Urban Inequality, Youth and Social Policy in Latin America

Introduction to special section

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Abstract

This special section discusses some of the challenges of inequality in the Latin American urban context and its consequences for the lives of young people. The four papers provide an in-depth analysis, from different methodological and disciplinary perspectives, of the interaction between social policy and multiple dimensions of inequality in Mexico, Argentina and Nicaragua. Each seeks to shed some light on the ways social policy operates at the micro- and meso-level to reduce (or fail to reduce) socio-economic inequality and promote human development for young people. This introduction provides a short overview of macro trends on social policy and inequality in Latin America. It raises some questions and discusses challenges regarding their ‘trickling down’ in the lives of the young who live at the urban margins.

Key words: Social policy, Latin America, urban inequality, human development

Over the last decade, the Latin American region has made some important human development gains, mainly through the expansion of health and pensions, as well as innovative cash transfer programs. Between 2000 and 2013, income inequality fell in all countries barring Costa Rica and Honduras. While facilitated by the commodity boom, this reduction in the Gini coefficient was primarily the result of policy reforms led by broad social coalitions and political shifts (Cornia, 2010, 2014; Levy and Shady, 2013; Lopez-Calva et al., 2015; Martínez Franzoni and Sánchez-Ancochea, 2014, 2016).

The return of democracy in the 1980s and 1990s and the so-called Latin American ‘pink tide’ in the noughties (with the elections of leaders from the political Left in countries such as Brazil, Bolivia, Ecuador and Argentina), gave rise to an increase in public spending on education, health and other social services. Attention to the formalisation of employment and an active use of the minimum wage also contributed to reductions in the inequality of the primary distribution of income. Many countries embarked on innovative social assistance schemes, such as conditional cash transfer (CCTs) programmes (CCTs) and new non-contributory pensions. The experience of Latin America over the last decade is testament...
testifies the close relationship between democracy and more inclusive political representation and improvement in social outcomes.¹

Despite these gains in coverage of social policies, many challenges remain, such as the low quality of secondary education, the segmentation of various programmes (with different services for the poor and the middle class, and for different groups within the middle class)² and the persistence and spread of informal employment throughout the region (Cornia, 2014). An estimated 46.8 per cent of the Latin American working population is still employed in the informal sector, of which a quarter have an informal job in the formal economy, that is, they are working in the formal sector but do not have a legal contract and lack social security (ILO, 2014).³ The situation of youth is of particular concern: Only half of young people aged 15 to 24 have a job or are actively seeking one. Youth unemployment is three times higher than adult unemployment and 55.7 per cent of young people in employment in Latin America is estimated to be informally employed (ILO, 2015). Almost a third of people aged between 15-24 who live in poverty (less than $4 a day) neither work nor study (UNDP, 2016).

The reduction of inequality in Latin America, as measured by trends in Gini coefficients, thus does not appear to have been accompanied by equal progress in what Martínez Franzoni and Sánchez Ancochea (2014) have called ‘market incorporation’, or the participation in a labour market with enough security and income to guarantee a decent living. The paper by Mitchell et al. in this special section narrates some stories of young people who are particularly affected by this lack of progress in this type of labour expansion and who face the choice of completing secondary education or opting out of education in order to provide for their family. There is also the challenge of protecting gains in economic security. Despite progress in reducing extreme poverty, many Latin Americans remain in a highly vulnerable situation. They may be above the poverty line of $4 a day but they remain highly exposed to falling back into poverty when external shocks occur such as illness or climate change (UNDP, 2016). The paper by de la Fuente, Ortiz-Juárez & Rodríguez-Castelán et al. in this special section discusses this in the Mexican context, and the need for a shift in policy priorities from poverty reduction to protection against vulnerability risks. Although their paper highlights the role of new social programmes that cover a larger number of people, more attention to decent wages would be another policy option for promoting market incorporation.

