POVERTY AND INEQUALITY IN LATIN AMERICA: SOME POLITICAL REFLECTIONS

Guillermo O'Donnell

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Guillermo O'Donnell, Helen Kellogg Professor of Government and International Studies, is Academic Director of the Kellogg Institute for International Studies at the University of Notre Dame.

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ABSTRACT

The paper begins with a brief overview of the present social situation of Latin America, arguing that during the 1980s the widespread poverty and deep social inequality already existing in the region further increased. After this the paper reviews several strategies that could be used by would-be reformers, pointing out the potentialities but also the limitations of these strategies. Consequently the present text examines the broad contours of political coalitions that might be able to deal reasonably effectively with poverty and inequality. The paper concludes by arguing that the only possible foundation for these strategies and coalitions is a morally and democratically inspired view of the respect due to the dignity of every human being. The likelihood of such an emergence is not assessed.

RESUMEN

El texto comienza con una breve síntesis de la actual situación social de América Latina, argumentando que durante la década del 80 se agudizaron aun mas los problemas de extensa pobreza y de profunda desigualdad preexistentes. A continuación el texto analiza alguna de las estrategias que podrían ser utilizadas por actores empeñados en mejorar esta situación, señalando las potencialidades así como las limitaciones de estas estragegias. A partir de esto el texto examina el perfil de las alianzas políticas que podrían enfrentar con razonable efectividad la pobreza y la desigualdad existentes. La conclusión es que la única base posible para esas estrategias y alianzas es una visión, moral y democráticamente inspirada, del respeto debido a la dignidad intrínseca debida a todo ser humano. La probabilidad de los consiguientes procesos no es evaluada en este texto.

I

The social situation of Latin America is a scandal. In 1990 about 46 percent of Latin Americans lived in poverty. Close to half of these are indigents who lack the means to satisfy very basic human needs. Today there are more poor than in the early 1970s: a total, in 1990, of 195 million, 76 million more than in 1970. These appalling numbers include 93 million indigents, 28 million more than in 1970.[i] The problem is not just *poverty*. Equally important is the sharp increase of *inequality* in most of the region during the 1970s and/or the 1980s (Tokman 1991, 1995); rapid economic growth in some countries in the late 1980s and/or early 1990s has not reversed this trend.[ii] The rich are richer, the poor and indigent[iii] have increased, and the middle sectors have split between those who have successfully navigated economic crises and stabilization plans and those who have fallen into poverty or are lingering close to the poverty line.

Furthermore, since around 1970 countries that were partial exceptions to the general pattern (Chile and Argentina) have greatly increased their poverty and inequality, in spite of recent years of rapid economic growth. Costa Rica and, to a lesser extent, Uruguay have held their own; only Colombia has improved, but marginally and with higher levels of poverty than the previously mentioned countries. Looking at this matter from another angle, indicators of literacy, infant mortality and life expectancy have improved.[iv] But even in countries that by the 1960s had developed the rudiments of a welfare state (Argentina, Brazil, Chile),[v] the access to, and quality of, social services for the poor have deteriorated. These include health, housing, and the real value of pensions; education is more ambiguous—overall increases in enrollment have been

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[i] Data from CEPAL 1994, 157. Concerning the operational definition of these categories, see Feres and León 1990, and Altimir 1994a and the sources cited thereafter, including the important work that Altimir has been undertaking, and inducing others to undertake, on poverty and inequality in Latin America.

[ii] As a publication of the International Monetary Fund puts it: "Not only is poverty widespread in Latin America and the Caribbean, it has increased during the past decade. The unequal distribution of income is generally seen to be at the heart of poverty in the region—the bottom 20 percent of the population receive less than 4 percent of total income" (Burki and Edwards 1995, 8).

[iii] From now on, except when the context requires otherwise, I will apply the generic label of 'poor' to both categories. It should be noted that in the CEPAL methodology developed by Altimir and his associates those placed at the upper limit of the operational definition of poverty barely satisfy basic needs. This is even more true of studies by the World Bank, which established an even lower cutting point of US $60 (1985 US $) per person per month, corrected by a purchasing power parity exchange rate index for each country (World Bank 1990 and 1994). For a useful discussion of these indicators, see Morley 1994.

[iv] See, among other sources, Cardoso and Helwege 1992; CEPAL 1994; and World Bank 1994.

[v] See Mesa-Lago's classic study (1978).

accompanied by numerous indications of the deterioration of the quality of public education, the only one that the poor may hope to access. Of the 'welfare pioneer' countries, only Uruguay has escaped the general decay.[vi] In Latin America as a whole, the informal sector has grown from 25.6 percent in 1980 to 31.9 percent in the 1990s as a proportion of the nonagrarian work force, while the per capita and family incomes of the informal sector have fallen and its internal segmentation has increased.[vii] Finally, but certainly not least, women and children have been and continue to be the more victimized by poverty and impoverishment.[viii]

Here I do not deal in any detail with the relevant data.[ix] I am generalist, a political scientist interested in processes of democratization in Latin America and elsewhere. I will limit myself to presenting some broad issues and to proposing some criteria that might contribute, from a political perspective, to the emerging debates on poverty and inequality in Latin America.

II

Extensive poverty and deep social inequality are characteristics of Latin America that go back to the colonial period. We have not overcome these conditions; we have aggravated them.

