

**(RE-) SHAPING THE POLITICAL ARENA? A COMPARATIVE STUDY OF
WELFARE REGIME REFORMS IN LATIN AMERICA, 1980-2010**

by

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This dissertation examines the processes and outcomes of welfare regimes reforms in eleven Latin American countries, between 1980 and 2010. It theorizes the reforms by comparing pensions, health care, and social assistance policies. In so doing, it confronts three theoretical goals. First, it provides an explanation of recent transformations of welfare regimes as resulting from the combined effects of gradual institutional change and exogenous socioeconomic transformations. Second, it explores the potentialities and limitations of historical institutionalism. Third, it identifies emerging patterns of governance.

Mismatches between institutions and social problems trigger reforms, but do not determine the options that policy makers finally choose. Frictions caused by emerging social risks interact with difficulties of established welfare regimes to cope with old risks to facilitate access to public agendas for reformist projects. Ultimately, however, reforms depend on the construction of pro- and anti-reform coalitions, shaped by two main forces: 1) lines of discrimination in the distribution of benefits by existing welfare regimes; 2) strategies of parties, interest groups, and bureaucracies, competing to activate those cleavages according to their interests.

Socioeconomic change, fiscal strain, and transnational factors, interact to make the expansion of social protection contingent upon redistributions of burdens and benefits guaranteed to trigger resistance from groups privileged by existing schemes. The strategic challenge for reformist politicians is the crafting of formulas aimed at simultaneously neutralizing potential veto

coalitions and mobilizing unprotected populations. This requires combining strategies of blame-avoidance and credit-claiming that variably mix persuasion, exclusion, and division targeting potential opposition. Selective pay-offs to appease privileged groups constitute the most direct determinants of the architecture of reforms.

In explaining the reforms, I discuss endogenous institutional change and how this results in fragmented social protection policies. However, exogenous shocks may facilitate changes away from expected paths. Certain institutional configurations are also found to block the consolidation of structural reforms entailing drastic institutional discontinuity, leading to situations of chronic instability and serial institutional replacement.

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PREFACE

The defense of this dissertation somehow closed what probably has been the most intense ten years of my life. Throughout the decade that I took to complete my PhD, many incredibly happy experiences combined with a comparable number of extremely painful ones, to form a contradictory sequence of emotional oscillations in which ups and downs not only abruptly alternated, but also frequently overlapped. Although only few of the episodes forming that bittersweet chain were directly related to my academic activities, many complicated them to a significant extent. I am convinced that obtaining a PhD is less a matter of intelligence than of developing survival skills. At least in my case, however, credit is also owed to a long list of generous people that I have been lucky enough to cross paths with.

I have neither the time, nor the space, to mention here everyone I feel obliged to, but some cases deserve a special mention, even at the risk of being unfair. It is simply impossible to enumerate all I owe to Scott Morgenstern: I will simply summarize it by saying that without his support I would have not graduated. His academic reputation is deservedly solid; more importantly, I can certify that two attributes that in my country we call *sensatez* and, especially, *don de gentes* also distinguish him. I really treasure the gift of his generous friendship.

The intellectual reputation of the other members of my dissertation committee is well known too. I believe I can safely say that, throughout these ten years, I may have very rarely left

an encounter with any of them without having learned something. Each one of them contributed with his own very personal intellectual style to what ended being a superb collective adviser. “You need to form a committee that can help you go through the process,” Guy Peters said to me when I was beginning to think about my dissertation. It took me a while to fully understand the sense of that apparently trivial advice. My deepest gratitude to Guy, Barry Ames, and John Markoff.

Anybody having circulated academic environments for a while knows that there is no necessary connection between purely academic value and *don de gentes*; there are only too many brilliant colleagues out there who are simply not willing to invest their best effort in helping their students. Part of my luck has been that, already past an age where one is not so easily impressionable any longer, I met not one, but quite a few valuable role models. To the ones just mentioned, I would like to add George Reid Andrews, Aníbal Pérez-Liñán, and Michael Goodhart. Last but not least, I have to mention the privilege of two years of work as an assistant to Carmelo Mesa-Lago: his encyclopedic knowledge of Latin American social security and healthcare systems and his generosity to share that treasure can hardly be exaggerated, neither can his deeply human commitment to the improvement of those systems in the direction of universalism, solidarity and equality.

The survival of the full-time graduate student has, as that of most human beings, some very urgent and prosaic dimensions –it is very difficult to think clearly with an empty stomach. My survival owes a lot to the generosity of the Center for Latin American Studies at the University of Pittsburgh. However, if I have developed a deep affective commitment to the CLAS, it is not merely because of the multiple field research grants from which this dissertation has benefitted –not negligible nevertheless. It is first of all because of the amazing gang that

make it a great place to work. Julian Asenjo, Luis Bravo, John Frecchione, Karen Goldman, Luz Amanda Hank, Diana Shemenski, and Devon Tagliaferro, make the daily arrival to the office a pleasant experience. And it was only the patience and support of *seu Luis* that made a job compatible with finishing my dissertation –once again, *obrigadinho*.

Something that will never cease to mesmerize me is people’s widely extended disposition to mistake for intelligence what is just cultural capital that owners’ have done nothing to deserve. There are very few ideas in this dissertation that I could not somehow relate to some conversation with Germán D’Elía or Andrés Vázquez-Romero –two men who were somehow capable of combining life-time dedication to the development of social rights in general and universal education in particular, with both intellectual production and the multiple activities that the need to feed their families frequently imposes on scholars in underdeveloped countries. In the case of the former, a marvelous capacity to always being able to somehow make the time demanded by *Loquillo* should be added –if I some day manage to make a good granddad, the explanation will be parsimoniously mono-causal: I learned from the best. He and my father also made available two personal libraries that no public institution could facilitate in late twentieth century-Uruguay –especially during the years of the dictatorship under which my intellectual awakening took place. They also provided examples of principled commitment to the struggle for democracy that still make me smile each time I read some of the rational choice-based science fiction that too many of my colleagues cultivate these days. Most importantly, they showed me the amazing capacity of some human beings to build happy lives even under the direct every-day threat of state terrorism.

