

Global Trends in Labour Market Inequalities, Exclusion, Insecurity and Civic Activism

Background paper for the Democratic Governance Report
by UNDP

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Introduction

This background paper shows trends on economic inequalities, socio-economic exclusion and insecurity, and a civic dimension of democratization. Whereas most of these variables can be considered as measures of democratic performance, the last mentioned may be more suitably seen as a civic measure of legitimization of democratization.

The inequalities concern income and other labour market inequality trends. The social measures, of exclusion and insecurity, assess the extent to which people are being treated unequally, their social exclusion and the extent of insecurity they experience. Finally, the data and trends in these performance dimensions of democratization are complemented with data on a legitimization dimension of democratization, namely how people respond to these threats to democracy and development through various forms of civic action.

The data on the labour market dimensions come from the ILO. The data on the social dimensions are from the online database Indices of Social Development¹, made available by the Institute of Social Studies (www.IndSocDev.org). The database stresses dimensions of development that have hitherto been undervalued or were often not measured explicitly. For example dimensions of empowerment, social cohesion, participation, and equality as intrinsic parts of social development. The comparison of indices between 2000 and 2010 will be done for the same countries per index. The individual countries listed may vary per index, but for each index, the same countries will be listed for 2000 and 2010, so that countries for which data is available for only one of these years will not be included.

Finally, this background paper will engage in a brief discussion on how democratization may be furthered through strengthening the social dimensions of democratic performance and legitimization: intergroup cohesion, interpersonal safety and trust, and civic activism.

Labour Market Inequalities under Globalization

The fall of the Berlin Wall brought scholars as Francis Fukuyama (1992) to declare the end of history: democratic free market thinking has gained the ideological battle forever. John Williamson (1989) published for the first time his ideas of a 'Washington Consensus' - a list of policy recommendations for developing countries mainly based on experiences with structural adjustment programmes in Latin America at the end of the eighties. Banks in the USA gained more freedom as the Clinton Administration repealed the Glass-Steagall act in 1999. Internationally, the IMF and World Bank, supported by the USA and European governments flexed their muscles for liberalization of the capital market. The percentage IMF member states, both developed and developing member states that removed restrictions on capital flows increased strongly between 1990 and 2004 (van der Hoeven and Lübker 2007). The USA did not only push for clauses on 'decent work' in trade agreements with many countries,

but also for capital market liberalization. In the beginning of the 21st century free capital should become the engine for substantial growth and progress of nations: Financialization became 'the only game in town' (Schiller 2003).

What was the result? In any case not higher economic growth as was promised (Freeman 2010). On the contrary: growth took place mostly in countries, which participated in globalization, but on their own terms, with continuing restrictions on capital flows and with political decisions which were often not those of the Washington Consensus. An example is the steady growth in a.o. India, China and Brazil. Financialization has almost thrown the rest of the world in a deep financial, economic and social hole. Despite courageous promises by national and international policy makers after the crisis in 2008 the beacons have not yet changed. In 2012 a second crisis or recession cannot be excluded.

The continuing globalization and especially the financial globalization has a major influence on work, work conditions and work security of workers all over the world. Globalization makes the power lines and tensions that dominate the national and international labour markets clear and sharpens the contrast between workers, which profit from globalization and those who have difficulties to make ends meet.

The nature of work changes: More flexible work in developed countries and continuing sometimes even increasing informal work in many developing and emerging countries. There is more work in some of the fast growing countries, but its remuneration and the security it offers is very unequally distributed. Averages of wellbeing in countries hide often more than they reveal: most poor people don't live anymore in poor countries.

Trends in labour markets

Since the beginning of financial globalization at least eight important (international) labour market trends are noticeable (van der Hoeven 2010).

1. *Lower employment to population ratio's.* The Asian and Sub Saharan African regions had the highest employment to population ratio but since 1990 this is declining. The only region where the ratio increased – because of increased female employment to population ratio- from an extreme low to a somewhat higher level are the Middle East and North Africa regions.
2. *A shift from employment in industry to employment in services.* Globally the share of employment in services increased from 33.5 to 43.5%. And in the developed regions even from 61 to 71%. There is however an important distinction between services in developing and developed countries: In the first group of countries activities in the informal sector, with low value added, are often an important component of the service sector.
3. *More precarious work.* This a noticeable trend both in developed and developing countries: in developed countries it takes the form of temporary

contracts, often for less than 40 hours a week. For example in Europa 70% of the working population between 25 and 49 years cannot find a permanent job; they work involuntarily in temporary or part-time jobs (ILO 2011, p.23). In developing countries precarious work takes the form of a relative big informal sector, which, against earlier expectations, is not getting smaller soon.

4. *Continuing or increasing youth unemployment.* In many regions in the world youth unemployment is high, on average two and a half times as high as for other age groups. The highest rate of youth unemployment is in the Middle East and North Africa, where 25 per cent or more of all youth don't have a job. In countries with lower youth unemployment it is nevertheless often difficult for youth to find a decent job. In the European Union the first job is often a part-time job or a job without any form of social security.

5. *Enterprises become transnational, production processes change.* At the moment there are about 82,000 transnational enterprises with 810,000 partners over the whole world. Exports of these enterprises are grown from a quarter to one third of all worlds' exports. Also employment in these enterprises has grown fast to about 100 million workers Trade now mainly takes place between subsidiaries of these enterprises which form parts of global production chains with special production techniques.

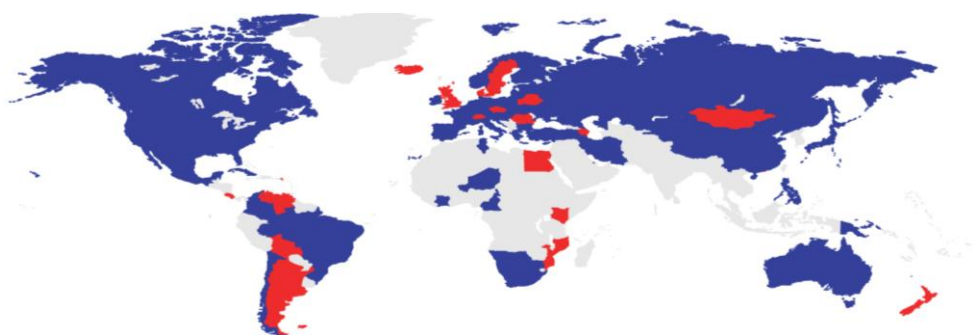
6. *Migration.* Globalization also has effected migration but to a lesser extent. Global figures about migration don't show a rising trend (migrants form about 2.7 per cent of the world population) but there are nevertheless regional shifts. In Europe the share of migrants increased from 3% in 1960 to 8.8% in 2005, in the USA from 6.75% to 13.8% and in Oceania from 13.5% to 16.4%. The biggest increase was in Gulf States from 4.9% to 37.1%. In regions with a rapid increase in migration one observes increasing social tension, but 'remittances' are often an important source of income for sending countries.

All these above mentioned trends above have led to a weakening of the position of most workers and their families in the global economy. This weakening is furthermore evident from two further trends that characterize labour market developments since the 1990's .

7. *A decreasing labour share in national income.* Wage share declined over 1995-2007 in two thirds of the developing countries, including the major ones, as well as in the major developed countries (ILO, 2008 and Figure 1). The only exception was the Latin American region, where some countries witnessed an increasing wage share. ILO (2008) attributes the declining wage share to increasing trade and globalization and confirms earlier research findings (see Diwan 2001 and Harrison 2002) that, contrary to the conventional wisdom that sees the labour share in GDP as relatively constant, the proportion of GDP that goes into wages and other labour income varies over time. Using a data set from 1960 to 1997, Harrison (2002) show that, in the group of poorer countries, labour's share in national income fell on average by 0.1 percentage point per year from 1960 to 1993. The decline in the labour share accelerated after 1993, to an average decline of 0.3 percentage points per year.