One may point out that some problems in some countries did not turn out so badly, especially among those that have registered high rates of economic growth in recent years; but even these countries' present poverty and inequality data look bad indeed when compared with data from the 1960s and early 1970s.[x] Or, as the dominant mood in the 1980s dictated, one may

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[vi] See CEPAL 1994 and 1995. Valuable studies of some important social policy areas are found in Mesa-Lago 1989, 1991, and 1992.

[vii] See Tokman 1989a, 1989b, 1991, and 1994 and, in general, the important work of PREALC, an institution that this author led for many years. See also C. Filgueira 1993 and Rakowski 1994, especially the chapters by Frank, Márquez, de Oliveira and Roberts, and Portes.

[viii] See, especially, CEPAL 1994 and the more general assessments in UNICEF 1993 and UNRISD 1994 and 1995. An analysis of several important issues on this matter is in Crummett and Buvinic 1994.

[ix] Within a large and diverse literature, in addition to the sources already cited I have found particularly useful Altimir 1990, 1993, 1994a, and 1994b; CEPAL 1995; Emmerij 1994; Lo Vuolo and Barbeito 1994; and Lustig 1992 and 1994. For more detailed studies on Argentina, Brazil, Chile, and Uruguay, I refer to the studies resulting from the Kellogg/CEBRAP "Social Policies" project: Brandão Lopes 1994; Draibe et al. 1995; Faría 1994; C. Filgueira 1994; F. Filgueira 1995; Golbert and Tenti Fanfani 1994; León Batista 1994; Lo Vuolo 1995; and Raczynski 1994. For overviews of the economics of the period, among others see Fishlow 1989 and Ros 1993.

[x] The authors cited in the preceding footnotes disagree as to how effective economic growth per se would be in diminishing poverty—assuming that economic growth may be achieved and sustained for a reasonably long period. But whatever the answer to this question, it is hard to imagine that, even if it is a necessary condition for effectively addressing poverty (not to say anything of inequality, a much harder problem), economic growth will in itself be sufficient without

argue that the current increases in poverty and inequality are the unavoidable consequence of correcting past errors. Or one may simply ignore these trends, availing oneself of some of the many mechanisms that human beings invent for justifying their callousness toward others. One way or the other, these stances naturalize poverty and inequality: although different from arguments of centuries past, they still cast poverty and inequality as inevitable consequences of the natural ordering of things. From this point of view, while one may regret some of the visible manifestations of such ordering, it would be senseless, if not worse, to try to change it.[xi]

III

We should begin by recognizing some hard facts:

1) Poverty-generated needs are so many and so vital that one is morally and professionally impelled to alleviate them. But these efforts, and the highly specialized knowledge required, should not detract from attempting to grasp the overall picture and forging alliances that are premised on broad agreements about a non-naturalized vision of what poverty and inequality are and what might done about them. Of course, remedial action should be praised: in terms of actual human beings it does make a lot of difference. Also praiseworthy is moral indignation leading to energetic condemnations of the situation and proposals for a much better world—but too often we are not told how to get from here to there, and in the meantime these invocations often include a disparaging tone toward 'mere' remedial actions.

2) Somewhere in the middle there are various policy prescriptions, typical of reports of various commissions and international organizations, with which in most cases I agree.[xii] These include improving tax collection and making the tax system less regressive; investing more resources in social policies and finding more creative means of cooperation between the state and NGOs, churches, and business; correctly targeting some social policies; promoting popular participation; and other good ideas that I need not detail here. Although some progress in some

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criteria and policies that specifically focus on poverty and inequality. Altimir (1990), Borón (1992), Emmerij (1994), and Tokman (1994 and 1995) argue persuasively along these lines.

[xi] For an interesting analysis of the repertoire of arguments supporting the status quo, see Hirschman 1991 and 1993.

[xii] With some exceptions. There seems to be widespread agreement that 'decentralization' is a good thing. In abstract I agree. But transferring resources to highly inefficient, utterly clientelistic, and often corrupt local administrations reinforces circuits of power that worsen the problems that decentralization is supposed to address. On the other hand, 'decentralization' by way of transferring responsibilities to local administrations without the necessary resources has been an effective, if somewhat cynical and in the medium run counterproductive, way of showing 'progress' in the reduction of national fiscal deficits.

policy areas has been registered in some countries, an obvious question is why so little of so much good advice has been actually implemented.

3) The third hard fact is that the poor are politically weak. Their permanent struggle for survival is not conducive, excepting very specific (and usually short-lived) situations and some remarkable individuals, to their organization and mobilization. Furthermore, this weakness opens ample opportunity for manifold tactics of cooptation, selective repression, and political isolation. Democracy makes a difference, in that the poor may use their votes to support parties that are seriously committed to improving their lot. But, if elected, these parties face severe economic constraints. In addition, they must take into account that determined propoor policies will mobilize concerns not only among the privileged but also among important segments of the middle class who, after their own sufferings through economic crises and adjustments, feel that it is they who deserve preferential treatment.[xiii] These concerns, to which I will return, may coagulate in a veto coalition that threatens not only the policy goals of those governments but also whatever economic stability or growth has been achieved.