As exciting as it is, the decision to leave one’s country to initiate a career in a strange land well into the fourth decade of one’s life is not an easy one. Many people played important

roles making both my take-off from Uruguay and my landing in Pittsburgh way smoother than it could have otherwise been. I would not have landed in Pittsburgh without the support of Gaston Labadie and Mitchell Seligson. But this smoothing task is fundamentally a family business. Until her unexpected and too-early death, my mother provided unconditional support, as did my siblings Isabel and Antonio. My niece Malena had to face the challenge of developing a long-distance relationship with *tío Loquillo* for most of her life: I cannot be but thankful for the results of the patience and love applied by *la Pulguita* at such task. Survival in the United States would have been far more difficult without the generosity and warmth of my cousins Elisa and Keith. Nancy and Pat, my parents-in-law, also deserve my gratitude.

Family is just a matter of luck; friends are one of the few things we are truly allowed to choose in this life. I consider myself privileged for having Guillermo Acevedo, Elías Adler, David Bajada, Bruno Gili, Luis Giménez, Carlos Lesino, Germán Lodola, Sebastián Saiegh, and Álvaro Sánchez in mine. Special mentions are deserved by Jorge Papadópulos and Paul Morrison. Besides a generous sort of adoptive older brother, the former has been confessor, mentor, intellectual partner-in-crime, and, last but not least, creative gourmet. Few things I miss from Uruguay more than the opportunity of regularly sharing a cup of coffee or a glass of wine with him. Paul's equally unexpected late arrival at and too-early departure from my life somehow summarize the intense bittersweetness of the last few years. A man from the Renaissance lost in the twenty-first century, he allowed me to share the warmth of his friendship, his subtly intelligent sense of humor, and the multiple fruits of his infinite curiosity and knowledge of literature, painting, music... and quantum physics. Very few days go by without me missing the hours of conversation from which his death deprived me too soon. I know "Uncle Paul" would have liked this dissertation.

As is usually the case, those who provide what truly makes the difference at the end of the day come last. I do not exaggerate at all by saying that this degree is Candy's, partner in love and life, as much as it is mine. I can simply not find good enough words to thank her for the life we have managed to jointly build and enjoy -under often very challenging circumstances. I would immediately sign anything guaranteeing the time to grow old together. Neither can I adequately express my gratitude to Andrés, Colton, and Isabel, for so much love and fun, and for their patience with a dad who was too busy too often. More than on any other person in my life, these ten years have entailed important sacrifices for my *enano*, which he always absorbed with loving generosity and patience. If any regrets were to be mentioned here, the ones from missing too much of his process of becoming both *un hombre cabal* and a guitar virtuoso would be at the top of my list. I simply wish I could have had him by my side more often. *Chimpie* has been less willing to honor the restrictions imposed on his time with *Daddyman* by that thing called dissertation, and I believe that has been in the end a healthy thing for which I thank him. As for my *atorranta*, the little hurricane of cheerfulness and joy that has been sweeping our lives for the last two years, my survival to the combined challenges of her energy and a dissertation suggest that I may have actually developed some skills, now that I think about it. In any case, it has been a wonderful challenge. My deepest gratitude, *niña Isabel*.

1.0 INTRODUCTION

1.1 GENERAL OVERVIEW

This dissertation has three main goals. First, it is an attempt to explain through comparison recent transformations of Latin American welfare regimes as the result of a combination of gradual institutional change and exogenous impacts from their socioeconomic environments. Second, at a theoretical level, it is an exploration of the potentialities and limitations of historical institutionalism to explain institutional change. Third, at a more substantive level it ultimately has more general concerns about emerging patterns of democratic governance, which it intends to identify taking the study of welfare reform as a vantage point. The general assumption that keeps those three components together is not just that they are connected by important relationships of interdependence, but also that full accomplishment of any of them would be very difficult if sight of the other two were lost. Processes and outcomes of welfare regimes reforms are the variable to be explained. However, I will successively conceptualize and consider the very same object from three different perspectives. First, I will analyze the substantive content of those changes. Next, I will treat them as examples of general patterns of institutional transformation. Finally, I will explore them as a public policy that reveals the operation of certain patterns of governance and interaction between state and society.

Research will be organized around three groups of questions: The first one refers to the models of social protection that have emerged throughout Latin America during the cycle of reforms initiated by the exhaustion of import-substitution industrialization. I find in the first place the need to enquire about the extent to which it is accurate to speak of “models,” and if so, how many and defined by which attributes. In the terms of a classic of the field, the question would be *How many “worlds of welfare capitalism” can we identify in Latin America at the beginning of the current century?* The construction of a typology leads to an attempt to explain diversity: *What is at the root of the cross-national variation of post-reform welfare regimes in the region? What are the main specific institutions that explain changes in welfare regimes from this perspective? Could we establish a parallel typology of political dynamics of reform systematically associated with the different types of regime?* Next, there is a more general theoretical interrogation about the possibilities and limits of historical institutionalism in general and the possibilities of its integration with socioeconomic explanations. *To what extent and how do political institutions shape the political articulation of cleavages and their impact on public policies? What are the determinants associated with the different general types of institutional change?*

Introducing a piece of social science research on Latin America by recalling that the region remains the most unequal in the work has become pretty much a common place, and still... What results more puzzling than the persistence of that attribute in itself is the fact that it has survived three decades of feverish policy reform.

Indeed, Latin American political elites may be accused of incapacity to reverse the declining levels of social integration and solidarity that affect their societies, but not of inactivity

in the field. Jointly considered, the experience of the eleven countries included in this study¹ amounts to 159 attempts to reform diverse areas of their social protection systems during the last three decades. True, many of those attempts were frustrated –but that is in itself an important part of the story-, and many resulted in relatively marginal parametric adjustments aiming to alleviate pension systems dangerously close to financial collapse. However, there has been no shortage of more ambitious change: the number of reforms that changed in depth the central institutions and principles structuring the provision of social security is 21.