Some Latin American countries may have been successful in introducing minimum wage regulations, but only Brazil took significant steps to expand the availability of formal employment through industrial policy. Latin American countries have largely failed to implement policies towards changing the duality of the structure of production, with a large
share of GDP produced by a minority employed in highly skilled jobs and a large share of the population being employed in low-skilled and low productivity activities. In Colombia and Venezuela, for example, companies in the top decile in terms of productivity are 500 per cent more productive than those in the bottom decile, compared to only 200 per cent in the United States (Pagés, 2009). Structural heterogeneity and the lack of sectoral dynamism raise serious sustainability challenges. The paper by Lépore and Simpson in this special section documents the large negative spin-off effects of the persistence and spread of informal employment and its contribution to reproducing socio-economic inequalities in particular spaces in the city of Buenos Aires. How long it is possible to sustain an expansion of social protection and access to social services without a parallel expansion of formal employment is a major question that all Latin American countries will soon have to answer now that the commodity boom has ended.

The increased social coverage and reduction of inequality was in large part financed by natural resource exploitation and commodity exports. Svempa (2014, 2015) talks of a ‘Commodity Consensus’ having replaced the Washington Consensus of the 1990s, with the co-existence of redistributive and pro-poor policies and a government sponsored logic of dispossession, which displaces mainly indigenous peoples from their land. Thus, the sustainability of Latin America’s social gains was questioned from the beginning by the extractive development model upon which it is based. As redistributive as it may be, an extractive development model comes with heightened social conflicts over the land use and natural resource management. According to data collected by the Latin American Observatory for Mining Conflicts, there were no less than 209 conflicts in the region in 2014.

Leaving sustainability concerns aside, our aim in this special section is to examine how these social policies have been lived and experienced at the micro- and meso- level, and whether some new perspectives and insights can be gained by looking at the dynamic of interaction in local contexts. We take the human development and capability approach as our normative starting point (Sen, 1999, 2009; UNDP, 2010), but we extend its focus. Instead of looking solely at the opportunities or achievements of each individual person to sustain a flourishing human life (capabilities or functionings), we also look at the structural conditions which make this possible, in the sense of what institutions do (Stewart, 2013). Thinking society-wide and looking at ‘market and social incorporation’ (Martinez Franzoni & Sánchez Ancochea, 2014) beyond individual outcomes gives us some indication about whether structural conditions are in place for citizens to have a decent wage to cover family subsistence and enjoy basic functionings, like living in non-overcrowded and damp housing, and to ensure
equal access to social services. To what extent do these conditions exist in Latin American countries? How have recent policy innovations ‘trickled down’ in the lives of young people? As the papers in this issue will show, a CCT policy may lift children out of an extreme poverty situation but leave them, as young adults, vulnerable and economically and socially insecure. An employment policy targeted at young people in marginal urban neighbourhoods does not guarantee their market and social incorporation. A policy of universal access to secondary education does not necessarily ensure that young people will complete secondary education and get a passport to formal employment.

The effectiveness of social policy in improving people’s lives and establishing the structural conditions for market and social incorporation is not independent of their geographical context. For example, the provision of education and enabling young people to complete secondary schooling will require different sets of actions in the Mexican region of Chiapas than in an informal settlement of the Argentine capital city. The contribution of Mitchell, Del Monte & Deneulin et al. in this special section highlights the contextual character of educational policy in its pursuit of universalism in the case of education provision and secondary schooling completion in a marginalized urban neighbourhood of Buenos Aires. It is therefore paramount to add a meso perspective on the macro trends discussed above, and analyse the social policy dynamics on the ground. And one ground that characterises Latin America is its cities.

Latin America remains the most urbanized continent with more than 80 percent of its population living in urban areas. Mexico City, San Paulo, Rio de Janeiro and Buenos Aires are some of the world’s mega-cities, and a third of the continent’s population lives in cities with more than one million people (CEPAL, 2014). Unfortunately, many of the macro trends in inequality reduction which the Latin American continent experienced in the last decade have not been paralleled with similar gains in inequality reduction at the urban level. The distribution of economic and social opportunities in the city remains deeply uneven. The Latin American city continues to be divided between its urban centres and the slums.