IV

Good intentions and good advice are necessary but not sufficient to redress the appalling problems of poverty and inequality in our countries. The overall political and economic conditions are not congenial to giving top priority to the eradication of poverty and to a significant diminution of inequality. What, then, can be done? There are three time-honored tactics of would-be reformers:

1) *Appeal to the fears of the privileged:* Instead of exit or voice (Hirschman 1970), the all too human situation of the poor, particularly the poorest, is silent suffering. But sometimes they angrily rebel. Chiapas is the most spectacular but not the only recent reminder. Even though nowadays nobody seriously believes in the possibility of a social revolution (which diminishes the effectiveness of this kind of appeal), these episodes give some credence to arguments that the winners should make some 'sacrifices' if 'everything' is not to explode. This allows at least for the rebellious regions to obtain some new resources from domestic and international agencies. But it is a hard law of policy that these problems disappear from the national agenda soon after the regions in question return to silent suffering. Furthermore, the way these problems are usually dealt with include, in addition to providing some resources, measures such as repression,

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[xiii] For a discussion of this scenario, see Nelson 1992.

attempts at coopting (if not murdering) the leaders, splitting the rank and file of the movements, and other niceties.

2) *Appeal to the enlightened self-interest of the privileged:* This consists in arguing that in the medium or long run the privileged themselves will be worse off if right now they do not begin to address at least some aspects of a given problem. A prominent example is the argument (which I believe is correct) that the future growth of the country is severely jeopardized by a work force that lacks the skills to be competitive in the world economy.[xiv] Except for its effect on altruistic individuals among the privileged, as a general appeal this one tends to get locked into a collective action problem: why should I sacrifice part of my personal or corporate income for an outcome to which I cannot be sure that others will contribute sufficiently to make it come about?[xv] Furthermore, if I am convinced that the grim prognosis of economic stagnation is correct, would not this be a good reason to become wary about keeping my present and future savings or investments in such a country?

Thus, both kinds of appeal may produce some beneficial results, but their overall consequences are deemed to be limited and ambivalent. Notice that both are appeals to the *private* interests of the privileged. Neither is a substitute for the recognition that in redressing poverty and inequality there is a *public* interest that goes well beyond any private interest. The assertion of such a public interest can only be based on the conviction that all human beings share in the same dignity and that they are entitled to freedoms and resources that are denied by the kind of poverty I am discussing here.[xvi]

I admit that this kind of language is alien to the mood of the present times, not only in Latin America. Worse still, my argument leads toward sharply devalued currencies: politics, politicians,

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[xiv] Although the results are open to methodological dispute, there is some evidence that inequality is inimical to economic growth (e.g., Muller 1988). This theme has attracted the attention of mainstream economists in view of the economic successes of the rather egalitarian 'East Asian Tigers,' especially after the report on these countries by the World Bank (1993b). Among the discussions that this report has provoked, see Fishlow et al. 1994 and, from a different angle Streeten 1994 and Hewitt de Alcántara 1993. But it is very difficult to assess the impact of equality independently from other factors that seem just as likely to have fostered those economic successes.

[xv] This remark does not ignore the fact that, whether out of altruism, enlightened self-interest, technological need, or a combination of these, some enterprises do take care of adequately training, and retaining, some of their workers. This is excellent for both these enterprises and workers, but it includes only a small proportion of the work force.

[xvi] For recent discussions on this matter, by economists who would not usually be classified as soft-headed (as moralists and the present author may be argued to be), see Sen 1992 and Dasgupta 1993. In Sen's terms, poverty does not only matter by itself but also because it curtails capabilities that are essential for the choice of functionings compatible with the human condition. For a convergent philosophical discussion, see Taylor 1985.

and the state. It is only through politics, in its dialogues and conflicts, that a persuasive and effective argument about the public interest can be built. And it is through the state that such interest can be mobilized and made effective, by its own policies and by the stimulation of concurrent actions by private agents (beginning by extricating them from collective action problems such as the one I depicted above). This means building the kind of state that, with few and partial exceptions, we do not have after the hurricanes of socioeconomic crises, stabilization programs, and various strands of *enragé* antistatism: a strong state. 'Strong' does not mean big. By 'strong' I mean several interrelated features: a reasonably well-motivated, noncorrupt, and skilled civil service; capacity to formulate and implement policies; openness to, but not colonization by, society; at least some transparency and accountability; and responsiveness to goals and priorities formulated through a democratic political process.[xvii]

Moisés Naim (1994) correctly argues that after the application of economic stabilization policies—which did not demand extensive bureaucratic capabilities—more and more difficult tasks for the state have emerged. Now the challenges of resuming economic growth, especially of putting growth on a sustainable path, require complex and well-calibrated actions by the state. As a consequence, Naim persuasively stresses the need for greatly enhancing the state institutions directly linked with economic policies.

Everything indicates that this need is even greater in relation to the social policies' area of the state. Those who can afford it have extricated themselves from dependence on the state by means of private transportation, private or privatized health and education services, and in some cases private pension plans. On the other hand, the salaries, working conditions, and career prospects of the 'street bureaucrats' who typically deliver services to the poor (health workers, teachers, *asistentes sociales*) have greatly deteriorated. The same is true of officials in the central bureaucracies, national and especially local, of the social policy apparatus. Admittedly these areas of the state have often been bastions of clientelism and inefficiency. But the *blitzkrieg* conducted against them for deficit-reducing purposes or out of sheer antistatism has done nothing to improve their performance.[xviii] To the contrary, in several countries this offensive has practically amputated the arm of the state that is most needed for implementing reasonably effective social

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[xvii] For recent discussion of these aspects, see Bradford 1994 and Evans 1995. Also O'Donnell 1993.