This intense reformist activity runs against what could be expected based on the mainstream theories developed around the experience of developed countries. It is no accident that the “politics of the welfare state” have been among the central areas of development and testing of historical-institutionalist approaches focused on the phenomenon of institutional resilience and path-dependent change. Within the OECD universe, welfare states have constituted, to quote an influential political scientist, “immovable objects” capable of enduring “irresistible forces” of change. It is true that an important stream of recent scholarship has recently begun to challenge with good arguments and solid evidence that extreme diagnostic. Still, the alternative suggested is a more nuanced, rather than an opposite, one: what is notable about welfare states, the new story suggests, is not their *inertia*, but their *resilience*. In other words, welfare regimes show an important capacity of institutional adaptation to a changing environment, but also go through those changes without losing their most distinctive attributes – in other words, preserving a high degree of institutional continuity.

In Latin America, on the other hand, social protection has since the 1980s been one of the policy domains showing more experimentation and innovation. Not only do we find episodes of

¹ Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Peru, Uruguay, and Venezuela.

structural reform that entailed the displacement and replacement of complex institutions. We can also discover, within a space of three decades –a brief period, if considered in terms of institutional temporality-, successive cycles of structural reform moving the social protection system of the same country in opposite directions. Thus, many institutions of social insurance within the area have been not only far from “immovable,” but also hardly resilient. However, it is not that the phenomenon of institutional resilience –even inertia- is completely absent from this universe. Some of the pension and health care systems of the region have in fact followed paths of steady and gradual institutional change involving significant turning points, but not abrupt discontinuity.

This puzzling and diverse mosaic offers a great opportunity for comparative exploration. Most of the countries here considered participated of the same “first wave” that put the foundations of European welfare states –some actually pioneered it; others followed blueprints provided by the North-Atlantic world. Without being completely alien to their experience, they can contribute to see it in a different light. They provide an interesting vantage point to explore the boundaries, limitations, and possibilities of more comprehensive development, of current theories of institutional change in general, and of the politics of welfare state reform in particular.

Research on Latin American social policy has grown considerably during the last decade –and it is precisely that growth that makes the type of exercise I am proposing feasible. However, with a few exceptions, it has remained fragmented in more than one sense. We can count on an important body of exhaustive evaluations of specific social programs, some excellent detailed case studies comprehensively covering national systems of social protection, and a few small-N comparative studies. But the integration of those streams of literature is still very

limited. Moreover, in some cases, fragmentation is accentuated by a *de facto* division of labor among professional tribes and regionally-based scholar communities among whom dialogue remains very limited, globalization notwithstanding.

Integration is, in the first place, a matter of language and concepts. While debates about social protection in industrialized democracies have been mostly framed by Gosta Esping-Andersen's comprehensive theory of welfare regimes, systematic application of this approach to Latin America has only very recently begun to expand. Besides, the main part of this pioneering literature is still predominantly descriptive, or oriented to the evaluation of policy impact on inequality and poverty, rather than explanatory of the transformation of welfare regimes.

What I present here is in the first place an exercise in integration through comprehensive qualitative comparison of welfare regimes, covering a medium-N (11) sample of countries, and focusing on the dynamics of "the new politics of the welfare state" in Latin America. This approach offers multiple potential gains. First, it contributes to integrate research on Latin American social policy with more general debates on the comparative study of welfare regimes and the dynamics of institutional change. This not only favors a more productive integration of multiple disperse bodies of empirical knowledge and data through the introduction of a comprehensive theoretical framework, but also contributes to correct and eventually further develop the theory by diversifying its empirical basis. Second, while its coverage expands the usual range of qualitative cross-national comparison, the use of process-tracing allows doing so without sacrificing the benefits of in-depth historical analysis of policy change as more comprehensive statistical studies on the region usually do. Third, it proposes to simultaneously see reforms to social protection in terms of their substantive policy contents, and as exercises in statecraft and political mobilization.

The last aspect extends the relevance of the study beyond the boundaries of institutionalist theory and social policy studies. It considers social policy reform not in its substantive contents, but as a window to explore the dynamics of democratic governance and the relations between state and society in more general terms. Social policy is not just another public policy domain. It constitutes one of the main points of friction between the dynamics of socioeconomic fragmentation and exclusion through unequal distribution of social risks, and the political dynamics that aim to reverse those effects through the expansion of social rights. If democracy is a “moving target,” the displacement of the boundaries of social citizenship is a critical direction for its dynamic possibilities.

Finally, it provides additional input to currently very lively debates –both within and outside academia- on the existence of a “post-neoliberal” critical juncture marked by a “left turn” of Latin American politics. Arguments on those issues are only too frequently presented, that rest on the analysis of political discourses, public opinion, and electoral results, without digging on the effective dynamics of policy-making and its products.

1.2 THE ARGUMENT

The explanation of public policy and institutional change requires simultaneous consideration of socioeconomic change, institutions, and political actors. Long-term demographic changes, transformations in productive structures, and changes social relations, changes in social structures, create mismatches and frictions between institutions and their environments that constitute a powerful force of political transformation. Particularly relevant in the case of welfare

regimes, is the emergence of new social risks and the redistribution of power and vulnerability among social categories.

However, the translation of those disjunctures into institutional change is never automatic. Institutions change through the conflictive political activation of cleavages, and the formation of coalitions of interests. In turn, political conflict requires political actors. The formation of those actors is never a closed process. On the one hand, actors' strategic possibilities are modified by changes in social structure; on the other hand, those strategies are always shaped by institutions that distribute power unevenly and partially define the terms of political conflict. Actors are never frozen entities; they define and redefine themselves relationally through conflict and cooperation. By setting the terms of those relationships, institutions do more than establishing "rules of the game" for fully constituted actors; they contribute to the formation and transformation of actors themselves.

Public policies in general tend to generate and consolidate through time their constituencies. Welfare regimes are particularly powerful in this sense. By distributing highly valued resources –like health, security, or employment opportunities- they have a strong impact on individuals' developmental opportunities and vital trajectories. Depending on the case, they may consolidate lines of stratification, favor social mobility, or reinforce intergenerational dependence. They thus favor their own reproduction by defining the boundaries of risk categories and distributing diverse forms of protection that solidify interests around their permanence, and often provide institutional resources that facilitate collective mobilization of those interests. Thus, if social change provides the essential stimuli for the transformation of welfare regimes, established welfare regimes themselves always stage and limit the possibilities of their own transformations.