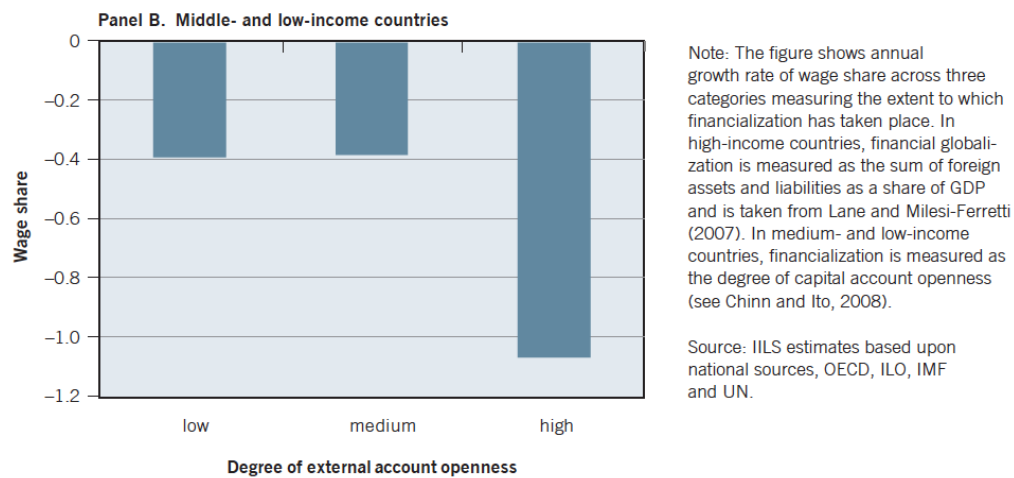
In the richer sub-group, the labour share grew by 0.2 percentage points prior to 1993, but fell by 0.4 percentage points per year since then. Thus there was a trend reversal for richer countries post-1993, and an acceleration of an already downward trend for the poorer sub-group. Harrison (2002) found that frequent exchange rate crises lead to declining labour shares,² suggesting that labour pays a disproportionately high price when there are large swings in exchange rates (i.e., wages are more severely affected than GDP). Capital controls are associated with an increase in the labour share (an effect that Harrison attributes to the weaker bargaining position of capital vis-à-vis labour, i.e. the cost of relocating production increases with capital controls). Foreign investment inflows are also associated with a fall in the labour share. The weak bargaining position of labour in contexts of open capital accounts is also a causal mechanism explored by Lee and Jayadev (2005). They find that financial openness exerts a downward pressure on the labour share both in developed and developing countries for the period from 1973 to 1995. Harrison also finds that increasing trade is associated with a fall in the labour share. This result is robust across specifications. Recent research by the ILO (2011) shows that in countries with a high degree of openness the wage share has declined three times more than in countries with a low degree of openness (Figure 2). These results point to a systematic negative relationship between various measures of globalization and labour's share in GDP.

Figure 1: Increasing and declining (75% countries) wage share 1995-2007



Source: ILO (2008).

Figure 2: Changes in Wage Share and openness

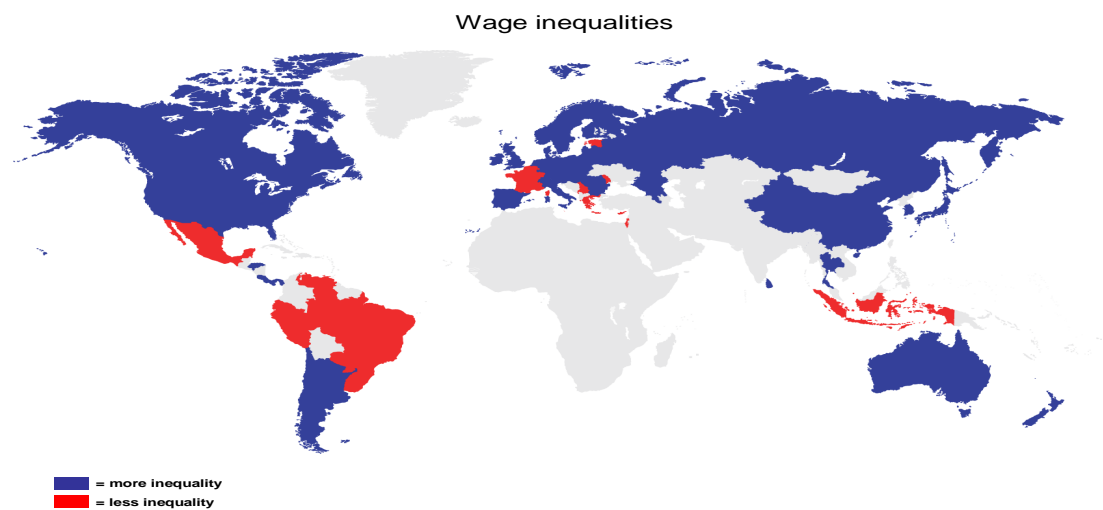


Source ILO (2011).

8. *Increasing wage differentiation*

However not only has the inequality between wages and other components of gross domestic product increased, but the distribution among wage earners has also worsened. The ratio of the average wage of the top ten per cent wage earners in relation to the bottom ten per cent is found to have increased in seventy per cent of the countries (Figure 3). Here also, one notices similar regional differences, an almost uniform pattern for most regions, but a mixed pattern for Latin America. This growing dispersion between wages and the decline in wage share in general has contributed to growing inequality in most countries.

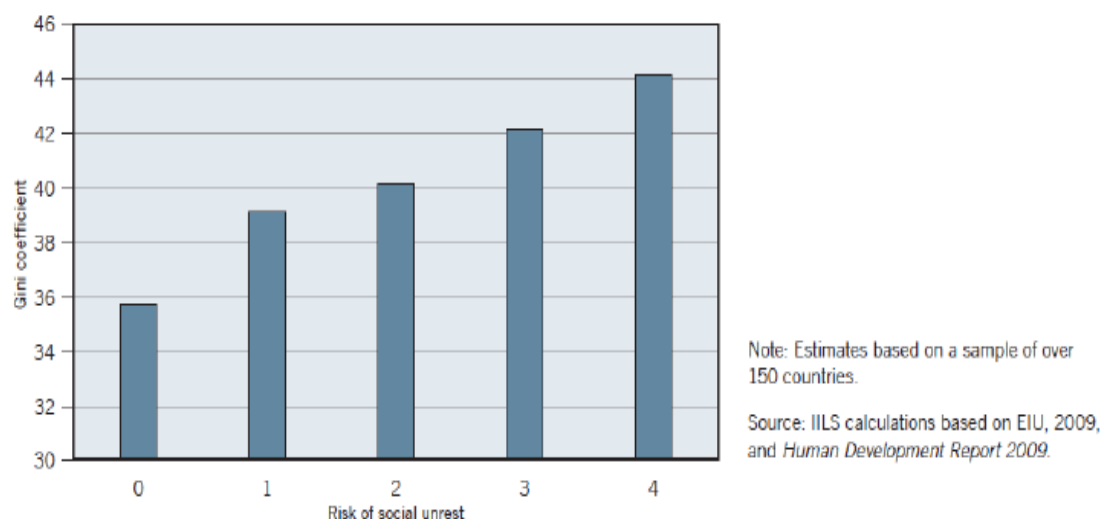
Figure 3: Growing inequality in 70% of countries, inequality between top and bottom wage earners has increased since 1995



Source: ILO (2008).

There is also evidence that growing inequality is leading to instability and insecurity. ILO (2011) shows that countries with higher inequality have a larger risk of social unrest (Figure 4).

Figure 4. Income Inequality associated with risk of social unrest.



Source: ILO, 2010, figure 2.6

All these trends presented above make that the global labour market today is rather different than that of 30 years ago. An important factor in all this is

growing inequality. Also the definition of work is changing. The continuing poverty, also for families where all family members work, has led to the concept of 'working poor': work that does not generate sufficient income to live from and to place one's family above the poverty line. UNDP and ILO use statistics to measure the quality of work (ILO, Global Employment trends, yearly). The World Bank distinguishes between: good jobs, bad jobs' (Bourguignon, 2005; World Bank, 2012) largely based on income criteria. The ILO goes further and uses decent work, where work is approached from four vantage points: employment, labour rights, social security and social dialogue. When the concept was introduced it was the intention to construct a decent work index (Ghai, 2003), but as different members of the ILO Governing Body could not agree on the precise elements of an index and the measurement and weighting factors of these, the index was never introduced. Progress in decent work is now analyzed through yearly thematic reports at the International Labour Conference, but through a composite index.

The crisis of 2008 and labour markets

The crisis of 2008 had major consequences for labour markets all over the world. In developing countries, employment in the export sectors decreased with negative consequences for other sectors in the economy. Studies of earlier 'business cycles' and earlier financial crises (Reinhard and Rogoff, 2009) have demonstrated that employment recovered more slowly and to a lesser degree than other economic variables ('jobless recovery'). This was also the case with the crisis of 2008. However this crisis was different because the boom before the crisis already produced less decent jobs than normally would have been expected. On top of that the very fragile recovery phase is characterized by a slow growth in decent jobs (Ghosh, 2011). This was and is of great consequence for millions of families all over the world (Green and King 2011).

In comparison with the 1930's it could however even been worse (Torres, 2010). Many governments took, right after the outbreak of the crisis robust measures to avoid a repeat of the experiences of the 1930's. Countries that had the fiscal space decreased taxes to stimulate demand. This amounted to 1.7% of world GDP. A joint monetary policy resulted in historically low interest rates Banks were massively supported by their governments. The bill for the USA and Europe was \$ 11.5 trillion, about a sixth of World GDP. These measures supported the economy and according to the ILO helped to save about 20 million jobs. Some countries also used their stimulus measures to expand their system of social security (Brazil, India), to increase or extend unemployment benefits (Japan, USA) and to implement working time reductions (France, Germany, Netherlands).

The crisis of 2008 and its consequences could have therefore been a signal to arrest the globalization trends indicated above and to arrive at a more stable and fair economic development, for the crisis in 2008 was too a very large extend the consequence of financial globalization and the ensuing increase in inequality, which indebted for example many American families. As the governments of

developed and of developing countries forcefully stimulated the economy and supported their banks to avoid a massive depression, one could have expected also stronger measures to combat the deeper causes of the crisis, particularly financial globalization and growing income inequality. In the first phase of the crisis this hope was frequently expressed (van der Hoeven, 2010) but soon it turned out that the political constellation was not (yet) mature enough to intervene more vigorously. It are therefore the poorer groups that are often hit double or trice (see Table 1). First because they did not profit from the boom leading up to the crisis, secondly because they were hit by the crisis and third because they suffer from lower public spending, especially in social areas; a consequences of fiscal tightening to lower public budget deficits, which were largely caused by support to the banking system and stimulus measures.