According to UN Habitat (2012), a quarter of the world’s urban population lived in slums in the late 2000s, which meant that they had a worse access to public infrastructure, social services and formal employment opportunities than other urban residents. The report on the state of Latin American cities noted that the proportion of population living in slums had risen in absolute terms, with 111 million Latin Americans living in slums in 2012 (UN Habitat, 2012, p. xii) – it had however decreased in proportional terms. The unequal distribution of opportunities across Latin American cities has also gone hand in hand with an increase in urban
violence and drug trafficking (Davis, 2012; PNUD, 2013; Rodgers et al., 2012). According to data from PNUD (2013), the perception of insecurity and the number of reported robberies has increased threefold on average in the continent in the last decade, with one in three Latin American having experienced theft with violence in 2012. Violence is now the leading cause of death for the population aged 15-50 (CEPAL, 2014). Data from UNODC (2014) estimated that 30 per cent of all homicides occurring on the continent in 2013 were linked to organized crime or gangs.

Those who live in slums, or informal settlements, are more particularly at risk of violence. There is also a risk of violence becoming a ‘repertoire of action’ (Auyero et al., 2014, p. 447), that is, a kind of practice which residents routinely use to address individual and collective problems. Violence, and the ever expanding influence of gangs and criminal groups, is not an unavoidable or intrinsic feature of mega-urban living, but is linked to particular urban political economies and specific social, economic and political processes of marginalization (Jones & Rodgers, 2015). The paper by Weegels in this section highlights the interconnection between failed social policy, such as lack of employment policy targeted at youth, and the failed attempts at re-inserting young offenders in their communities. Although criminal justice may not be a traditional aspect of social policy, her ethnographic research from Managua reveals that security and social policy are deeply connected and need to be developed and implemented in coordination with each other.

So far, the focus for addressing urban fragmentation in Latin America has been urbanisation of informal settlements in the form of housing upgrading, roads improvement, and increasing access to water, sanitation and other basic social services (UN Habitat, 2012). But these policies remain based on a fractured vision of the city. They fail not only fail to recognize the economic and social unity of cities and the dynamic interaction between the formal and informal sectors (Fischer, 2014), but also to consider how cities interact with the national and international policy environments. As Rodgers et al. (2011, p. 561) conclude, ‘the current vision of “fractured cities” obscures the fact that cities are social, economic, political and cultural systems that bring together different and often contradictory processes, and unless we focus our attention more on the interrelatedness of these different processes within cities, our analyses – and concomitant policy initiatives – will unavoidably remain inadequate.’ (2011, p. 561). The contributions of this special section seek to address this gap in the literature, and aim at uncovering how various processes interact in the translation of social policy into concrete outcomes for people’s lives.
The first contribution by de la Fuente, Ortiz-Juárez and Rodríguez-Castelán provides a critical analysis of the reach of public transfers and social insurance programmes in Mexico in protecting those who are no longer categorized as poor but are not members of the middle classes. Building a measure of vulnerability, they show that most social interventions do not reach this group of vulnerability, which remains vulnerable, a large majority of whom live in Mexico’s cities and make a living in insecure informal sector jobs. They call for a policy approach that ‘enhances economic security across different income groups but which may not necessarily be linked to job status. Such policy instruments could be in the form of targeted social protection schemes for the poor, complemented with insurance mechanisms to prevent the middle class and vulnerable population from falling back into poverty in the event of negative shocks’ (2017, p15).

The second contribution by Lépore and Simpson similarly discusses the challenges of social policy in targeting those who live in conditions of vulnerability. Using data from household surveys in the city of Buenos Aires, the authors show that living in an economically and socially marginalized neighbourhood and being in insecure and informal employment are in a mutually reinforcing vicious circle, making young people especially vulnerable to staying in that trap whatever employment interventions are tried. They conclude with a call for a holistic perspective on social policy, coupling, for example, employment policies with initiatives to reduce social stigma and increase social mixing.