Specifically, the architecture of welfare regimes determines two main lines of potential cleavages. First, the one that separates insiders granted social protection by the existing system, from outsiders either lacking access to existing protection, or exposed to social risks for which no protection is provided. Second, the one that discriminates among categories of insiders by a selective distribution of benefits and services. The context of “permanent austerity” defined by the combined effects of actuarial imbalances, rising costs, the debt crisis, the priorities of economic stabilization and adjustment, and the oscillations of economic growth, determine a number of trade-offs that narrow the options for reform. In particular, they make particularly difficult the financial re-equilibration and expansion of social protection without tightening the criteria of eligibility and the benefits enjoyed by privileged categories of insiders.

I will not systematically explore the institutional channels facilitating the circulation of ideas, formation of epistemic communities, and processes of policy learning that determine the circulation of policy paradigms and other raw materials for the elaboration of projects for reform. My goal is the explanation of the processes that determine the frustration or success of different types of reform. Based on the combination of two dimensions –orientation and depth-, I classify reforms in four categories: parametric retrenchment, structural retrenchment, parametric expansion, and structural expansion.

As I said, social policies are very popular, and their established constituencies very solid. In consequence, politicians will avoid taking the risk of the electoral costs of retrenchment as much as possible. Welfare reforms will tend thus to be protracted, and evolve through trajectories that begin pushing parametric adjustment to the very limits of the financial sustainability of the system. Eventually, that problem dovetails with the emergence of new social risks and the expansion of populations not protected from the old ones. The usually very limited

contributive and organizational capacities of new risk populations favor governments' preference for handling the situations of insiders and outsiders separately –the latter usually through social assistance and other forms of parametric expansion.

At the edge of bankruptcy, the possibilities are either the abandonment of the contributory principle for tax-based funding (for reasons that I discuss extensively, a very unlikely solution), or its radicalization through the reduction of risk-pooling and the privatization of insurance. Structural retrenchment –that is, a comprehensive privatization that completely displaces existing institutions- are extremely rare. Institutional path-dependence determined by the built-in mechanisms of welfare regimes are unlikely to be broken in the absence of powerful endogenous shocks. I test the hypothesis that, in the case of pensions, it requires the simultaneous presence of an authoritarian concentration of executive power and a generalized financial crisis associated with hyperinflation as a necessary condition.

Absent those conditions, segmented retrenchment constitutes the most likely solution. This entails the purchase of insiders' quiescence by protecting their privileges through a selective application of reform. The conditions under which this becomes politically viable, and the concrete terms in which it takes place depend on three aspects of the legacies of the incorporation period: systems of interest intermediation, party systems, and the distribution of the electoral benefits of the initial development of social protection. The articulation, mobilization, and aggregation of interests is in the end contingent on the availability of organized collective actors whose interests only imperfectly overlap with the ones of risk categories. The effective magnitude of insiders' veto power is contingent on the channels that provide them access and influence on policy-making, and on their value as electoral assets, defined by the situation of inter-party competition. In any case, the outcome implies an important degree of

institutional continuity, in which innovations are implemented through the addition of institutional layers.

Structural expansion is an outcome demanding more complex political conditions, since they depend on the articulation of coalitions of insiders and outsiders. Once again, legacies determining interest groups' access to policy making and partisan strategies are again crucial. Additionally, outsiders' collective actions problems tend to put them in disadvantage vis-à-vis insiders. That being the case, partisan technical teams and specialized bureaucracies capable of operating as political brokers become especially relevant, as well as institutions eventually leveling the distribution of effective access to policy-makers between insiders and outsiders. Absent those conditions, the outcome to expect is the consolidation of dual structures of social protection. These are the result of a split between schemes of social insurance whose coverage is truncated at some point of middle social strata, and expanding schemes of social assistance for those at the bottom of social stratification.

Summarizing the argument in the thickest lines: the emergence of new social risks and the maturation of established welfare regimes constitute the most powerful triggers for the installation of welfare reforms in the public agenda. However, I contend, the concrete contents and political viability of reforms is in the end determined by mosaics of institutions that put risk categories, interest groups, political parties, and specialized bureaucracies in reciprocal dependence. Those institutions define spaces of viable strategies that, at least in the short-term, actors need to consider as given.

1.3 RESEARCH DESIGN

To the extent that the distinction between theory-development and theory-testing is valid for analytical purposes, this research strategy is designed aiming at the latter goal rather than the former –thus allowing to set aside the thorny question of the methodological legitimacy of lacking two separate sets of cases for the respective purposes of developing and testing.

It is important to remark a basic underlying assumption in terms of the ontology of causation: causal effects are not attributed to “variables” –that is, variables are not per se assumed to “make things happen.” Causal effects are expected to be the –intentional or unintentional- result of political agency –that is, of the interactions of political agents (in this case, mainly, parties, interest groups and bureaucracies) that interact strategically within “fields of forces” defined by combinations of socioeconomic and institutional variables. It follows that it is at the level of those interactions that explanatory connections need to be hypothesized and verified. It also follows that both the distribution of agents’ capabilities and power and their understanding of their respective interests need to be defined in relational terms –that is, neither power, nor interests constitute absolute attributes, but are always constructed in relational –thus context-dependent- terms. That being the case, a final implication is that they can only be observed in movement –that is, as they develop diachronically as political processes.

The chain of assumptions synthesized in the previous paragraph justifies the main methodological tools chosen –namely, descriptive typology, set-theoretic analysis based on Boolean logic, and process-tracing. Their application is expected to solve what I find to be the project’s three central methodological challenges: 1) measurement of welfare regime change; 2)

testing of hypothesis about the co-variation of causal configurations and reform processes; 3) explanation of variation of patterns of reform.

The first aspect is solved through the inductive reduction of the existing systems of social protection to an inductively constructed classificatory typology. The core of the second challenge is the avoidance of reduction to linearity of what are hypothesized to be “network-like” causal processes. The chosen instrument for that is the production of set-theoretic arguments that place individual institutions in broader systemic contexts emerging from structured historical processes.