Table 1. Effects on various socioeconomic groups in different countries.

	Pre crisis	Crisis	Postcrisis stimulus	Postcrisis fiscal austerity	Back on track
Developed countries					
Capital owners	++	—	++	+	?
Skilled workers	++	—	+	—	?
Unskilled workers	—	—	+	—	?
Excluded	—	0	0	—	?
Emerging developing countries					
Capital owners	++	+	++	+	?
Skilled workers	++	—	+	+	?
Unskilled workers	+	—	+	—	?
Peasants	—	—	+	—	?
Poor developing countries					
Capital owners	+	0	+	+	?
Skilled workers	+	—	+	—	?
Unskilled workers	—	—	+	—	?
Peasants	—	0	+	—	?

Source: Bergeijk, de Haan and van der Hoeven, 2011, table 1.1

Globalization and Financialization: asymmetry between capital and labour

It is clear that many feel the threat of globalization for decent work. In recent surveys people in developing and in developed countries clearly indicated what concerns them most: work and work for their children. Why have politicians or the political system often not taken these concerns seriously? Why is the concern that so many people have for a decent job neglected in politicians mind? Why could governments (rightfully) act as bankers of last resort, which engaged trillions of dollars, but could government not act as employer of last resort? Why such an asymmetric approach to capital and labour?

A first reason is ideological: The thinking of a broad group of politicians, both in developing and in developed countries is still based on neo-classical thinking that was the basis for the earlier mentioned Washington Consensus: Trust

financial and economic markets and make labour market more flexible. A second reason is that political parties are afraid to put employment central. They are afraid to fall back to class antagonism or afraid to be regarded as old fashioned. A third reason is that continuing liberalization is a political easy solution. It requires less: less public sector which acts reactive, spend money to keep up the financial system and translates social policies to safety nets. Attention for work and for decent work requires however more attention from their government en requires in these times of globalization greater policy coherence between almost all aspects of socio-economic policy: Macroeconomic policy, sectoral and structural policies, education policies and social security policies. This requires that attention for work and especially decent work is not only of concern to the ministry of labour – in many countries, especially in developing countries a weak ministry – but gets attention at the highest political level. International financial agencies should not only be accountable how they contribute to growth and stability but also how much decent jobs have been created³.

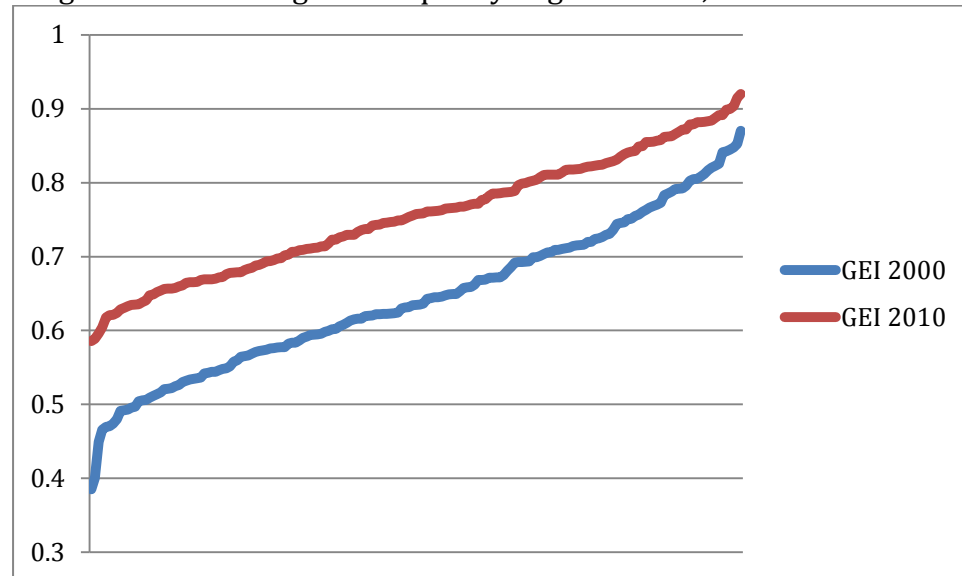
It is imperative to have an integrated and global vision on labour markets. It is nonsense to speak of a national labour market. But this requires another way of thinking. Blue prints are not available, but if rethinking does not start now it could be too late. The world is changing very rapidly in the context of globalization.

Social Exclusion of women and minorities

This section will show trends in two indices of social exclusion: gender and minorities. The Gender Equality Index (GEI) measures the extent of gender equality in countries. Gender Equality refers to the extent to which women and men face the same opportunities and constraints within families, the workplace, and society at large. Gender equality is multifaceted, sustained by both social attitudes – for example, norms of fairness among employers, educators, and spouses – and social outcomes, such as the presence of women in managerial positions, educators, and legislators. The GEI is constructed from 21 indicators in the areas of economic life, education, health, rights and cultural beliefs. Table A1 in the annex provides an overview of its indicators and their sources. They include subjective indicators, measuring the extent to which people adhere to gender stereotypes and discriminatory social norms and practices. They also include objective indicators measuring actual differences in male and female access or performance, such as in schooling, wages or health.

Diagram 1 below shows that the trend in GEI over the decade 2000-2010. The trend indicates that gender equality has improved at the global level for 179 countries. The increase has been particularly stark for countries that had relatively low levels of gender equality in 2000: at the left-hand side, the difference between the 2000 and 2010 score is bigger than on the right hand side. The overall average improvement of the index is from 0.64 to 0.75, which is an increase of 18%.

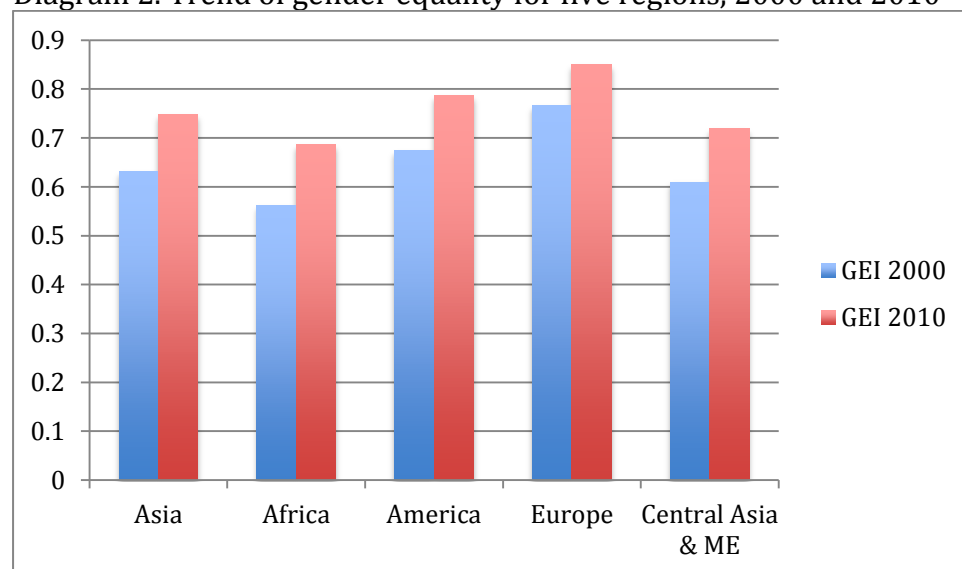
Diagram 1. Trend of gender equality at global level, 2000 and 2010



Source: www.indsocdev.org accessed 19 November 2012.

Diagram 2 compares the trend in GEI in five geographical regions in the world: Asia, Africa, Central Asia & the Middle East, America and Europe. The diagram shows that the global trend of improvement in gender equality between 2000 and 2010 is reflected in all regions. The improvement of the index is, however, not equally distributed over the world. The smallest improvement was in Europe (11%), where the GEI already had high values in 2000. The biggest improvement is in Africa, with an increase in the GEI of 22% between 2000 and 2010. The trends therefore show a convergence towards higher levels of gender equality worldwide.

Diagram 2. Trend of gender equality for five regions, 2000 and 2010

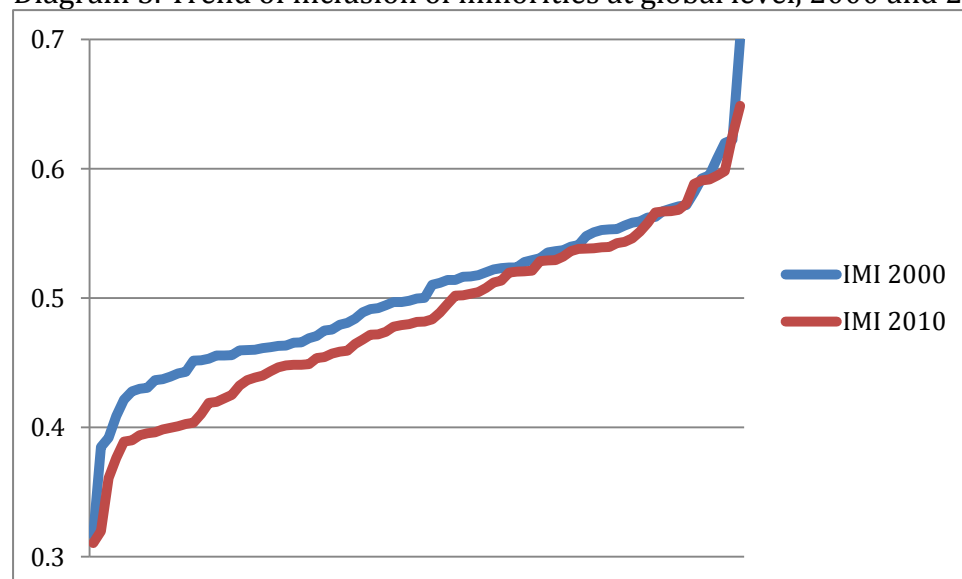


Source: www.indsocdev.org accessed 19 November 2012.