[xviii] Commenting on the sharp and generalized fall of social expenditures by the state in the 1980s, Cominetti (1994, 35) says: "...by the end of the decade, the social expenditure indicators evinced a generalized deterioration, particularly in real per capita terms as well as in relation to GNP, showing that the deterioration did not correspond only to the fall in the level of economic activity but also to the orientation of the policies implemented" [my translation]. For a more general picture on state employment, see Marshall 1990.

policies. The problem is compounded by the high motivation and varied skills that are required for effective performance by state agents in the delivery of these services.[xix]

It says a lot about actual policy priorities that, while in several countries efforts have been recently made to enhance the economic policy-making area of the state, except for Chile to my knowledge no effort has been made in relation to the social policy area of the state. Despite overwhelming evidence to the contrary, the belief that the market will take good care of everything, including the poor, still seems to hold the upper hand.

I finish this section with a piece of advice similar to the policy prescriptions I mentioned above: Devote serious attention and necessary resources to strengthening the social area of the state; this will have beneficial effects in itself and may generate new and more effective paths of cooperation between the state and private agents.

V

Anyone driving around a large city in the United States realizes how difficult it is, in spite of more favorable conditions than in Latin America, to eradicate poverty.[xx] Also, since the 1980s inequality has increased in most OECD countries, especially in those, such as Britain, New Zealand, and the United States, that followed neoliberal economies policies, akin to the ones most of Latin America has adopted since that same period.[xxi] Even without considering how much deeper and more ingrained poverty and inequality are in Latin America, these are sobering references. What can we really hope for, and in what time span?

As noted above, the sheer dimension and complexity of raising our countries to decent levels of social welfare, encourage—with important help from conservative ideologies, some of them dressed as scientific economic arguments—the naturalization of these problems. In view of this, it is tempting to adopt the posture of an unflagging optimist: because it is too unwieldy, forget the overall picture; concentrate, in policy and academic circles, on topical policies and their

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[xix] The classic study of these workers is Lipsky 1980, to whom the term in quotation marks above belongs. The concerns I express in the text do not preclude the possibility that, as Tendler and Freedheim (1994) show in the case of health policies in Ceará, Brazil, some successful programs may be devised and implemented. But this and other similar cases are, at least for the time being, no more than encouraging exceptions.

[xx] Or, for that matter, several cities in Britain, France, Italy, and Spain, even though poverty there is more recent and less extensive. For thoughtful discussions about the United States, see Sawhill 1988 and Danzinger and Gottschalk 1993. Wilson 1987 stirred interesting controversies on this topic, which are recapitulated in Wilson 1991–92.

[xxi] A recent assessment of the welfare state in OECD countries is in Esping-Andersen 1994.

eventual successes and dismiss as 'pessimists' those who insist in also looking at the overall picture. This 'optimism' is helpful, because it stimulates and lends broader justification to the remedial actions I praised above. But I would like to insist that we need to keep the overall situation very much in mind. Whatever optimism we feel has to be filtered through the highly structured situation of poverty and inequality that, both for historical and contemporary reasons, we are facing.

VI

I have just begged a huge question: What is this 'overall picture'? Here I will limit myself to sketchily mentioning some characteristics that seem to me particularly relevant. They are the expression of what Altimir (1990) calls a historical pattern of development that is "structurally disequilibrated and socially exclusionary." This may be summarized by an image that has been frequently used by students of Latin America: dualism. Many countries have been dualist since colonial times; others that were not, such as Argentina and Chile, became dualist in the last two decades; only Costa Rica and Uruguay do not fit this category. The idea of dualism points to the coexistence of two worlds within the same national boundaries. One is the world of the rich, as well as of the segments of the middle class and the working class that have been able to attain reasonable levels of income, education, housing, personal security, and related goods. The other is the world of the dispossessed, composed predominantly, but not exclusively, of the poor as classified by the studies to which I have referred. These are not worlds apart. They are closely interlinked. They cannot be understood without taking into account these linkages—among others, the relationships between the formal and the informal sectors studied by the authors already cited and the massive presence of indigents in the cities that the rich also inhabit are two among many other possible examples.

The numbers of the poor have increased. Also, although we do not know the exact numbers, many others hover above the low line that defines the upper limit of poverty. These are segments of the middle class or of the old working class at risk of falling into a category that the social disasters of the last two decades invited sociologists to invent: the 'new poor.' This is well known. Perhaps less notorious is that the privileged are, so to speak, moving away. The contrast between the amount and the quality of the goods and services they enjoy and those of the poor is bigger and more evident than ever. Furthermore, in a world that is rapidly globalizing, the poor cannot do much more than contemplate consumption booms that, following a Latin American tradition, make our rich even more ostentatious than those in the countries of origin of the goods

and services that our rich enjoy. Aside from this contemplation, what the poor receive from globalization, and from the way requirements for national competitiveness in a global economy are usually read, are damaging fiscal policies and labor reforms whose likely effect on them is far from clearly beneficial. To what extent this situation will lead to popular rebellions based on unmet expectations or will reinforce patterns of social exclusion and individual anomie is a moot question that I do not have the elements, theoretical and empirical, to answer here.