The analysis of causal configurations proceeds through the qualitative comparative analysis of crisp sets (csQCA), based on the use of Boolean Algebra. This technique has two basic advantages: on the one hand, it makes it possible for the researcher to go from individual causes to more complex relationships constituting causal configurations to establish necessary and sufficient conditions; on the other hand, the identification of multi-variable configurations helps to solve the “too many variables problem.”

According to Benoit Rihoux, “[...] QCA techniques, as such, only enable one to identify the core ingredients (the core combinations of conditions), not the recipe as such.” In other words, strictly speaking, explanation only can emerge from the “unpacking” of causal inference through the exploration of causal mechanisms. The technique chosen for the identification of those mechanisms is micro-level process-tracing of specific trajectories of reform.

1.4 ORGANIZATION

What follows is divided in seven chapters. Chapters 2 and 3 develop the theoretical framework and explain the research design. I propose a model that explains the transformation of welfare regimes through the relations of conflict and cooperation established between three main types of actors – political parties, interest groups, and specialized governmental bureaucracies. My central argument aims to explain reformist strategies and contents through mechanisms of institutional path-dependence. I contend that the alignments of interests, the composition of feasible coalitions, and the projects around which they clustered, are shaped by institutional legacies from the conjuncture of initial configuration of systems of social protection. Those institutional legacies constitute causal configurations that include the original architecture of welfare regimes, the articulation between political parties and interest groups, the configuration of party systems, and the political embeddedness of expert bureaucracies administrating social protection. The institutional architecture of welfare regimes determine the relative size and composition of potential coalitions of insiders and outsiders. Institutional structures of interest intermediation linking interests groups, political parties, and bureaucracies determine the former's influence on policy-making processes. They also impose on the parties involved, specific equations of means and constraints vis-à-vis organized categories of insiders. The configuration of inter-party competition, in turn, determines the viability, for different parties, of different strategies of blame-avoidance, blame-sharing, and credit-claiming, oriented to diverse constituencies of insiders and outsiders. Specialized sectorial bureaucracies may, under certain circumstances, facilitate or block different paths of formulas for reform. My central prediction is the predominance of processes of reform through gradual institutional change, endogenously determined by the hypothesized configurations. However, my theory also suggests two types of exogenous shocks that, by means of facilitating the fracture of

mechanisms of path-dependence, may make possible the introduction of reforms involving institutional discontinuity. I also identify certain conditions under which structural reforms would fail to reach a stable institutional crystallization, which would lead to repetitive processes of chronic instability and serial institutional replacement.

Chapter IV presents a brief narrative to justify the proposed classification of the processes of popular incorporation experienced by the three cases in this study that were not part of the typology provided by Ruth and David Collier –namely, those of Bolivia, Costa Rica and Ecuador. The analysis I offer is, for obvious reasons, far from the exhaustiveness and refinement of the ones provided by the Colliers –I do not intend to add a second volume to theirs. The goal is just to briefly synthesize the development of the institutional legacies that I hypothesize partially determine the reforms I intend to explain. I will contend that Costa Rica should be included, with Colombia and Uruguay, as a case of incorporation through electoral mobilization by democratized oligarchic parties; the inclusion of the other two cases requires an extension of the original typology by adding a fifth category –that of frustrated processes of incorporation.

Chapters 5 to 8 constitute the empirical core of the dissertation. Chapter 5 is descriptive. Its goal is the measurement of the changes to be subsequently explained. For each country, I consider and classify the configurations of the respective welfare regime at the beginning and end of the period under study, then I compare both types. I show that both classifications differ, showing important degrees of regime transformation, but I do not find evidence of regional convergence towards a unique model –which underscores the importance of domestic factors. I also find that, neither around 1980 nor circa 2010, the clustering of countries according to their welfare regimes mirrors the one determined by their processes of labor incorporation. This supports the idea that, even when institutional legacies from that critical

juncture contribute to explain changes in welfare regimes, additional factors need to be introduced.

Chapter 6 uses crisp sets qualitative comparative analysis to identify correspondences between the hypothesized configurations of causal factors and the variations in welfare regimes measured in chapter 4. Evidence is organized in truth tables and assessed in terms of necessity and sufficiency.

Chapter 7 has two goals. First, the identification of causal mechanisms eventually explaining the associations that resulted from the QCA practiced in chapter 5. Second, the exploration of possible explanatory factors or mechanisms not considered by the initial hypotheses. I analyze in depth pension reforms in Argentina and Mexico, using the cases of Brazil, Costa Rica, and Uruguay as ancillary cases. Then I unpack the processes of and healthcare reforms in Brazil, Costa Rica, and Uruguay. I present narratives structured around two analytical points. First, the ways in which policy legacies shape the constellations of actors opposing reform and their power resources, thus setting parameters for viable reformist strategies, second, the articulation between interest groups, political parties, and bureaucratic teams.

The narratives included in Chapter 8 have a more clearly exploratory intention. They go through the development of social assistance programs in Argentina, Bolivia, Ecuador, and Venezuela. I do not intend to explain the emergence of such programs, which has been universal across the region. Instead, my goals are two. First, I show how differences in terms of organization and mobilizational strategies among political forces in government may explain cross-national variation in the design of those programs. Second, to suggest some clues about the factors underlying some patterns of recurrent institutional instability identified in chapter 5. I

also develop some hypotheses about how the use of social assistance for purposes of political mobilization may have important consequences in terms of mechanisms of governance and relations between state and society. They may also contribute to explain, I contend, the pattern of chronic institutional instability identified in chapter 5.

A final chapter summarizes the conclusions and suggests an agenda for further research.