The second index that measures social exclusion is the Inclusion of Minorities Index (IMI). This index measures levels of discrimination against vulnerable groups such as indigenous peoples, migrants, refugees, or lower caste groups. This measure focuses upon whether there is a systemic bias among managers, administrators, and members of the community in the allocation of jobs, benefits, and other social and economic resources regarding particular social groups. It includes indicators based on direct measurement of social institutions and their outcomes, and perception-based indicators, based on assessments by public opinion surveys, private agencies and non-governmental organizations, and proxy measures to measure the access to jobs and educational attainment. Table A2 in the annex provides an overview of all indicators and their sources.

Diagram 3 below shows the global trend between 2000 and 2010 in the inclusion of minorities for 85 countries. First, we observe that the average score in the index has declined (from 0.50 to 0.48). This means, that the world has shown a worsening of the inclusion of minorities of 4%. Second, the diagram shows that this was largely the case for countries that had already in 2000 a low score. The decade 2000-2010, hence, shows that in many countries around the world, minorities are increasingly excluded from society.

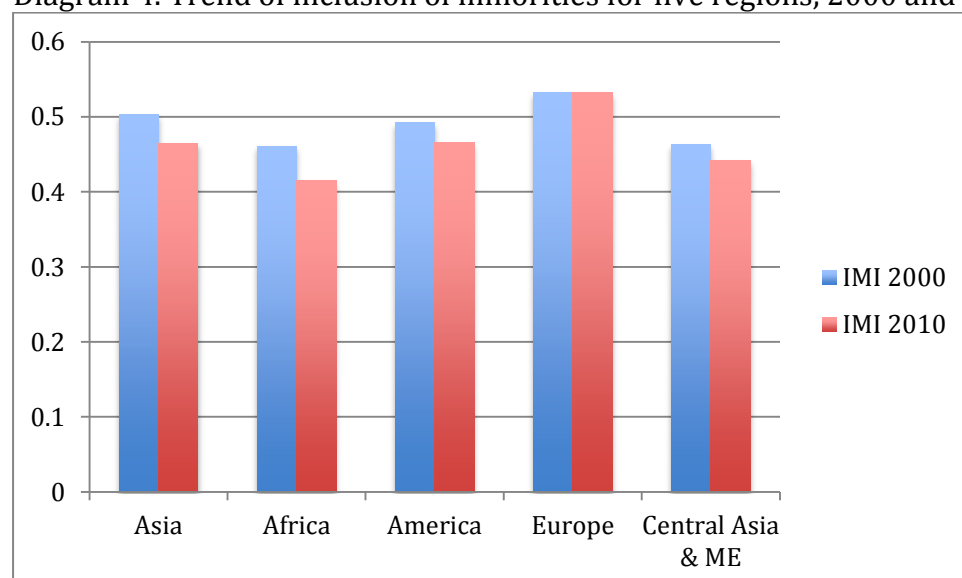
Diagram 3. Trend of inclusion of minorities at global level, 2000 and 2010



Source: www.indsocdev.org accessed 19 November 2012.

Diagram 4 shows that the decrease in the Inclusion of Minorities Index occurred in all regions, except for Europe where it remained stable. The biggest decline was in Africa, with 10%. Interestingly, this is the region with the highest improvement in gender equality, as diagram 2 has shown above, which is a stark contrast.

Diagram 4. Trend of inclusion of minorities for five regions, 2000 and 2010



Source: www.indsocdev.org accessed 19 November 2012.

Comparing the trends in gender equality and inclusion of minorities we find that gender equality has improved but inclusion of minorities has worsened over the decade 2000-2010. Hence, an improvement of women's position relative to men's does not necessarily imply an improvement of the position of minorities in societies. The results for social exclusion are therefore mixed. Not so much between regions, because trends are quite similar across the world. But the difference is between gender and minorities as measures of exclusion – between a global rise in the first and a global decline in the second.

Insecurities

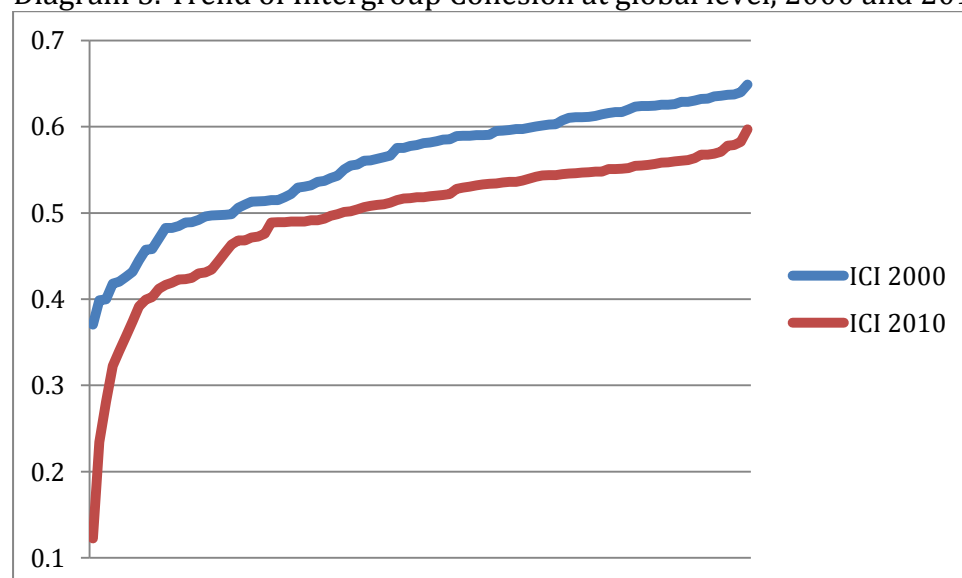
In this background paper, we use two measures of insecurity. The first one is the Intergroup Cohesion Index (ICI). Intergroup cohesion refers to relations of cooperation and respect between identity groups in a society. Where this cooperation breaks down, there is the potential for conflictual acts such as ethnically or religiously motivated killing, targeted assassination and kidnapping, acts of terror such as public bombings or shootings, or riots involving grievous bodily harm to citizens, with concomitant effects upon growth and development. Social cohesion and conflict operate below the level of formal state institutions - albeit in implicit relationship to long-term political objectives and grievances - and can involve a diverse range of actors such as organized criminal groups, international terrorist networks, and ethnic or religious supremacist movements, as well as a diverse range of targets, including judges, public intellectuals, and ordinary citizens. Hence, intergroup cohesion is indirectly related to democratic governance. The Intergroup Cohesion Index uses data on inter-group disparities, perceptions of being discriminated against, and feelings of distrust against members of other groups. The index also includes

data on the number of reported incidents of riots, terrorist acts, assassinations, and kidnappings; agency ratings on the likelihood of civil disorder, terrorism and social instability; and reported levels of engagement in violent riots, strikes, and confrontations. Table A3 in the annex shows the full list of indicators and their sources.

The other measure of insecurity is the Interpersonal Safety and Trust Index (ISTI). Interpersonal norms of trust and security exist to the extent that individuals in a society feel they can rely on those whom they have not met before. It measures the extent to which a polity succeeds in generating safety and trust among people. Where this is the case, the costs of social organization and collective action are reduced. Where these norms do not exist or have been eroded over time, it becomes more difficult for individuals to form group associations, undertake an enterprise, and live safely and securely. ISTI measures personal security and trust by using data on general social trust from a wide variety of surveys, indicators of trustworthiness such as reported levels of crime victimization, survey responses on feelings of safety and security in one's neighbourhood, data on the incidence of homicide, and risk reports on the likelihood of physical attack, extortion, or robbery. Table A4 in the annex shows all the indicators and sources.

Diagram 5 shows the global trend in Intergroup Cohesion between 2000 and 2010. It shows, for 100 countries for which data are available for both years, a decline in the ICI of 11% over the period 2000-2010.

