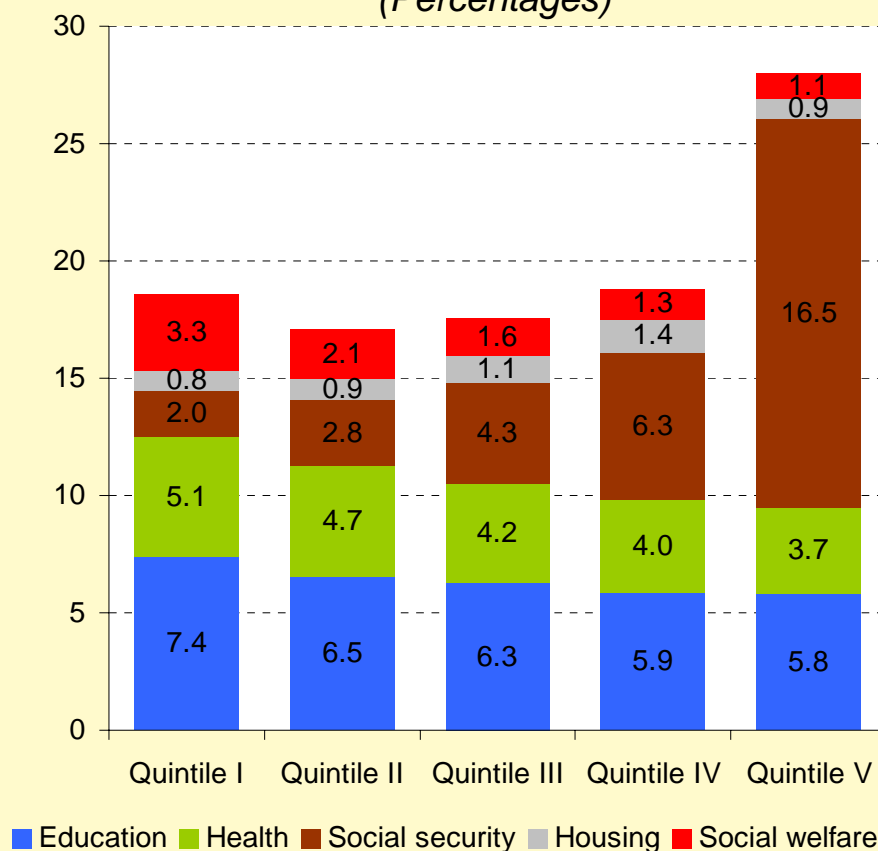


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LATIN AMERICA: STRUCTURE OF PUBLIC SOCIAL SPENDING BY PRIMARY INCOME QUINTILES ^a

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of national studies.

^a Average weighted by the significance of primary income in each country (18 countries). Total social spending = 100.