2.0 THEORETICAL FRAMEWORK

2.1 INTRODUCTION

This chapter presents the theoretical framework for the subsequent empirical exploration. Its goal is to provide a series of hypothesis explaining variation among processes of reform of welfare regimes.² It rests on the basic assumption that any theory aiming to explain changes in public policy and institutions must ultimately show their emergence from interactions among political actors. In the end, the central question is the one presented by Häusermann as the synthesis of

² The concept of welfare regime will be extensively discussed in the first second of this chapter. However, I find convenient the introduction of a preliminary basic delimitation with respect with a series of concepts that will be repeatedly used and partially overlap. Gosta Esping-Andersen introduced the concept in 1990, as the axial piece of a theory of the emergence and development of what was by then generically alluded as *welfare states*. Although the concept of welfare state is still widely used in the field, it has retained an important degree of ambiguity, and I will avoid its systematic use. The concept of welfare regime is part of a specific theoretical approach for the analysis and classification of the empirical realities that we imprecisely designate as welfare states. According Esping-Andersen, welfare regimes constitute different formulas for the collective management of social risk, and what differentiates them is “the ways in which welfare production is allocated between state, market, and households (Esping-Andersen 1990, 1999).” Welfare regimes thus constitute institutional formulae through which societies implement social protection. *Social protection* can be defined as “public actions taken in response to levels of vulnerability, risk and deprivation, which are deemed unacceptable within a given polity and society (Barrientos and Santibáñez 2009).” Systems of social protection are typically formed by three components that run across diverse policy domains: social insurance, social assistance, and labor market regulations. *Social insurance* designates a series of programs that provide protection against life course and employment hazards, and are financed with variable combinations of contributions from employers, workers and governments. In most developed systems it covers occupational risks; healthcare and cash benefits for maternity and non-work accidents and diseases; old age, disability and survivors pensions; family allowances; and unemployment. There is also a number of additional benefits that are frequently included under the umbrella of social insurance systems –i.e. funeral aid, personal and mortgage loans, and day care centers (Mesa-Lago 1989). *Social assistance*, instead, is financed by the government out of general revenue, and includes those programs oriented to support populations in situation of poverty (for example, means-tested noncontributory health care and pension programs). *Labor market regulations* aim to protect the right to voice and representation of workers, in first place by providing guarantees against unfair dismissal.

her book on pension reform in continental Europe: “By whom and for whose needs and interests was the regime created (Häusermann 2010)?”

The model I propose explains the transformation of welfare regimes through the relations of conflict and cooperation established between three main types of actors –political parties, interest groups, and specialized governmental bureaucracies. The identification of hypothetical agents of change is only the beginning of the story. I do not ignore that the notorious statement according to which men make their own history in circumstances they do not get to choose has already been quoted *ad nauseam*. Still, I confess myself incapable of coming up with a more concise formula.

The relevant circumstances are made of two types of factors –socioeconomic structures and institutions. The former defines the emergence of the social risks whose management is the goal of welfare regimes, and a geometry of potential lines of fracture for the definition, alignment, and political activation of interests. The translation of socioeconomic fractures into political cleavages is never automatic, though. Both the terms in which social risks are conceptualized as such and included in the political agenda, and the activation of cleavages as effective axis of political conflict are the result of political entrepreneurship.

Competition among political entrepreneurs is always staged in specific institutional settings. Institutions decisively shape the terms under which actors compete and cooperate, not only by defining rules for the game, but also by distributing power resources –moreover, actors themselves are to some extent configured as such by existing institutions. I hypothesize that the actors and strategies involved in the reform of welfare regimes result from institutional configurations including the following interrelated components:

- 1) existing welfare regimes;
- 2) regimes of interest intermediation articulating labor unions, political parties, and sectorial bureaucracies;
- 3) systemic configurations of competition among political parties.

Although connections operating in both directions exist between all the components of such institutional complexes, welfare regimes can be seen as constituting nodal points. On the one hand, they define risk categories that structure the articulation of interests, constituencies and resources for the mobilization of political support, and organizational patterns of sectorial bureaucracies. On the other hand, they decisively mediate the operation of structural socioeconomic transformations as triggers for reforms. Indeed, all the processes I aim to explain have at their root some disjuncture between a new equation of social risks emerging from changes in the social structure, and the respective existing structure of social protection.

As a result, welfare regimes not only appear at both extremes of my theoretical argument, but also play a dual role. First, defining the dependent variable –what I intend to explain is the difference between their pre- and post-reform configurations, and the political processes mediating between them. Second, pre-reform welfare institutions are part of the hypothesized explanatory causal configurations.

It is also important to underline that, although the processes of policy change leading to the transformation of welfare regimes constitute, a single empirical object of analysis throughout the whole dissertation, they will be conceptualized and studied from two different perspectives. First, as welfare regimes, understood as conglomerates of institutions and policies designed for the collective management of social risks. Second, as expressions of more general modes of institutional change and configuration. While the first conceptualization builds on substantive

policy contents and finds its place in a middle-range theory of welfare regime change, the second one considers the formal attributes of the institutions in which reforms crystallized, aiming at a more general theory of institutional change.

In very general terms, the argument can be summarized as follows. Frictions and gaps caused by the emergence of new social risks and/or by a diminishing capacity of established welfare regimes to cope with old ones, result in pressures for the inclusion of reforms in the public agenda. Those mismatches between institutions and social problems limit the spectrum of feasible reforms, but do not determine the specific content and design of the options finally chosen. The concrete substance of attempted reforms is the result of political processes of construction of pro-and anti-reform coalitions of interests. I hypothesize those coalitions to be determined by two types of forces. On the one hand, the potential cleavages defined by the coverage and benefits guaranteed by existing welfare regimes. On the other hand, the political agency of parties, interest groups, and sectorial bureaucracies, competing for the activation of those cleavages that may favor the formation of coalitions supportive of their respective proposals for reform.

What makes the task of political forces advocating for reform particularly challenging is the simultaneous existence of several constraints pushing them in contradictory directions. First, a series of long-term socioeconomic transformations, combined with the limitations of existing systems of social protection, have expanded the populations in situation of social risk that require the expansion of those systems. Second, the financial insolvency of systems of social insurance already in place combines with more encompassing situations of fiscal strain and pressures from the international economic environment, creates the type of context that Paul Pierson has defined as “permanent austerity.” In such circumstances, any expansion that is financially sustainable in

the long term is necessarily contingent upon drastic revisions of current schemes of social risk pooling. In other words, any more inclusive reorganization of social protection demands redistributions of burdens and benefits between categories of insiders and outsiders that are guaranteed to be resisted by the former.