As Tokman (1991 and 1995) argues, actions that seriously tackle poverty and inequality can only be based on an effective solidarity. This, in turn, can only be based on recognizing the basic duty of, to name it somehow, human decency toward all individuals. The sharp, and deepening, dualism of our countries severely hinders the emergence of broad and effective solidarity. Social distances have increased, and the rich tend to isolate themselves from the strange and disquieting world of the dispossessed. The fortified ghettos of the rich and the secluded schools of their children bear witness to their incorporation into the transnationalized networks of modernity, as well as of the gulf that separates them from large segments of the national population.[xxii]

VII

So, what can be done? Not much, I am afraid, in terms of changing the overall situation, at least in the short and medium term. A lot in terms of concrete remedial actions, not only because of how much difference they make to concrete individuals but also because they are a source of learning that, with proper precautions, can be usefully disseminated. And we should not underestimate what can be achieved by stubbornly hammering away with policy proposals and with data about the overall situation.

Some things we could arguably do better:

1) Analyze more systematically and comparatively public and private social policies (including some of the many that, one may suspect, have as yet gone unregistered) to increase learning and potential for dissemination.

2) As noted above, one puzzling question is why so much good general policy advice is not being heeded. I believe that this is in part because we have not sufficiently worked out potential trade-offs between those policies and, especially, the extent to which their implementation may require changes in the content and general orientation of current economic

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[xxii] Others, like myself, have migrated to the center, not just partially, as in these ghettos, but entirely. From here we observe a situation of which we arguably are the worst example.

policies. This is a very important intellectual task. At this moment I would offer a general suggestion: It is high time that social policy regain some autonomy in relation to economic policy. No reasonable person disputes today that responsible and skilled economic policy-making is needed, even for effectiveness in social areas. But in recent times economic policy has completely ignored the social dimension or has addressed this dimension exclusively in terms of its (narrowly defined) economic implications. At best, economic policy has paid attention to social issues when they seemed to threaten the achievement of economic goals. No decent society was ever built on such a unilateral basis. In particular, after the depths of economic crises have been (one hopes) left behind, there is no reason to keep treating the social dimension as the *pariente pobre* [poor relation] of the economic one. Of course, this plea will be dismissed by some as leading toward 'economic irresponsibility.' Persuading them that this is not the case, and that in the medium and long run a socially more balanced situation will be helpful even for economic growth, is a very important political task.

3) Since *lo mejor es enemigo de lo bueno* [the best is the enemy of the good] and since economic and political constraints do exist, I do not argue for an immediate and full-fledged enhancement of the state's social policy apparatus. Through a political process that is open to many voices, the poor somehow included, some policy areas should be chosen because of their particular importance or urgency and because they seem amenable both to effective results and to learning-disseminating consequences. Among these it would be a good idea to include programs that promise fruitful interactions with private agents—NGOs, churches, foundations, and business, especially. In all cases, it is necessary to invest in the enhancement of the bureaucratic agencies that will be involved and in finding out what the intended beneficiaries really expect and want. The designers of these policies should make sure to create opportunities for exchanging experiences with participants in similar or convergent programs and for truly independent and skilled evaluations.

Enormous social energy, political skill, and intellectual clarity are needed for progress in these directions. Altruistic individuals find in themselves the main resource and motivation for these actions. As we saw, their efforts may find support from appeals to fear and/or to enlightened self-interest. This is a lot but most likely falls short of getting us, *antes de las Calendas griegas*,* to the eradication of indigence and most[xxiii] poverty and to reasonable[xxiv] levels of social (in)equality.

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* Before the Greek Calends: the Greeks did not reckon time by calends, so to plan to settle one's bills at the Greek Calends means that one will pay at a time that will never arrive. ED.

VIII

There may be still another possibility. By itself it will not take us to the promised land but, combined with the ones I have discussed (and others that escape me), it may get us closer. I am referring to another typical maneuver of the would-be reformer:[xxv] *causally link your preferred issue to another one that is likely to attract more support than the former*. Actually this is not new in this paper: appealing to fears and to enlightened self-interest are instances of the general rule I have just transcribed. But fear does not appeal to the noblest of human predispositions, and the effectiveness of the appeal is not likely to endure after the specific motive has disappeared. Furthermore, insofar as the appeal to self-interest refers to private interests, the consequences are likely to be limited and ambivalent. What I am going to suggest is linking poverty and inequality to something that is, arguably, a public and general interest: democracy.

This, I hasten to add, is rather tricky. To begin with, even if the causal links are carefully worked out (a tall order, indeed), for the argument to be persuasive one has to really care about democracy. Why should the privileged *really* care? Several answers have been given, none of them guaranteeing that this should be the case:

1) The privileged sectors, particularly but not exclusively business, should care because the demise of democracy will likely lead to a military regime, and the military have proved that they are unreliable allies in supporting, implementing, and maintaining 'market-oriented' policies.[xxvi] In extreme cases, these regimes may go berserk, terrorizing the whole population and even entering into crazy wars.