Public social spending remains highly procyclical

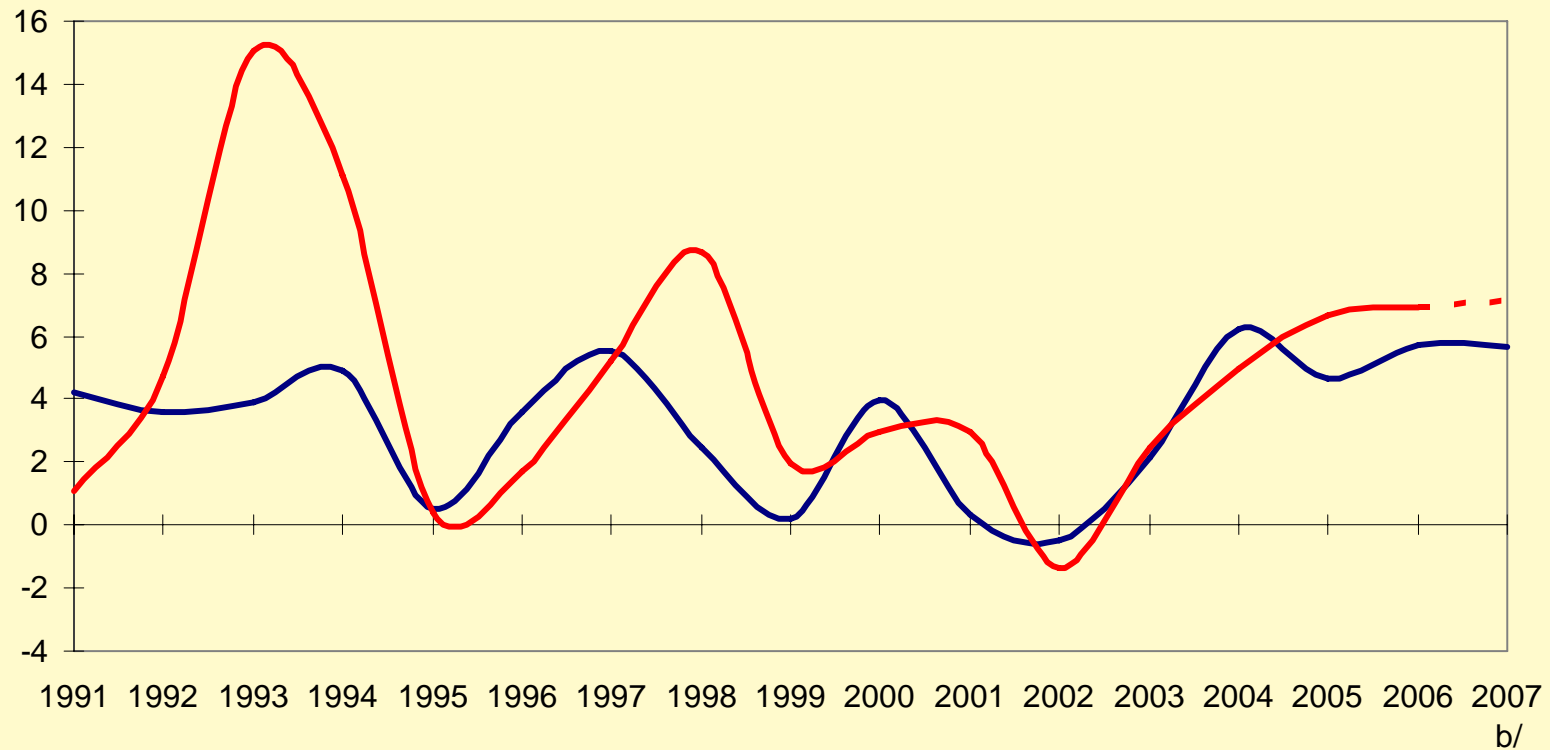


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LATIN AMERICA AND THE CARIBBEAN (21 COUNTRIES): ANNUAL VARIATION IN TOTAL PUBLIC SOCIAL SPENDING AND GDP ^a

(Percentages)



— Annual variation in GDP

— Annual variation in total public social spending

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from social spending databases and national accounts.

^a Weighted average of the countries.

^b Data on public social spending are provisional.