In those conditions, the strategic challenge for pro-reform political entrepreneurs is the implementation of formulas to simultaneously neutralize potential veto coalitions of insiders and politically mobilize the support of outsiders. Such formulas are expected to include some combination of strategies of blame-avoidance and credit-claiming, as well as attempts to manage the opposition through variable mixes of persuasion, exclusion, and division. The specific strategies applied in each case –especially measures to compensate groups of insiders through the selective distribution of pay-offs-, have direct implications in terms of the concrete design of reforms.

My central argument aims to explain reformist strategies and contents through mechanisms of institutional path-dependence. I contend that the alignments of interests, the composition of feasible coalitions, and the projects around which they clustered, are shaped by institutional legacies from the conjuncture of initial configuration of systems of social protection. Those institutional legacies constitute causal configurations that include the original architecture of welfare regimes, the articulation between political parties and interest groups, the configuration of party systems, and the political embeddedness of expert bureaucracies administering social protection. The institutional architecture of welfare regimes determines the relative size and composition of potential coalitions of insiders and outsiders. Institutional structures of interest intermediation linking interests groups, political parties, and bureaucracies determine the former's influence on policy-making processes. They also impose on the parties

involved, specific equations of means and constraints vis-à-vis organized categories of insiders. The configuration of inter-party competition, in turn, determines the viability, for different parties, of different strategies of blame-avoidance, blame-sharing, and credit-claiming, oriented to diverse constituencies of insiders and outsiders. Specialized sectorial bureaucracies may, under certain circumstances, facilitate or block different paths of formulas for reform.

One of my central predictions is the predominance of processes of reform through gradual institutional change, endogenously determined by the hypothesized configurations. However, my theory also suggests two types of exogenous shocks that, by means of facilitating the fracture of mechanisms of path-dependence, may make possible the introduction of reforms involving institutional discontinuity. I also identify certain conditions under which structural reforms would fail to reach a stable institutional crystallization, which would lead to repetitive processes of chronic instability and serial institutional replacement.

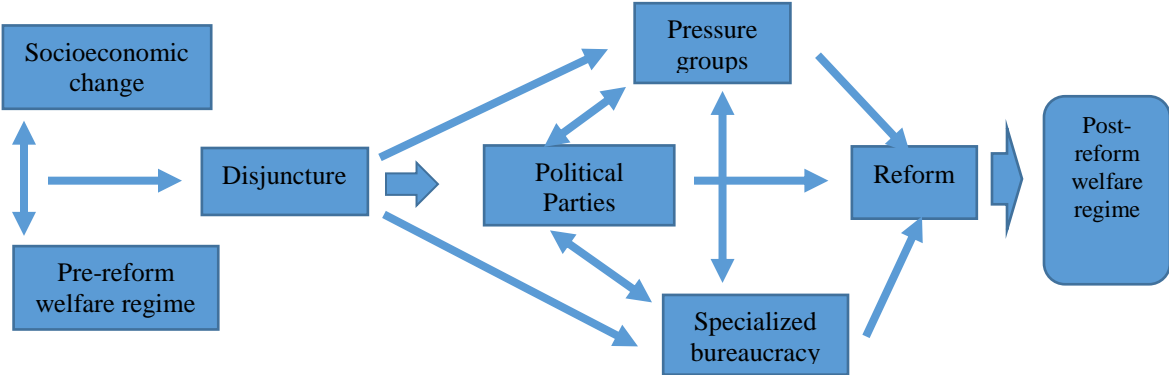


Figure 1: Causal model

The chapter is structured in four sections. First, I develop the theoretical instruments for the analysis and classification of welfare regimes, and discuss the main points of friction resulting from the mismatch between welfare regimes and their socioeconomic environments. The second section introduces the criteria for the analysis and classification of patterns of welfare regime change. In the third section, I present the causal configurations hypothesized to lead to different patterns of reform, and explain the mechanisms through which they are expected to operate. Finally, I summarize my hypotheses.

2.2 DEFINING AND COMPARING WELFARE REGIMES

2.2.1 Introducing the concept of welfare regime

Since the path-breaking work of Esping-Andersen³, a relatively solid consensus has emerged among researchers of social policies and welfare states, around the notion that comparisons based on the measurement of levels of “social spending” usually mask important differences in the distribution of burdens and benefits among social classes, status groups, risk categories, sexes and generations. The main goal behind the development of analyses in terms of welfare regimes has been, precisely, to provide a multidimensional instrument of measurement of qualitative variation among systems of social protection.

³ The concept was initially introduced in *The Three Worlds of Welfare Capitalism* (Esping-Andersen 1990). Although all the essential elements are already present in what has become its “classical” formulation, during the following two decades its author kept refining and clarifying his formulation in response to diverse criticisms (Esping-Andersen 1999, 2009).

Although at first glance it can be seen as constituting something like “a nation’s social policy repertoire (Arts and Gelissen 2002),” however, the concept aims beyond a sum of discrete programs. Rather than reflecting linear variations along a single cumulative dimension, different welfare regimes are qualitatively discontinuous configurations hypothesized to express distinctive sets of “embedded principles (Esping-Andersen 1990, 1999).” In other words, a central assumption is that each regime shows internal coherence between a core of basic principles and a characteristic combination of policies and institutional arrangements. Esping-Andersen’s most powerful contribution was the demonstration that such consistency results in distinctive “political economies of the welfare state (Esping-Andersen 1989).”

Welfare regimes constitute distinctive formulas to define and address social risks.⁴ The concept can be unpacked in three components –namely, welfare mix, outcomes, and stratification. The welfare mix is defined by the specific articulation of state, market and family through which social risks are managed under different regimes. Depending on the mix, each welfare regime is expected to deliver a characteristic set of welfare outcomes, in terms of how risks are dealt with. One of Esping-Andersen’s most innovative suggestions is the conceptualization of outcomes in terms of two dimensions –decommodification and defamilialism. The former describes the extent to which individuals’ and households’ welfare are detached from their labor market status. The latter refers to the extent to which individuals’ welfare is independent from their family status.⁵

⁴ What follows is extensively based on (Barrientos 2009, Gough 1999, 2004, Powell and Barrientos 2004).