[xxiii] I write 'most' because, after numerous studies in the highly developed countries, it seems clear that everywhere some pockets of permanent poverty remain, requiring specific interventions for alleviating its more damaging consequences, especially for children. But the Latin American rates of poverty and indigence go much beyond the small numbers and proportions implied by the metaphor of the 'pocket.'

[xxiv] The term 'reasonable' is admittedly ambiguous. There is no way of establishing an objective and indisputable criterion of what would be an acceptable, or fair, degree of equality nor of deciding which of the various dimensions of equality should be given priority (see Rae 1981).

[xxv] As will be immediately obvious to the reader, the source here is Hirschman 1963.

[xxvi] In this respect Chile is a notorious exception. But nothing guarantees that it would be so again, if unfortunately the occasion should arise.

2) By and large, the present democratic governments are supporting, implementing, and maintaining policies under which the privileged sectors are faring very well. This includes, for these sectors, better access to policy-making than was the rule under military regimes.[xxvii]

3) There are not, nowadays, serious threats that parties determined to produce a radical overhaul of society will win elections.

4) The present international climate of opinion would make it costlier than it was decades ago to undertake and support the adventure of an authoritarian regression.[xxviii]

5) As I found out watching even strong supporters of our past authoritarian regimes, it is rather embarrassing when abroad to be asked questions such as "Your country is under some kind of dictatorship, isn't it?" Individuals, particularly those who are members of transnationalized networks, prefer not to be put into the category of belonging to some primitive tribe. Furthermore, part of the international climate of opinion is that international business and political leaders have also learned the scant reliability of armed forces' governments and are at least as satisfied as their domestic counterparts with the current policies of most Latin American governments—more rigorous payments of the external debt, fewer obstacles to profit remittances, financial and commercial liberalization, high domestic interest rates, and privatizations *mediante*.

These are pragmatic reasons, subject to reversal if the contextual conditions that support them change. This is not insignificant, but we should do better, hoping for a more principled commitment to democracy. In this sense one should make the moral and political argument that democracy is grounded on values that dictate a respectful attitude toward the dignity and autonomy of every human being. To the obvious retort that respect for these attributes is not exactly paramount in our new democracies, one can answer that, however deeply imperfect today, since democracy *is* based on those values, it offers better chances than any other regime to make them effective some day.[xxix] Some contemporary authors, following Schumpeter (1975

[xxvii] For studies supporting the conditions stated in paragraphs 1) and 2), see, especially, Acuña and Smith 1994; Conaghan and Malloy 1994; and Stepan 1988.

[xxviii] Caveat: in Peru Fujimori seems to have found a solution. If you carry out a coup that is openly supported by the military but still keeps an elected president at the top, if the economic policies of the government are blessed by the domestic and international agents who matter, if you defeat one of the ugliest guerrilla movements in history, if the economy begins to grow at a fast pace, and if the same coup-president is reelected, then you can get away with the coup, even if congress and the judiciary are utterly subordinated to the executive, gross human violations continue, and the elections were not exactly immaculate (see the election reports in *LASA Forum* 1995). In a similar, if bloodier, coup in a larger and geopolitically much more important country, Yeltsin got away with less than Fujimori.

[xxix] To which the 'Singapore argument' (or, until sometime ago, the oddly similar 'Cuban argument') will hasten to retort that, with no constitutional democracy whatsoever, some

[1942]), define democracy in narrow terms as a mechanism that, through competitive elections, decides who will govern for a given period. I do not agree: if democracy were not also a wager on the dignity and autonomy of individuals, it would lack the extraordinary moral force that it has evinced many times in modern history.

IX

In contemporary Latin America the gap between those values and their effectiveness is extraordinarily wide. But one cannot jump to the conclusion that, *per se*, this gap will eliminate democracy.[xxx] India shows that democracy can long survive in the midst of enormous poverty and inequality,[xxxi] and some of our new democracies have endured crises (including rapid impoverishment of broad sectors of the population) that not too long ago would have immediately provoked military coups and/or revolutionary upheavals.

The real issue is the *quality* of democracy. Citizens are the individual counterparts of a democratic regime. Citizens are supposed to be protected and empowered by the clusters of rights sanctioned by modern constitutionalism. The basis of citizenship is the assumption of the autonomy and, consequently, of the basic equality, of all individuals. Without this assumption even the narrowest definitions of democracy would be senseless: autonomy and equality are presupposed in the act of choosing among competing candidates and in fairly counting each vote as one, irrespective of the social condition of the voter. Effective citizenship is not only uncoerced voting; it is also a mode of relationship between citizens and the state and among citizens themselves. It is a continuing mode of relationship, during, before, and after elections, among individuals protected and empowered by their citizenship. Citizenship is no less encroached upon when voting is coerced than when a battered woman or a peasant cannot hope to obtain redress in court or when the home of a poor family is illegally invaded by the police. In these and related senses, ours are democracies of truncated, or low-intensity, citizenship. In many regions and cities, and for large parts of the population, it is the same old story: *La ley se*

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populations enjoy much higher and widespread welfare than our democracies. Since our countries are far more likely to produce predatory authoritarian regimes than Singapore (and since the Pinochet regime is not a very good example in terms of poverty and inequality), this argument does not concern me here.

[xxx] Although, admittedly, such an assertion can be, in certain contexts, a rhetorically persuasive argument.