Diagram 5. Trend of Intergroup Cohesion at global level, 2000 and 2010

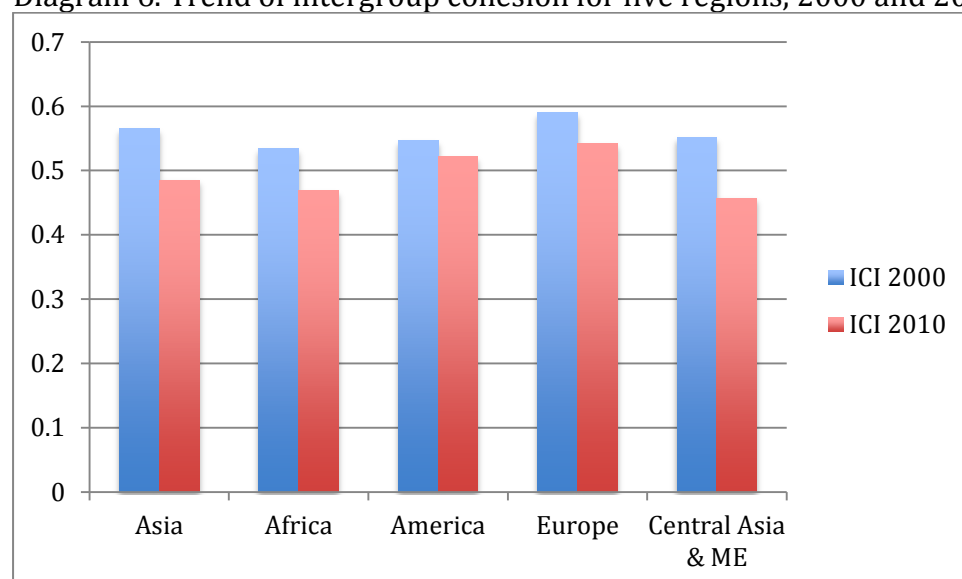


Source: www.indsocdev.org accessed 19 November 2012.

The regional comparison in diagram 6 shows that the decline in Intergroup Cohesion was the case in every region. The smallest decline was 5% on the

American continent. The biggest decline was 17% in Central Asia & the Middle East.

Diagram 6. Trend of intergroup cohesion for five regions, 2000 and 2010



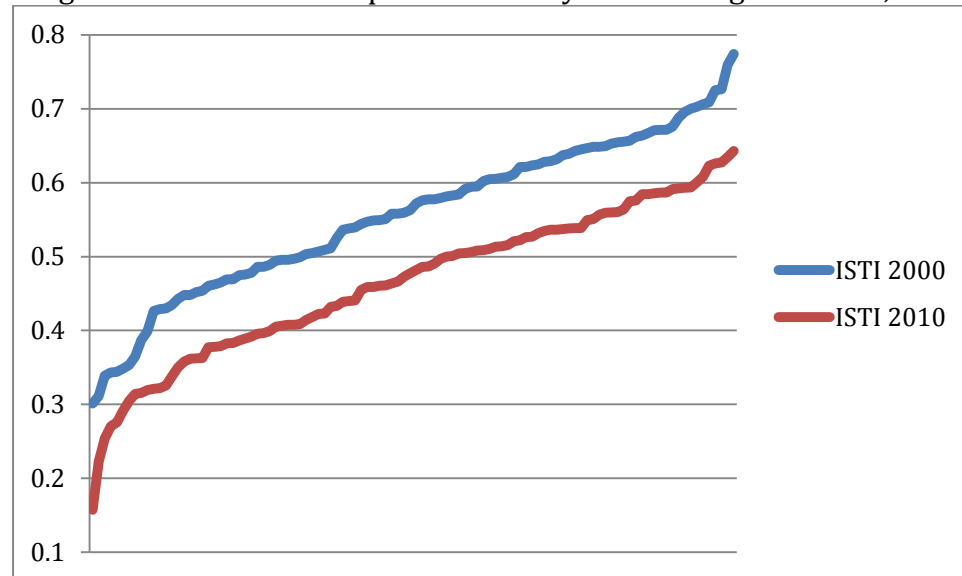
Source: www.indsocdev.org accessed 19 November 2012.

The second measure for insecurity, Interpersonal Safety and Trust is shown in diagram 7. The data include 106 countries and show a marked decrease in interpersonal safety and trust over the first decade of the new millennium. The average decline is 16%. Diagram 8 shows how the five regions compare on this trend. Again, all regions show a decline. The decline is for all regions substantial, ranging from 12% in Europe to 22% in Africa.

The two indices for insecurity, intergroup cohesion and interpersonal safety and trust, both show a clear decline over the 2000-2010 period. This decline is in all five regions of the world. The trend implies that the world has not become a safer place for people in the first decade of the new millennium.

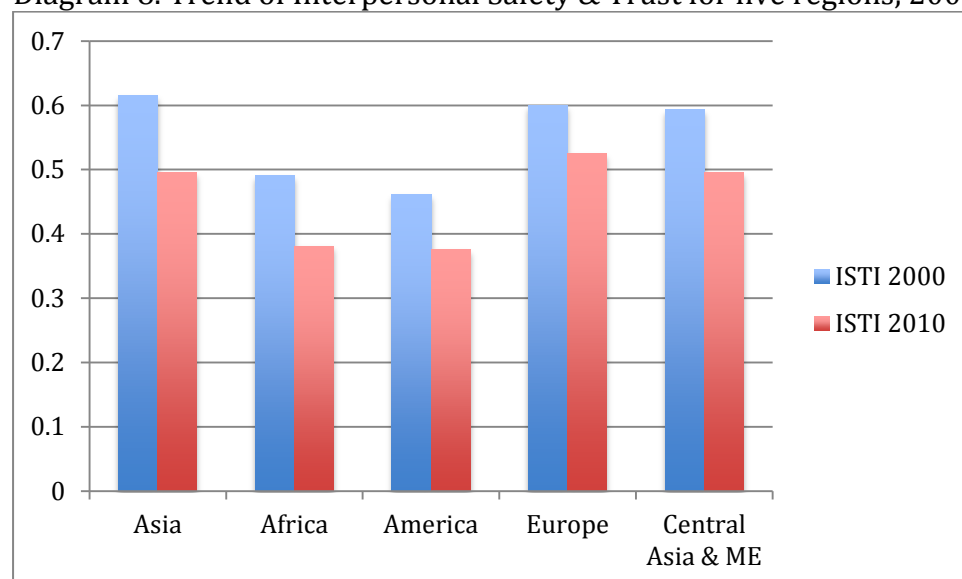
The next section shows the trend in people's civic responses to the worsening trend in insecurity and the exclusion of minorities, and the wider context of socio-economic inequalities.

Diagram 7. Trend of Interpersonal Safety & Trust at global level, 2000 and 2010



Source: www.indsocdev.org accessed 19 November 2012.

Diagram 8. Trend of Interpersonal Safety & Trust for five regions, 2000 and 2010



Source: www.indsocdev.org accessed 19 November 2012.

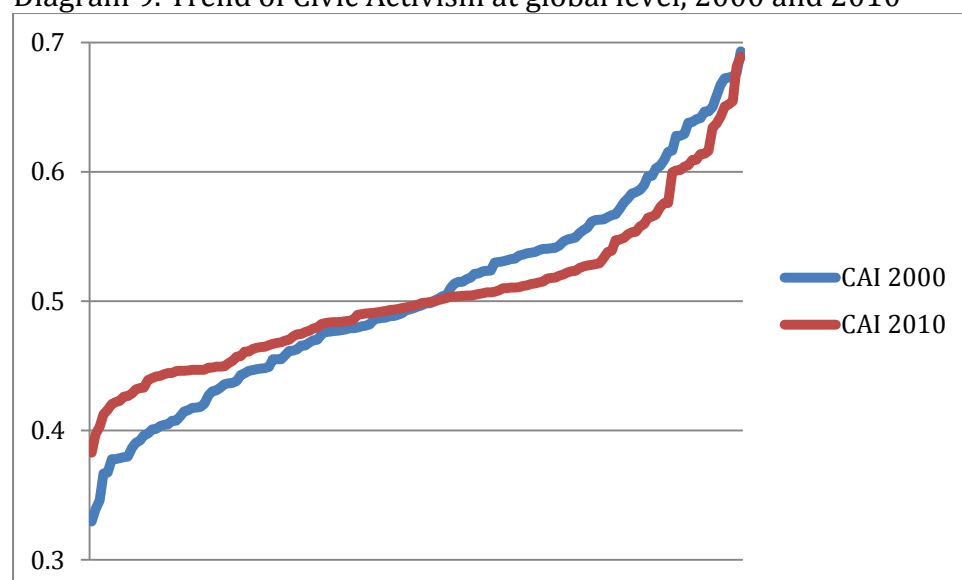
Civic Activism

Civic activism refers to the social norms, organizations, and practices, which facilitate greater citizen involvement in public policies and decisions. These include access to civic associations, participation in the media, and the means to participate in civic activities such as nonviolent demonstration or petition. Civic activism is essential in ensuring that public institutions function democratically,

with participation and representation for all. Achieving accountable governance requires not only responsive elites, but also active citizens - and active citizens, in turn, require participation in civic associations, local and international, access to the media, and the means to engage in activities such as nonviolent demonstration or petition. The index for civic activism uses data on the extent of engagement in civic activities such as signing petitions or joining peaceful demonstrations, studies of the organization and effectiveness of civil society, access to sources of media information, levels of civic awareness and information of political matters and concerns, and the extent to which civil society organizations are connected to broader, international networks of civic activity. Table A5 in the annex shows the indicators for the Civic Activism Index and their sources.