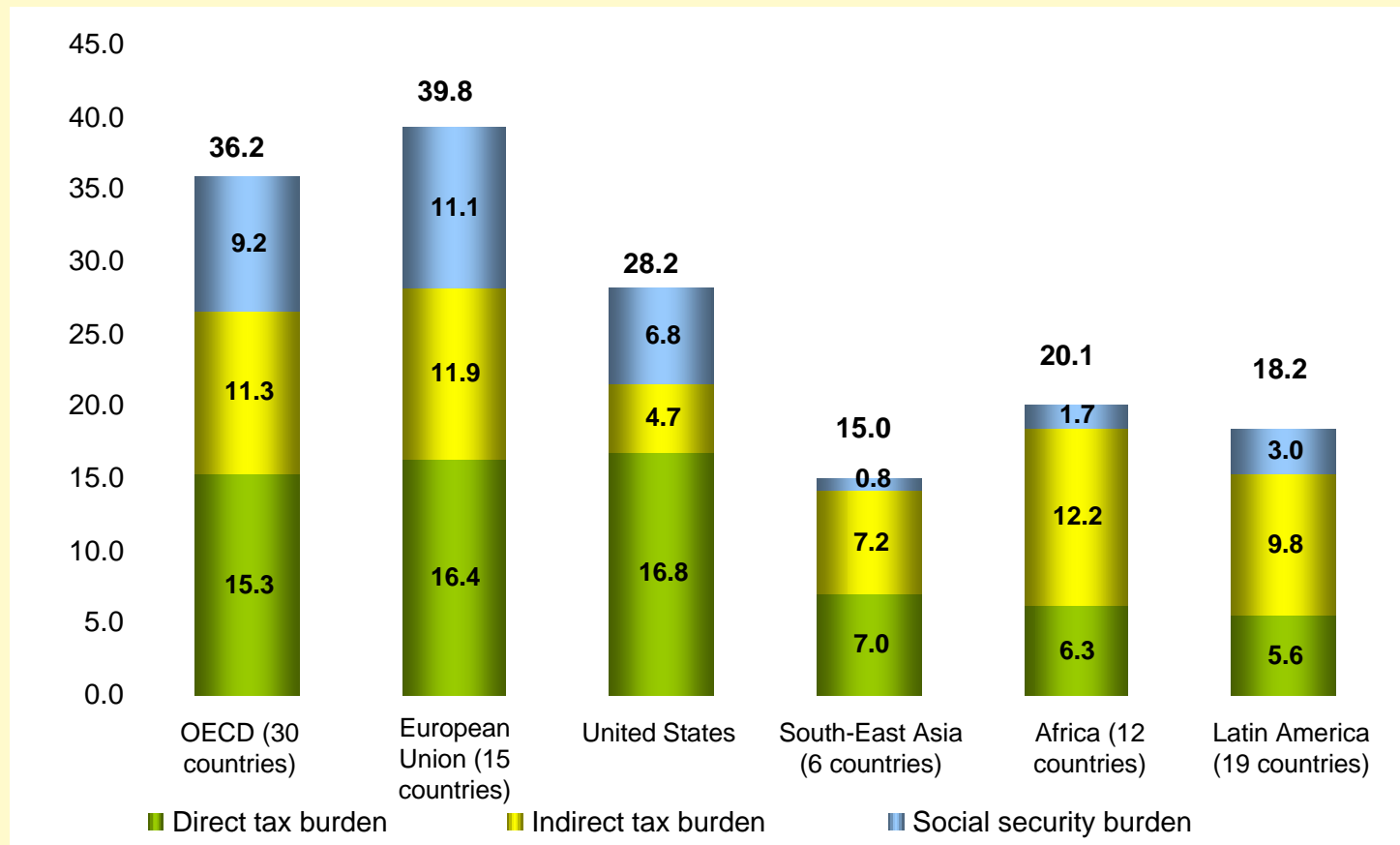
Compared with other regions, Latin America has a low tax burden



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WORLD REGIONS: TAX BURDEN AND STRUCTURE, 2006 AND 2007 ^a
(Percentages of GDP)



^a The figures for OECD, Argentina, Bolivia and Brazil refer to general government (2006); those for the rest of Latin America refer to central government (2007)



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WHAT CAN BE DONE TO SOFTEN THE SOCIAL IMPACTS OF THE INTERNATIONAL FINANCIAL CRISIS?



Short-term measures

- **Keep up levels of social spending**
 - Increase social assistance for groups that are vulnerable to the crisis (food baskets, emergency benefits, employment programmes)
 - Strengthen programmes to combat child malnourishment
- **Maintain credits for SMEs and micro-enterprises**
- **Deal with problems of unemployment and falling income**
 - Set up special programmes of public investment in infrastructure
 - Broaden unemployment insurance
 - Strengthen financing, coverage and institutionality of conditional transfer programmes



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Medium-term measures



- Forge new socio-political contracts in order to build fiscal covenants with a larger solidarity component
- Take advantage of the demographic bonus by increasing investment in secondary education
- Create regional strategies to support countries that are highly socially vulnerable to the crisis
- Maintain cooperation for development from multilateral agencies and official development assistance from developed nations and focus these on the worst affected countries



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THE DEMOGRAPHIC BONUS: GOOD NEWS FOR TOMORROW IN THE CRISIS OF TODAY





The region is traversing a favourable period from a demographic point of view



- All the Latin American countries are in a period of demographic bonus
- There is a window of opportunity to increase the impact of investment in secondary education (smaller child and adolescent populations)
- This will be crucial in reducing social gaps in the new generations and in building a more solid foundation of human capital in our societies
- The bonus will come to an end when the proportion of older adults in the population increases