[xxxi] But it should be noted that some comparative quantitative studies have found that income inequality (Muller 1988) or poverty (Przeworski and Limongi 1994) tend to negatively affect the likelihood of survival of democratic regimes.

acata pero no se cumple [the law is acknowledged but not obeyed]. A corollary of citizenship and a central component of democracy, the rule of law, extends only intermittently across our countries.[xxxii] Widespread violence, weak and unpredictable courts, and unpunished abuses of all sorts of powers, public and private, compound in many parts of Latin America a sense of unpredictability and ugliness in daily life, especially for the losers but also for the winners.[xxxiii]

Admittedly, as noted before, many of the rich opt for exit: living in fortified ghettos, sending their children to well-guarded schools where they meet only the children of people like them, moving their offices out of downtown or other dangerous areas, mistrusting the inefficient and often corrupt police and hiring private guards,[xxxiv] and making transnational society the frame of reference of as many of their activities as possible. This process is also observable in the United States, but it is my distinct impression that it has advanced much more in Latin America. On the other hand, as suggested by the data of footnote 33 and numerous journalistic reports, the realities of an extremely impoverished and unequal society inexorably filter into the lives of the privileged: fear while going back and forth to work and school, manifold horrors highlighted on TV, the pervasive threats of the drug trade, the fear of kidnapping, and the like invade even the most secluded lives.

Literary talent is needed for depicting these situations. Here I want to point out their profound ambivalence. On one hand, they may lead to further exit, as the privileged sometimes seek added protection by supporting repressive measures against the *classes dangereuses*. This support entails indifference toward the gulf that separates winners and losers and further deterioration of values of solidarity and shared human dignity. Also, despite its many inconveniences, the present situation has important advantages, especially cheap and abundant labor, both at work and at home.[xxxv] There are many, albeit unsystematic, indications that this mix

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[xxxii] The rule of law in our countries (or, rather its absence for vast sectors of the population) is a complicated and extremely important topic, which I cannot elaborate here. A preliminary discussion, which I will expand in future publications, is in O'Donnell 1993 (this text is also available as Kellogg Institute Working Paper 192, 1993). Interesting and eloquent analyses of some of these matters can be found in Pinheiro and Poppovic 1993 and Pinheiro, Poppovic, and Khan 1994. For another, convergent, perspective, see Fox 1994.

[xxxiii] As one indication of these problems, a recent survey applied to 320 persons in top private and public positions in Brazil asked the following question: "In your opinion, what is the most important negative consequence of the increase in poverty in the large Brazilian cities?" [my translation]. Of the interviewees 65.3 percent gave answers that reflect how these problems impinge on their own lives: violence, crime, insecurity (51.4 percent); possibilities of social chaos (8.4 percent); and diminution of the quality of life for all (5.5 percent); Reis and Cheibub 1995; see also Soares de Lima and Boschi 1995.

[xxxiv] In addition to the texts already cited, see Caldeira 1992.

[xxxv] An interesting thought experiment is to imagine the incredible disruptions that would be caused in well-to-do families by the disappearance of domestic laborers.

of exit with support for repression may be the direction being taken. In this scenario democracy, narrowly understood as a reasonably competitive and clean electoral process, may survive; but its quality would be dismal.[xxxvi]

X

On the other hand, perception of this bleak scenario may mobilize values and solidarities that could reverse the overall situation. Because nobody can completely extricate him- or herself from the consequences of extended poverty and deep inequality, and because these characteristics deeply offend the values on which democracy is grounded, a general argument for committing oneself to enhancing the quality of these democracies can be derived. As noted above, this argument can only be made, through politics, a *public* one if it is embraced by a broad coalition of social and political forces.

I have noted some of the difficulties that, if created, this coalition is likely to face. For thinking a bit further about this matter, it is useful to note that the image of dualism, like every dichotomy, is a simplification of limited value. It serves to underline the sad fact that there are in our countries two poles and they have been getting farther apart. But this image ignores the layers of the population that do not properly belong at either pole. 'Middle sectors' is too diffuse a category for designating these layers, but for want of a better concept I will use it here. The term itself alludes to those who are somewhere in between the truly rich and the truly poor. Unfortunately, we know too little about these layers, especially after the changes provoked by the economic crises and adjustment programs of the last couple of decades.[xxxvii] Assorted indications,[xxxviii] however, plausibly suggest that, just as with the rest of society, a strong differentiation has occurred within the middle sectors themselves. Considerable decreases in pensions and in the salaries of public employees, particularly the lower ranking ones,

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[xxxvi] It is thought-provoking, if disquieting, that in a comparative quantitative study Muller and Seligson (1994) found that inequality is the strongest negative factor in changes in the level (or quality, as I call it here) of democracy.

[xxxvii] I concur with C. Filgueira (1993) in his plea for devoting more attention and resources to basic studies of the present social structure of our countries. Various recent projects would have greatly benefitted from the knowledge generated by the type of research C. Filgueira advocates. In particular, studies on the political correlates of adjustment programs that speculate about the classes or social sectors that are likely to support or oppose these programs presuppose a social structure that is dated or about which they have no information (see, e.g., relevant chapters in Williamson 1994).