In this background paper, we use the Civic Activism Index as a measure of civic responses to the increased inequalities and insecurities of societies worldwide. Diagram 9 shows the global trend for 2000-2010 for 162 countries. Interestingly, we do see changes over the ten year period, but the average change is zero. Both in 2000 and 2010 the average score on this index was 0.50. The diagram indicates that for countries that had a low score for civic activism in the beginning of the period, the score has improved. For countries that had an above average score saw their ranking decline. The regional breakdown will help us finding out where these opposite trends can be found: within each region, or across regions.

Diagram 9. Trend of Civic Activism at global level, 2000 and 2010

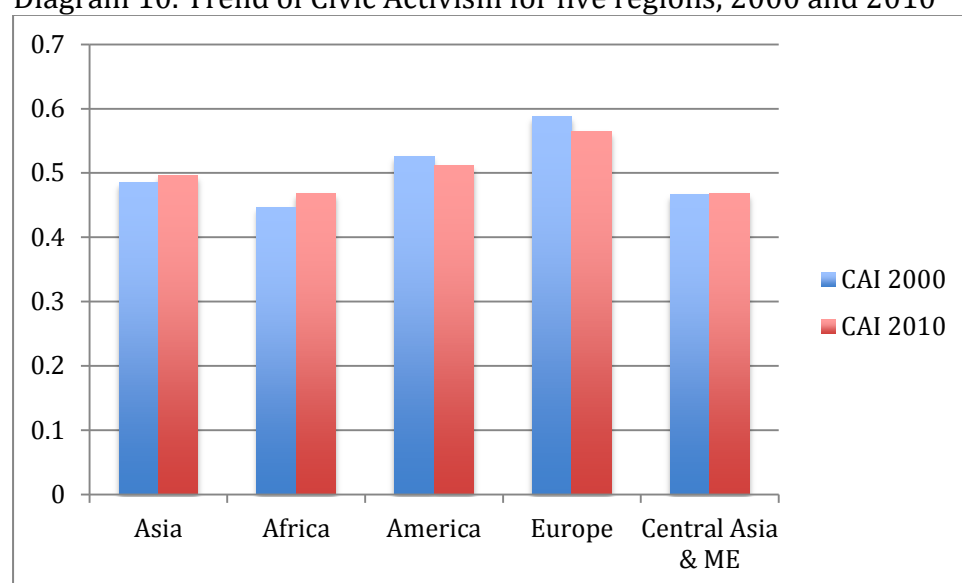


Source: www.indsocdev.org accessed 19 November 2012.

Diagram 10 shows the regional breakdown for civic activism. The regional distribution of the scores over 2000 and 2010 shows the following picture. For Central Asia and the Middle East, there is no change in civic activism. For Europe

and the American continent, we see a decline, of respectively 4% and 3% in the Civic Activism Index. In Asia and Africa, the diagram shows an increase of, respectively, 2% and 5%. These are precisely the two regions with the lowest scores in the index in 2000, pictured at the lower half in diagram 9. The data period is too early to pick up an Arab Spring effect. But it does seem to signal a forebode of increased civic activity in the countries concerned in Northern Africa as well as for the civic unrest in Asian countries like Thailand, China and India. It is important to remind here that each data point includes years around the data year. So, the data for 2010 include measures for the years 2008-2012. But, due to the fact that the data were accessed in 2012 and that it often takes several months up to two years before statistics for a particular year become available, the 2010 data will largely cover the years 2008-2011 and not 2012.

Diagram 10. Trend of Civic Activism for five regions, 2000 and 2010



Source: www.indsocdev.org accessed 19 November 2012.

The trend in civic action, as measured by the Civic Activism Index over the period 2000-2010 show actually a double trend: a decline in Europe and America and an increase in Asia and Africa. Obviously, this does not necessarily imply that civic responses to rising inequalities and insecurities were very limited in the other three regions. To the contrary, because the scores show that civic activism was at an absolutely higher level in these other regions than in Africa and Asia, both in 2000 and in 2010. What the trends do show, is that civic responses have increased over the years in Africa and Asia, whereas they have decreased or remained stable in the other three regions.

A final observation is that, again Africa stands out. In civic activism, it shows the highest increase. So, the African continent shows the biggest improvement in gender equality, the most serious decline in the inclusion of minorities, and also the biggest decline in one of the two measures for insecurity (and the second

largest decline in the other insecurity index). At the same time, Africa exhibits the largest increase in civic activism, which we consider a civic response variable to the worsening trends of exclusion and insecurity.

Towards Democracy and Human Rights through Civil Society

In this section we will briefly review the findings from two quantitative analyses we have done earlier with the ISD database in relation to democracy. The literature on civic agency regards the power of civil society as a positive force for social change, including socio-economic development and democracy (Bowles and Gintis, 2002; Glasius, 2010; Fowler and Biekart, 2011; Woolcock 2011). A recent in-depth case study found clear positive links between the strength of civil society and the quality of democracy in three African countries (Robinson and Friedman, 2005).

We have first done a cross-country bi-variate panel regression analysis for the relationship between freedom of press and democracy (Brinkhorst and van Staveren, 2012). We expect this civic legitimization dimension of democratization to be particularly relevant because it enables transparency and accountability of a democracy. We have used two explanatory variables. First, the Freedom House Index⁴ for press freedom, and second, the same Civic Activism Index as we used above, because the majority of its underlying indicators relate to the use that people make of the press to inform themselves of politics. The dependent variable is the Polity-2 variable of representative democracy of the Polity IV project⁵. For both bi-variate estimations over the period 1995-2010 the correlations show strong, positive and statistically significant results. The coefficients show that the increase in the quality of a democracy is even twice as much for the Civic Activism Index as compared to the Freedom of Press Index. So, press freedom and in particular the use people make of it in following politics and protesting seems a key precondition for democratization. The main weakness of this analysis is that we have not used control variables and only a weak technique to control for endogeneity, namely a time lag. It therefore remains possible, that there is a causal relationship from democracy to press freedom, and that other variables are more important for democratization than freedom of press.

In another study, which we carried out for the Dutch Ministry of Foreign Affairs (van Staveren and Webbink, 2012), we did a more elaborate analysis, taking into account other possible explanatory variables. We also used a more advanced technique to test for endogeneity, namely through Granger-inspired causality tests. In this study we used, among others, the Civic Activism Index and the Intergroup Cohesion Index. For democracy we used again the Polity-2 Index from the Polity IV project, of representative democracy, and the CIRI Physical Integrity and Rights Index⁶ as a measure of democratic performance on human rights. Our cross-country multivariate panel regression analysis for the period 1995-2010 shows mixed results. Whereas we find a strong positive and statistically significant effect of the rule of law on democracy, we find a small and not statistically significant effect of civic activism on democracy. So, whereas the

correlation was strongly positive in the earlier study using a bi-variate technique, in the more advanced analysis using control variables, this is no longer the case. This result suggests that, although civic activism may be seen as a response to experienced worsening of inequality, exclusion and insecurity, that does not necessarily, on its own, help to build democratic institutions⁷.

Our analysis with human rights as a measure of the performance of democracy shows no statistically significant effect of civic activism, but a moderate, positive and statistically significant effect of intergroup cohesion. This seems to suggest that for the human rights dimension of democratic performance, intergroup cohesion is a relevant and positive factor, even when we take other explanatory variables into account.

The findings from the two quantitative analyses of determinants of democracy are only a first step into the analysis of these complex relationships. Much more research is necessary into the quantitative relationships between the strength of civil society and democracy. But the two exploratory studies we have done suggest that social and civic variables do have an influence on democratization.

Conclusions

The main implication of the increasing labour market inequalities is that work has to become central in national and international politics. It concerns in effect decent work, with labour rights, social security and social dialogue. In economic crises an emergency break is sometimes used to reduce labour rights and as such to create more employment. However research on fundamental labour rights – elimination of child labour, freedom of association, social dialogue, equal treatment and remuneration for women and abolishment of forced labour, has shown that a positive correlation exists between economic development and fundamental labour rights (Berg and Kucera, 2008 and Ghose, Majid and Ernst, 2008)

But progress in labour rights in developed countries that are now integrated in the world market does not come automatically. It was the outcome of action by concerned citizens, trade unions and an engaged middle class. This will not be different in the future. International cooperation should therefore not only focus on integrating poor countries in the world economy and strengthening the position of the poor in those countries but also in strengthening groups which stand for an improvement in labour rights. International cooperation has to be placed in the context of increased solidarity.

The conclusions on the trends in exclusion and insecurity are as follows. For exclusion, the trends are opposite: whereas gender equality is on the rise, inclusion of minorities is declining in every region of the world. For insecurity, the trends are negative for all regions: both intergroup cohesion and interpersonal safety & trust have declined. This means that inequality and exclusion trends can go simultaneously in different directions: improvement in one type of social variable does not guarantee improvement of all types of social

variables. For gender equality, a well-developed UN machinery exists. This has emerged from three major UN conferences on women (Nairobi, Mexico and Beijing), and the CEDAW convention and required reporting by countries. For minorities no comparable institutional framework exists. We advise that this will be developed in order to counter the global trend of more exclusion of minorities.

Finally, the results for civic activism show two trends in this civic response variable of democracy. We see an increase in Africa and Asia and a decrease in Europe and America and no change in Central Asia and the Middle East. This suggests that there may be some global convergence in civic activism, and that there is already a civic engagement to address inequalities, exclusion and insecurities in those regions of the world where the trends in these areas are worst. This signals that democratization from the bottom-up is already a clear trend in those regions where it seems most needed.