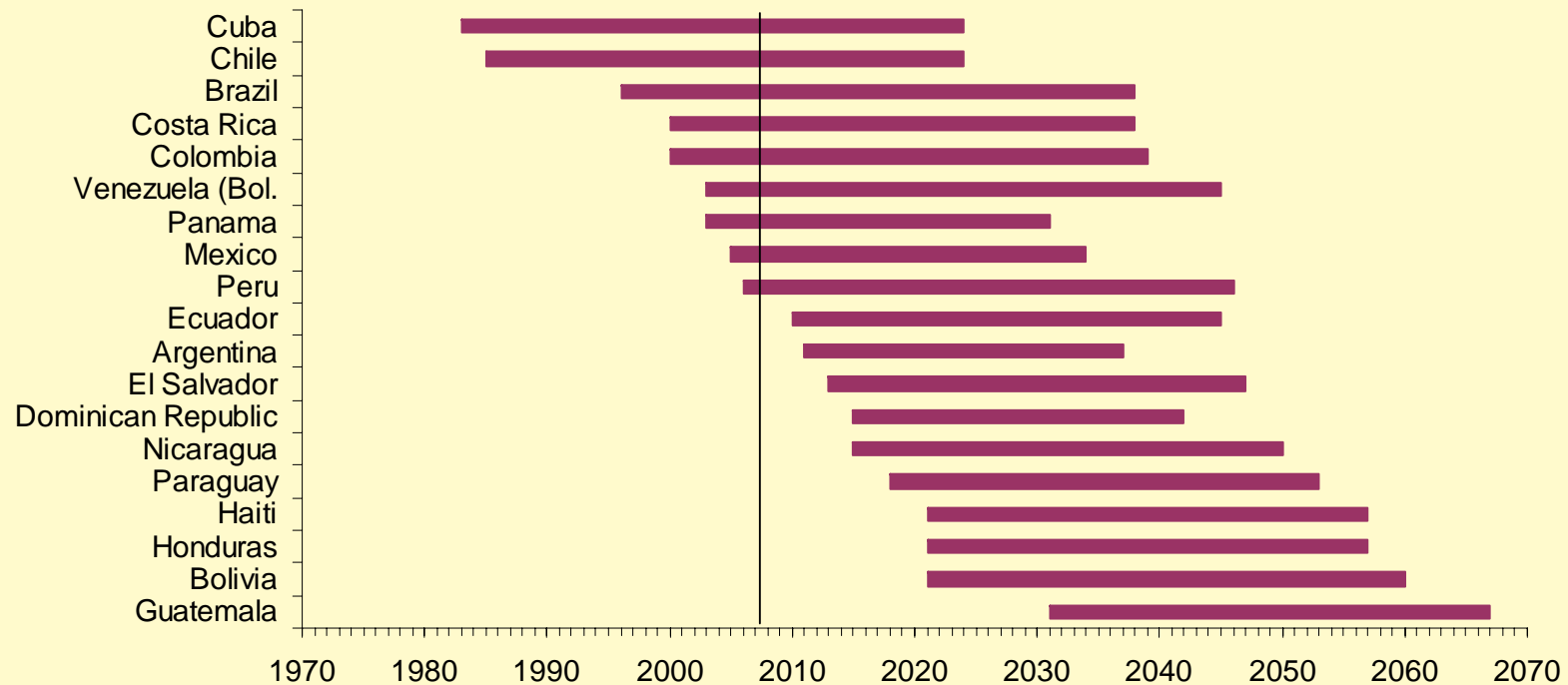
The window of opportunity is fully open in some countries, but has yet to open in others



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Period during which the dependency ratio will be less than two dependents for every three persons of working age



Source: Latin America and the Caribbean Demographic Centre (CELADE)-Population Division of ECLAC.