[xxxviii] Among others, CEPAL 1994; Davis 1994; Díaz 1994; C. Filgueira 1993; ILO 1995; Tokman 1994; and Torrado 1992.

unemployment resulting from privatizations and various 'rationalization' programs, high rates of bankruptcy of small enterprises during economic crises and at least during the first phases of economic stabilization, and the deterioration (or disappearance) of various social services to which these sectors had good access have combined to bring about a sharp fall of the income and the standard of living of significant numbers of people in the middle sectors.[xxxix] On the other hand, various indications suggest that some layers, especially those composed by individuals who cater to the rich—highly educated professionals and owners of firms dedicated to luxury goods and services—have notably improved their situation throughout these years. It seems, consequently, that 'the middle' has significantly differentiated itself, with some moving toward the poor and some toward the rich poles, while the 'middle of the middle' has become thinner. Thus, despite the simplification it entails, the image of dualism still fits Latin America—now better than ever.

Some time ago the Latin American middle sectors were supposed to be the main carriers of social modernization, economic development, and democracy.[xl] For reasons I will not delve into here, these hopes were dispelled. I am not aiming at resurrecting these expectations here, but I believe that some layers of the contemporary middle sectors will have to play a pivotal role in any political alliances that effectively attack poverty and inequality. Because poverty entails that the poor are poor in many resources, not only economic, they are unlikely to organize autonomously and, especially, to sustain collective actions appropriate for overcoming their condition. On the other hand, I surmise that the exit option is likely to be preferred by most of the rich. Toward the other pole of the middle, those whose income and welfare have sharply diminished and/or who linger dangerously close to poverty probably are, at best, as likely to support as to oppose policies aimed at improving the situation of the poor.[xli]

This leaves us basically with the middle of the middle sectors. Many of the individuals belonging to this category are socially active, politically aware, highly educated, reasonably well informed about the world in which they live, and with strong aspirations of ascending social

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xxxix For recent data on and discussion of this matter, see Tokman 1995.

xl Johnson 1958 is the classic statement. It may be worth noting that these conceptions strongly influenced the Alliance for Progress.

xli We saw that the social expenditures that, in general and often against stated policy goals, have benefitted these layers more than the poor (education, housing, urban services, and some health services) have lately deteriorated in many of our countries. In addition to their loss of income, this diminution in their welfare goes a long way in making understandable the demands of these layers to receive preferential treatment from the state—and their, at least implicit, opposition to diverting resources to the poor (for a discussion of these issues, see Nelson 1992). Here lies another major political and intellectual challenge: devising propoor policies that would overcome or sidestep these obstacles. One clear but politically difficult way to advance in this direction would be to decrease the present reliance on regressive indirect taxes (especially value added ones) and emphasize direct taxes on income and wealth; see, especially, Borón 1992.

mobility. Particularly among the young, lack of employment (or of reasonably good employment) and the extremes of poverty and affluence they confront every day may thoroughly alienate them. But, still, those who have the aforementioned characteristics and, consequently, enjoy many of the advantages of modern life but—in terms of housing, transportation, education, health services, and the like—cannot exit as the rich can, seem the more likely to be mobilized by, and mobilize, the kind of political coalition I postulated above.

The structural position of other segments of the middle sectors generates, as I have argued, serious constraints for collectively playing an active role in efforts to redress poverty and, even more so, inequality. But constraints are not impossibilities. They can be partially overcome[xlii] with clear-headed actions, imaginative policies, persuasive arguments, good examples and, underlying and reinforcing all this, the emergence of an adequate political coalition. This coalition should have as its dynamic core the valuable if often intermittent collective efforts of the poor, the middle layers referred to above, and the altruists who exist at all levels of the social structure. As soon as it eventually emerges, the coalition will face some hard tests. One will be how to further link itself with the poor with a minimum of clientelism and paternalism. Another test will be to persuade a majority of public opinion, not only the privileged, that the policy orientations of the coalition are not inimical to the stability of basic macroeconomic parameters. A third test relates to the relations of this coalition with the unions. This is a topic in which generalizations across countries, and even across economic sectors and regions, are particularly risky. With this caveat in mind, it seems clear that, if they were willing to voice the interests of workers in general (i.e., including those who are unemployed and not formally employed), the unions would become a weighty component of the coalition. On the other hand, I fear that, given the social and economic conditions prevailing in Latin America, most of the unions are likely to limit themselves to the defense of the interests of workers employed in the formal sector. In this case the relations between the aforementioned coalition and the unions will be punctuated by serious (albeit, hopefully, not mutually self-destructive) conflicts.

Clearly, the creation and the successful development of the kind of coalition I have sketched is a very tall order.[xliii] Ultimately the glue of this coalition can only be a moral argument:

[xlii] I write 'partially' because it would be a serious mistake to expect some kind of angelic consensus around these issues. Politics means both consensus and conflict; democratic politics peacefully processes, but does not cancel, conflict.

[xliii] Given the high level of generality at which I placed myself in this paper, I cannot go further in the present discussion. In each country the possibilities as well as the modalities of the eventual emergence of such a coalition will be contingent on the preexisting political allegiances of the popular and middle sectors and on the configuration of the respective party systems.

the decent treatment that is due to every human being. An additional argument is one of public interest: the improvement of the quality of our democracies is tantamount to advancing toward such decency. On the other hand, if the polarizing tendencies I have registered in this text continue unabated, what I have said here may well be a futile exercise in wishful thinking.

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