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Annex 1: Indicators in each Index of Social Development used in the study.

Table A1. Indicators of the Gender Equality Index.

Indicator	Source
Percentage agreeing that a married man has a right to beat his wife and children	Afrobarometer
Percentage of respondents who tend to agree or strongly agree that 'women have always been subject to traditional laws and customs, and should remain so'.	Afrobarometer
Percentage of respondents who tend to agree or strongly agree that 'women should have the same chance of being elected to political office as men'.	Afrobarometer
Rating on level of women's economic rights	CIRI
Rating on level of women's social rights	CIRI
Ratio of average female to male wages, across all available labour categories	International Labour Organisation
Percentage of women who agree that women have the same chance as men to get a good job in their country	Latinobarometer
Percentage of women who agree that women have the chance to earn the same salary as men in their country	Latinobarometer
Percentage of women who agree that women have the same chance as men to get a good education in their country	Latinobarometer
Proportion of employers and managers who agree or strongly agree that when jobs are scarce, men have more right to a job than women	World Values Surveys
Proportion of those of voting age who agree or strongly agree that on the whole, men make better political leaders than women do	World Values Surveys
Proportion of parents who agree or strongly agree that a university education is more important for a boy than a girl	World Values Surveys
Proportion of employers and managers who agree or strongly agree that on the whole, men make better business executives than women do	World Values Surveys
Percentage of labour force that is female	World Development Indicators
Ratio of females among legislators, senior officials and managers	International Labour Organisation
Ratio of females in professional jobs	International Labour Organisation
Ratio between female and male primary school enrolment	World Development Indicators
Ratio between female and male secondary school enrolment	World Development Indicators
Ratio between female and male tertiary educational enrolment	World Development Indicators
Ratio between adult female and male literacy rates	World Development Indicators
Ratio between adult female and adult male mortality rates	World Development Indicators

Source: www.indsocdev.org accessed 19 November 2012.

Table A2. Indicators of the Inclusion of Minorities Index

Indicator	Source
Level of perceived discrimination among blacks and mulattos, among all those in country self-identifying into these groups	Latinobarometer
Proportion of the public reporting that they are affected by discrimination due to skin colour or discrimination as immigrants	Latinobarometer
Percentage citing "discrimination due to skin colour" and "discrimination against immigrants" affects me	Afrobarometer
Proportion of population reporting that their economic situation is the 'same' as other ethnic groups in country	Afrobarometer
Proportion of population reporting that their political situation is the 'same' as other ethnic groups in country	Afrobarometer
Proportion of population reporting that their ethnic group is 'never' treated unfairly in country	Afrobarometer
Rating on level of uneven economic development along group lines	Fund for Peace
Level of ethnic tensions, International Country Risk Guide rating	International Country Risk Guide
Level of religious tensions, International Country Risk Guide rating	International Country Risk Guide
Proportion of the public who do not very much or not at all trust members of other religious groups	World Values Surveys
Proportion of the public who do not very much or not at all trust members of other nationalities	World Values Surveys
Proportion of the public citing "Being of the same social background" is very important or rather important for as successful marriage	World Values Surveys
Level of economic and political discrimination against minorities in country	Minorities at Risk
Proportion of the public who would reject members of another ethnic or caste group as neighbours	World Values Surveys
Proportion of the public who would reject immigrants or foreign workers as neighbours	World Values Surveys
Proportion of the public who would reject members of another religious group as neighbours	World Values Surveys
Proportion of the public who would reject other language group as neighbours	World Values Surveys
Proportion of the public who would reject Jews as neighbours	World Values Surveys
Proportion of the public who would "Prevent Labour Immigration"	World Values Surveys
Proportion of the public who are (strongly) against immigration (people of another race, from poorer countries)	European Social Survey
Proportion of the public who think "immigration is bad for economy"	European Social Survey
Proportion of the public who think "immigration is bad for cultural life"	European Social Survey
Proportion of the public who think "immigration makes country worse place to live".	European Social Survey
Educational Disparity Ethnic Groups	Household surveys
Occupational Disparity Ethnic Groups	Household surveys
OECD, Foreign/Native Labour Participation, across all educations	OECD Factbook

Source: www.indsocdev.org accessed 19 November 2012.

Table A3. Indicators of the Intergroup Cohesion Index.

Indicator	Source
Number of reported incidents of violent riots	Databanks
Number of reported incidents of assassinations	Databanks
Number of reported incidents of terrorist acts	Databanks
Number of reported incidents of guerrilla activity	Databanks
Economist Intelligence Unit rating on likelihood of violent demonstrations	Economist Intelligence Unit
Economist Intelligence Unit rating on potential for terrorist acts	Economist Intelligence Unit
Rating on the 'legacy of vengeance-seeking group grievance or group paranoia'	Fund for Peace
Level of civil disorder, International Country Risk Guide rating	International Country Risk Guide
Level of internal conflict, International Country Risk Guide rating	International Country Risk Guide
Risk of terrorism, International Country Risk Guide rating	International Country Risk Guide
Level of ethnic minority rebellion in country	Minorities at Risk

Source: www.indsocdev.org accessed 19 November 2012.

Table A4. Indicators of the Interpersonal Safety & Trust Index.

Indicator	Source
Felt unsafe in home, proportion saying 'never'	Afrobarometer
Had stuff stolen from home, proportion saying 'never'	Afrobarometer
Been attacked, proportion saying 'never'	Afrobarometer
Proportion of respondents who say that 'in general, most people can be trusted'	Asian Barometer
Proportion of respondents who say that most people try to be fair, rather than take advantage of you when given the chance	Asian Barometer
Economist Intelligence Unit rating on social distrust	Economist Intelligence Unit
Percentage respondents feel 'very safe' or 'fairly safe' walking alone in their area after dark	International Crime Victim Survey
Percentage respondents feel 'very safe' or 'fairly safe' while at home after dark	International Crime Victim Survey
Percentage respondents who avoid places when they go out	International Crime Victim Survey
Percentage respondents who take company with them when they go out	International Crime Victim Survey
Percentage respondents experienced a car theft in last 5 years	International Crime Victim Survey
Percentage respondents experienced theft from car in last 5 years	International Crime Victim Survey
Percentage respondents experienced damage to car in last 5 years	International Crime Victim Survey
Percentage respondents experienced motor theft in last 5 years	International Crime Victim Survey
Percentage respondents experienced burglary in last 5 years	International Crime Victim Survey
Percentage respondents experienced attempted burglary in last 5	International Crime Victim Survey

years	
Percentage respondents experienced garage theft in last 5 years	International Crime Victim Survey
Percentage respondents experienced robbery in last 5 years	International Crime Victim Survey
Percentage respondents experienced personal theft in last 5 years	International Crime Victim Survey
Percentage respondents experienced sexual offence in last 5 years	International Crime Victim Survey
Percentage respondents experienced assault in last 5 years	International Crime Victim Survey
Interpol homicide rate	Interpol
Interpol rape rate	Interpol
Interpol rate of serious assault	Interpol
Interpol rate of aggravated theft	Interpol
Interpol rate of breaking and entering	Interpol
Interpol vehicle theft rate	Interpol
WHO homicide rate	World Health Organisation
Respondent or someone in their family assaulted in the last 12 months	Latinobarometer
Percentage of respondents who feel secure in the neighbourhood in which they live	Latinobarometer
Percentage of respondents who have been the victim of a street crime	Latinobarometer
Percentage of respondents who have been the victim of burglary	Latinobarometer
Percentage of respondents who have been the subject of attempted homicide	Latinobarometer
Percentage of respondents who have been the subject of attempted abduction	Latinobarometer
State Department crime advisories, coded 1-5	US State Department
UNCJIN homicide rate	United Nations Criminal Justice Information Network
Percentage of managers surveyed for whom crime is a major business constraint	World Development Indicators
Proportion of respondents who say that 'in general, most people can be trusted'	World Values Survey, Afrobarometer, Latinobarometer
Proportion of respondents who say that most people try to be fair, rather than take advantage of you when given the chance	World Values Survey
Proportion of respondents who do not very much or do not at all trust their neighbourhood	World Values Survey
Proportion of respondents who do not very much or do not at all trust people they know personally	World Values Survey
Proportion of respondents who do not very much or do not at all trust people they meet for the first time	World Values Survey

Source: www.indsocdev.org accessed 19 November 2012.