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THE CRISIS MAY WORSEN YOUTH AND FAMILY VIOLENCE



Social agenda: youth violence



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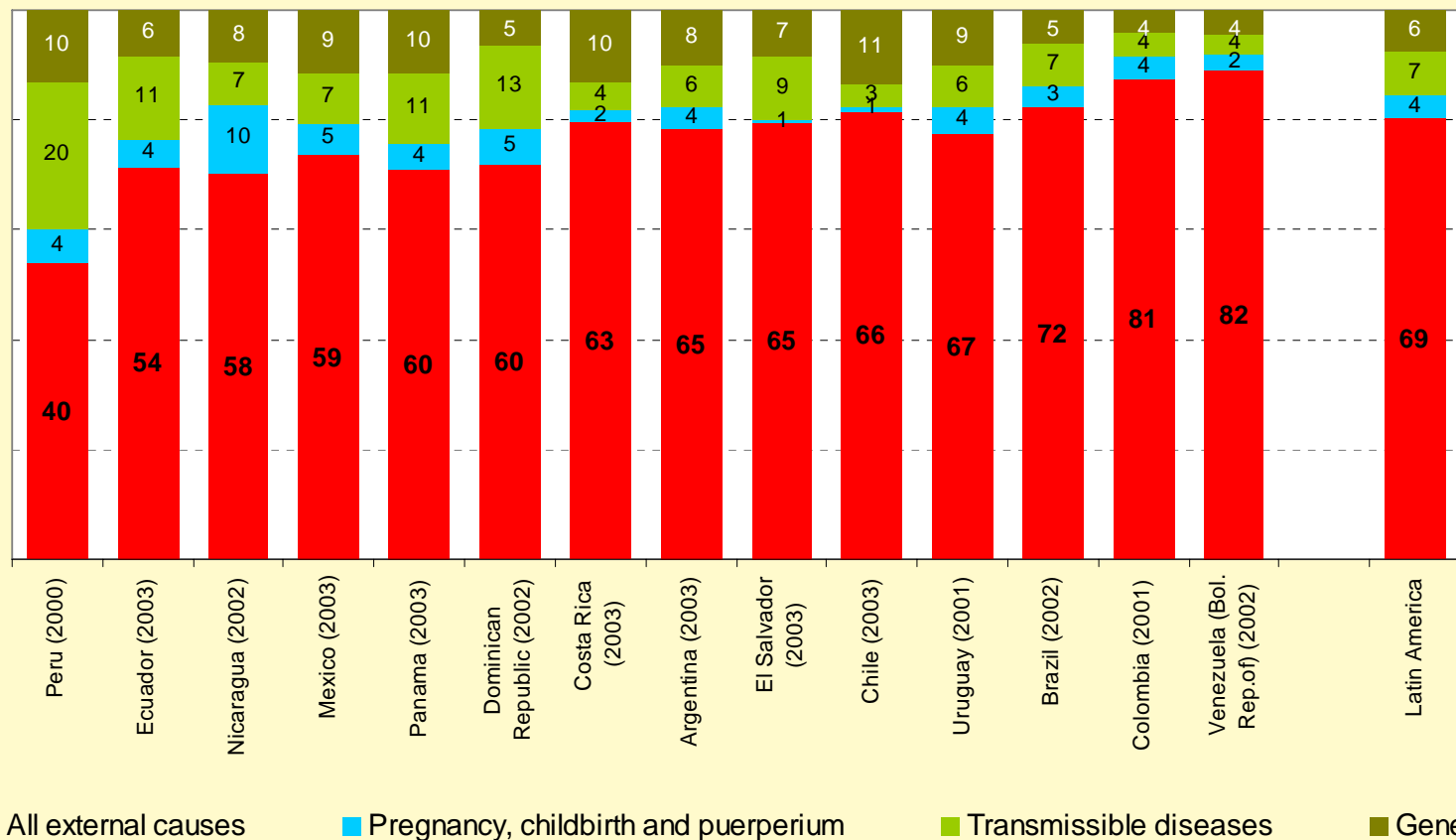
- **The majority of deaths in young people are due to external causes**
- **Homicide is the leading cause of death in young men**
- **Youth violence is exacerbated by factors relating to material and symbolic exclusion**
 - Unemployment
 - School dropout
 - Urban segregation
 - False expectations
 - Discrimination
 - Lack of opportunities for expression and participation
- **Penal responsibility of adolescents, who are treated as adults under the law for public safety reasons**



External causes are the most prevalent in youth mortality



LATIN AMERICA (14 COUNTRIES): MORTALITY RATE BY MAJOR CAUSES, YOUNG PEOPLE AGED 15-24 YEARS
(Estimates per 100,000 inhabitants)



Source: Pan-American Health Organization (PAHO), "Health Statistics from the Americas", 2003 and 2006 editions.



Prevention policies



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- Progress has been made recently in national legislations: laws on youth, child and adolescent protection, intrafamily and gender violence and legal responsibility of adolescents
- It is necessary to pay attention to the specific circumstances of the different youth groups and harmonize the role of the different actors (central and local governments, NGOs, police and judiciaries, and so forth)
- An ongoing dialogue with youth is necessary
- Preventive policies and measures must be combined with punitive ones
 - Repressing the effects while dealing with the causes
 - Educational measures and health training
 - First job programmes
 - Reintegration into society for rehabilitated youth

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