This holistic perspective on policy is also the main message of the third contribution by Weegels. In her analysis of programmes aimed at preventing young people from joining gangs and criminal groups, and at reinserting young offenders in local communities in Nicaragua, the author shows that security policies, such as community-oriented policing, do not guarantee the security of citizens when other appropriate public policies are not in place, such as the provision of employment opportunities for marginalized youth. She also documents some of the adverse effects that the increasing securitization of social policy has on the lives of young people. In the end, her analysis shows that both social programmes and the criminal justice approach in Nicaragua have focused on making inequality more palatable for young people and communities, but have done little to deal with the roots of those socio-economic inequalities. This would require a more ambitious developmental approach to job creation and more attention to the structural power struggles.

The fourth contribution by Mitchell, Del Monte & Deneulin et al. examines how young people themselves experience social policy, focusing on secondary education provision. From
interviews with young people in a marginalized neighbourhood of the city of Buenos Aires, the authors seek to elicit how young women and men value secondary education. They conclude that a policy of universal access will not guarantee that young people do pursue, or complete, secondary education. A critical ingredient to achieve universalism is the social and emotional support provided by the school, as well as complementary policies in relation to public services and the economic security of young people’s families.

We can draw at least two tentative lessons from these contributions from Mexico, Nicaragua and Argentina about future policy alternatives to help people secure flourishing lives. First, expanding service provision is not enough; we need to pay more attention to the quality of services and other needs of low-income groups. This will often require using positive discrimination: targeted interventions such as cash transfers, and family support that help young people access universal services (Martínez Franzoni & Sánchez Ancochea, 2016). Second, local and national governments should make more efforts to integrate different policies into single interventions: public transfers only for those below the income poverty line without concern for what happens to them when they move beyond the line does not reduce poverty; creating formal employment opportunities for those who live in marginalized neighbourhoods can only work if there are infrastructure and transport policies to connect them to places of formal employment; programmes to help young offenders re-insert themselves in local community life without opportunities for stable and secure employment have little effect; creating employment programmes without expanding education outcomes will lock people into poorly paid, unskilled jobs. To design these interrelated policy interventions, we must place individuals and their communities at their heart—a point Jones (2017) makes effectively for the Brazilian case.

Countries may need to expand the role of the state further while simultaneously making it more effective and democratic. In the context of informal settlements, closer collaboration between public institutions and social organisations including churches and non-governmental organisations will be important; the former have more resources and can offer unified services across spaces while the latter can be more dynamic and benefit from closer links to local communities. The policy changes we recommend will be hard to implement in the current recessionary environment; yet democratic pressures and growing social demands make them more urgent than ever before.

Bibliography


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1 At the theoretical level, see, among others, Fraser (2008) who has argued for the connections between redistribution, recognition and representation, or Sen (1999) about the connection between political freedoms and the realisation of socio-economic rights. For the Latin American case, see Filgueira and Luno (2009), Huber et al. (2006), Huber and Stephens (2012), Pribble, Huber and Stephens (2009), all of whom highlight the importance of democracy and its contribution to the election of pro-equity, left-wing parties. In discussing universal social policy in the South, Martínez Franzoni and Sánchez-Ancochea (2016) recognise the role of democracy as pre-condition in successful cases.

2 In addition to the segmentation of social services according to income groups, there is also segmentation according to race and ethnicity given the interconnections between ethnicity and inequality in Latin America, see Thorp and Paredes (2010).

3 For infographic statistics of the Report, see http://www.as-coa.org/articles/weekly-chart-latin-americas-informal-economy.

4 In 2010, primary exports accounted for 89 per cent or more of total exports in Bolivia, Chile and Peru (Martínez Franzoni and Sánchez Ancochea, 2014, p. 276).
For a map of extractive-related conflicts in Latin America, see http://www.conflictosmineros.net.

For a concept note on what informal settlements are, see UN Habitat (2015).

See also the seminal comparative study of marginal neighbourhoods in Chicago and Paris by Wacquant (2008). His study highlights that national policies are largely responsible for the nature of the distribution of social arrangements across the city. He concludes that urban marginality is essentially the outcome of failed national employment policies – failure of creating employment for the low-skilled and increasing the skills of the population – and of failed national social policies – failure of providing equal education and health coverage for the whole population.