Table A5. Indicators of the Civic Activism Index

Indicator	Source
Proportion of public who have listened to radio news 'in the last day' or 'several times in the last week'	Afrobarometer
Proportion of public who have watched TV news 'in the last day' or 'several times in the last week'	Afrobarometer
Proportion of public who have read newspaper news 'in the last day' or 'several times in the last week'	Afrobarometer
Civics civil society rating — Structure	Civics
Civics civil society rating — Environment	Civics
Civics civil society rating — Values	Civics
Civics civil society rating — Impact	Civics
Radios per capita	International Telecommunications Union
Radios per household	International Telecommunications Union
Proportion of public who 'have' or 'would be prepared' to take part in a peaceful demonstration	Latinobarometer
Proportion of public who 'have' or 'would be prepared' to sign a petition	Latinobarometer
Respondent says they use the radio to inform themselves about politics	Latinobarometer
Respondent says they use the newspaper to inform themselves about politics	Latinobarometer
Respondent says they use the television to inform themselves about politics	Latinobarometer
Percentage of respondents who watch TV news a great deal or very much	Latinobarometer
Percentage of respondents who read newspaper news a great deal or very much	Latinobarometer
Percentage of respondents who listen to radio news a great deal or very much	Latinobarometer
Average number of days spent watching TV news, per week	Latinobarometer
Average number of days spent reading newspaper news, per week	Latinobarometer
Average number of days spent listening to radio news, per week	Latinobarometer
Density of international organisation secretariats of international non-governmental organisations in given country	Global Civil Society Project
Extent to which organisations and individuals in each country are members of INGOs, number of INGOs with members in that country	Global Civil Society Project
Percentage of the workforce employed in the NGO sector	SAIS
Newspapers per capita	UNESCO
Proportion of respondents who either 'have done' or 'might' sign a petition	World Values Surveys, Latinobarometer
Proportion of respondents who either 'have done' or 'might' join a boycott	World Values Surveys
Proportion of respondents who 'have done' or 'might' attend a peaceful demonstration	World Values Surveys, Afrobarometer, Latinobarometer
Proportion of respondents who have used a daily newspaper in the	World Values Surveys

last week to find out what is going on in the world	
Proportion of respondents who have used news broadcasts on radio or TV in the last week to find out what is going on in the world	World Values Surveys
Proportion of respondents who have used printed magazines in the last week to find out what is going on in the world	World Values Surveys
Proportion of respondents who have used in depth reports on radio or TV in the last week to find out what is going on in the world	World Values Surveys
Proportion of respondents who have used books in the last week to find out what is going on in the world	World Values Surveys
Proportion of respondents who have used internet or email in the last week to find out what is going on in the world	World Values Surveys

Source: www.indsocdev.org accessed 19 November 2012.

Annex 2: Indices of Social Development – an explanation.

The aggregation method for the construction of the indices used is unique and different from that of most indices of development. It uses the matching percentiles method, which allows for an extensive and robust list of country data because it uses 10 to 30 variables per index and runs 1000 rounds of ranking these variables into an index. The final ranking is the average ranking which is presented with a standard error, which indicates per country for each index the reliability of the index value. Each index is also tested for its distinctiveness from the others through principal component analysis. This is to ensure that there are no overlaps, either in variables or in meaning of these, and that each index is constructed of indicators that best belong to that particular index (de Haan et. al, 2011).

The ISD indices are broad-based and therefore measuring relatively coherent trends, rather than ad hoc individual variables. This coherence has been demonstrated in a comparative analysis of one of the ISD indices, namely the Gender Equality Index (van Staveren, 2012). The comparison was with five other gender indices: Gender Inequality Index of UNDP's Human Development Report; Social Institutions and Gender Index of the OECD; Global Gender Gap Index of the World Economic Forum; and the Women's Economic Opportunities Index by the Economic Intelligence Unit. The comparison has shown that the GEI correlates quite strongly with the four other gender indices but that it covers most broadly the four dimensions of human development: access to resources, asymmetric institutions, capabilities and achievements. Moreover, the calculation of the GEI uses a relatively strongly reliable method as compared to the other ones: the values are standardized and normalized and the index has less sample bias and less measurement error as compared to the methods used in the construction of the other indices, due to the matching percentiles method. Moreover, the female/male ratios in the GEI are capped to equality, not allowing compensation of female disadvantage in one variable with female advantage in another variable, which is allowed in some of the other gender indices.

Obviously, the comparison of one of the ISD indices with other indices that measure the same variable does not provide information about the relative strength of the other indices. But it does give an idea about the relative strength of the method used in constructing the ISD database.

Annex 3: biggest changes in indices between 2000 and 2010

GEI: All counties show an increase (average increase 18%). The table below shows the countries that experienced an increase of 25% or more.

Country	Change GEI>25 %
Iraq	0,59
Yemen, Rep.	0,52
Equatorial Guinea	0,50
Lesotho	0,44
Chile	0,43
Iran, Islamic Rep.	0,42
Morocco	0,39
Niger	0,36
Congo, Rep.	0,35
Tonga	0,34
Djibouti	0,33
Suriname	0,33
Philippines	0,31
Maldives	0,31
Malawi	0,30
Kenya	0,30
Korea, Dem. Rep.	0,30
Liberia	0,29
Mauritius	0,29
Swaziland	0,29
Central African Republic	0,29
Gabon	0,28
Nigeria	0,28
Guinea-Bissau	0,28
Jordan	0,28
Eritrea	0,28
Mali	0,27
Oman	0,27
Nepal	0,27
West Bank and Gaza	0,27
Algeria	0,27
Haiti	0,26
Grenada	0,26
Vanuatu	0,26
Chad	0,26
Mexico	0,26
India	0,26
Congo, Dem. Rep.	0,25
Comoros	0,25
Sao Tome and Principe	0,25
Solomon Islands	0,25
Sri Lanka	0,25
Turkmenistan	0,25
Zambia	0,25
Bangladesh	0,25

IMI: The table below shows the countries that experienced an increase or decrease of 10% or more. (The average decrease was 4%).

Country	Change IMI>- 10%	Country	Change IMI>10 %
Pakistan	-0,30	Malta	0,10
Nigeria	-0,30	Romania	0,10
Uganda	-0,20	Hungary	0,10
Bangladesh	-0,18	Korea, Rep.	0,12
China	-0,15	Croatia	0,13
Iraq	-0,14	Guatemala	0,27
Panama	-0,14		
Bolivia	-0,14		
Indonesia	-0,13		
Venezuela, RB	-0,13		
Botswana	-0,13		
Zimbabwe	-0,13		
Netherlands	-0,12		
Tanzania	-0,12		
Iran, Islamic Rep.	-0,12		
Paraguay	-0,12		
Ecuador	-0,11		
Sweden	-0,11		
Bosnia and Herzegovina	-0,10		
Russian Federation	-0,10		
El Salvador	-0,10		

ICI: The table below shows increases of 10% and more and decreases of 20% and more (average decline: 11%).

Country	Change ICI>10%	Country	Change ICI>-20%
Serbia and Montenegro	0,28	Egypt, Arab Rep.	-0,20
Angola	0,23	China	-0,20
Indonesia	0,19	Ethiopia	-0,21
Colombia	0,16	Sudan	-0,24
Algeria	0,13	Guinea	-0,25
		Philippines	-0,25
		Thailand	-0,29
		Bangladesh	-0,31
		Lebanon	-0,33
		Nigeria	-0,34
		Pakistan	-0,35
		Somalia	-0,50
		Iraq	-0,75

ISTI: The table below shows decreases of 25% or more (average decrease was 16%).

Country	Change ISTI>- 25%
Cote d'Ivoire	-0,69
Jamaica	-0,55
Pakistan	-0,44
Syrian Arab Republic	-0,34
Zambia	-0,32
Sri Lanka	-0,31
Cambodia	-0,30
Indonesia	-0,30
Venezuela, RB	-0,30
Zimbabwe	-0,30
Greece	-0,27
Dominican Republic	-0,27
Italy	-0,25

CAI: The table below shows changes of 10% and more and changes of 10% and less (from the average of 0%).

Country	Change CAI>10 %	Country	Change CAI<10 %
Angola	0,28	Slovenia	-0,10
Bhutan	0,28	Serbia and Montenegro	-0,10
Kyrgyz Republic	0,18	Trinidad and Tobago	-0,11
Cape Verde	0,18	Slovak Republic	-0,11
Guinea	0,16	Ireland	-0,11
Nepal	0,15	Bahrain	-0,12
Haiti	0,14	Greece	-0,13
Mali	0,14		
Ghana	0,14		
Cambodia	0,13		
Micronesia, Fed. Sts.	0,13		
Niger	0,13		
Madagascar	0,12		
Gambia, The	0,11		
Uzbekistan	0,11		
Maldives	0,11		
Lesotho	0,10		
Congo, Dem. Rep.	0,10		
Mongolia	0,10		
Burkina Faso	0,10		
Myanmar	0,10		
Mozambique	0,10		
Djibouti	0,10		

Notes

¹ The ISD database covers six indices for almost every country of the world that are based on over 200 measures from 25 reputable data sources. The six indices in the database are: inter-group cohesion; civic activism; clubs & associations; interpersonal safety & trust; gender equality; and inclusion of minorities. The data is available for the years 1990 to 2010, constructed for five-year periods.

² Labour shares decreased with a real devaluation but in the recovery did not return to pre-devaluation levels.

³ International financial Institutions have become more sensitive to this issue see e.g. *The Challenges of Growth, Employment and Social Cohesion, Joint ILO-IMF Conference in Cooperation with the Office of the Prime Minister of Norway*, Bergen, 13 sept 2010) but at a country level this is often less noticeable.

⁴ <http://www.freedomhouse.org/report-types/freedom-press>

⁵ <http://www.systemicpeace.org/polity/polity4.htm>

⁶ <http://ciri.binghamton.edu/index.asp>

⁷ For the intergroup cohesion, we found, surprisingly, a negative effect on democracy, which was statistically significant. We were not able to explain that correlation.