⁵ In the author’s own words, “[decommodification is] the degree to which individuals, or families, can uphold a socially acceptable standard of living independently of market participation (Esping-Andersen 1990).” “[Defamilialization is meant] to capture policies that lessen individuals’ reliance on the family; that maximize individuals’ command of economic resources independently of familial or conjugal reciprocities (Esping-Andersen 1999).” Thus, for example, the creation of unemployment insurance introduces per se a powerful element of decommodification. However, the degree of decommodification is different under a regime that provides a flat-rate benefit based on the condition of citizen, than under one that makes access to benefits dependent upon beneficiaries’ previous contributions, and pays differential rates

The concepts underlying such awkward terms present two main analytical advantages. First, when considering welfare regimes as a dependent variable, they provide a common metric for the comparison of outcomes across policy domains and regimes, based on the study of qualifying conditions and levels and types of benefits. Second, they constitute the link between the welfare mix and the stratifying effects of welfare regimes, which is in turn the key for the use of the type of welfare regime as an independent variable in the analysis of the political economy of reforms.

The degrees of decommodification and defamilialization define the extent to which a welfare regime replicates, corrects, or magnifies, the lines of stratification produced by the dynamics of the market and the predominant type of family structure.⁶ There are two mechanisms through which this in turn has a decisive impact on the long-term dynamics of the regime. First, the lines of stratification emerging from differences in terms of entitlements, qualifying conditions, access and levels of benefits, create potential lines of cleavage that may be politically activated by initiatives of reform entailing redistribution of resources and privileges

based on the amount contributed. As for defamilialization, it is minimal under those regimes that assume a typical household with a single male breadwinner, making access to benefits for women and children contingent upon their relationship to the former. On the other extreme, welfare regimes providing access to public childcare services have a strong impact in terms of defamilialization, by increasing the opportunities for women to make maternity and professional careers compatible. For a penetrating analysis of this last aspect, see especially (Esping-Andersen 2009).

⁶ Consider, for the sake of illustration, the following concrete examples. 1) Regarding decommodification: A regime that universally provides publicly funded health care including high-cost medical treatments, has a corrective effect on some stratifying effects of differentials of income. That is the case to a considerably lesser extent in the case of a welfare regime that only guarantees universal access to basic treatments, forcing the population to individually contract high-cost medical care with private providers. But income-based stratification is even accentuated when the social insurance system is fragmented in “special regimes” guaranteeing special benefits –for example, access to better infrastructure and medical technology- for some privileged professional categories. 2) Regarding defamilialization: A welfare regime providing universal long-term care for the elderly tends to reduce differences between the conditions under which women and men participate in the labor market –given that, in low-income households, those care responsibilities tend to disproportionately burden women. But the effects of that first level of gender-based stratification would be further accentuated by a pension regime that based benefits on contributions and imposed the same proportionality between contributions and benefits for men and women –thus replicating the inequalities of a job market already biased against the latter.

across different risk categories. Second, patterns of stratification close a circle that, connecting outcomes back to the welfare mix, reinforces the latter's effect by favoring its reproduction.⁷

2.2.2 Classifying welfare regimes

2.2.2.1 Esping-Andersen's OECD-based typology

When confronted with the empirical reality of systems of social protection, the theoretical approach in terms of welfare regimes leads into a typology. Esping-Andersen applied it to a universe of 18 OECD countries for which the data required for a comparative analysis were available. Cases were compared along three typological dimensions –namely, the way in which the production of welfare is distributed between state, market, and family; the granting of decommodifying social rights; and the impact of decommodifying effects on stratification. Once measured along those dimensions, the cases considered tended to cluster in three groups with a high degree of consistency. The analysis of the common denominators across cases in the same clusters resulted in a tripartite typological classification. Table 1 reproduces the one created by Esping-Andersen to summarize the attributes differentiating the three types.

Esping-Andersen labeled his types liberal, social-democratic, and conservative. The *liberal welfare regime* finds its paradigmatic cases in the United States, Australia, and New Zealand. It is characterized by a mix predominantly resting on the market and private provision. Participation of the state is to a great extent residual, limited to the alleviation of poverty through provision for basic needs, largely based on means-tested criteria. Benefits are for the most part tax-financed and tend to be low –as public social spending in general. The result of this moderate

⁷ These points are further elaborated below (section I.3).

interference with market dynamics is a low level of decommodification that makes this regime the one with the highest effects in terms of stratification. It tends to reinforce sharp demarcations separating the situations of the poor and extremely vulnerable relying on social assistance, middle classes benefitting from earnings-related social insurance, and a privileged minority with full access to private services.

Table 1: Summary overview of welfare regimes' distinctive attributes

| | Liberal | Social-democratic | Conservative |
|-------------------------------------|----------------|--------------------------|----------------------------------|
| Role of: | | | |
| Family | Marginal | Marginal | Central |
| Market | Central | Marginal | Marginal |
| State | Marginal | Central | Subsidiarity |
| Welfare State: | Individual | Universal | Kinship |
| Dominant mode of solidarity | | | Corporatism Etatism Family |
| Dominant locus of solidarity | Market | State | Family |
| Degree of decommodification | Minimal | Maximum | High (for breadwinners) |
| Modal examples | US | Sweden | Germany, Italy |

Source: (Esping-Andersen 1999).

The *social-democratic welfare regime* sits at the opposite extreme of the typology, finding its most representative cases among Scandinavian countries in general and Sweden in particular. It is the type with highest levels of decommodification and lowest stratification. These effects result from a welfare mix with maximum state participation in order to alter the stratifying effects of market and family dynamics.⁸ The system has the strongest orientation towards universal coverage, based on granting benefits and access to services largely as a matter of citizenship rights. This is the most expensive welfare stated, leading to high levels of predominantly tax-based public social spending.

Germany is the representative par excellence of the *conservative welfare regime*. Based on the principle of subsidiarity and the predominance of social insurance schemes financed through payroll contributions, this type has a mix with an important level of state participation and assigns an in multiple distinct important role to families. As opposed to both to liberal and social-democratic regimes –where access respectively depends on demonstrable need and citizenship-, the conservative type “stresses that social rights are earned on the basis of one’s economic contribution to society (employment), or one’s social function in the family (predominantly housewife. Hence [...] those who have no job, especially women in their role as mothers, are entitled to benefits via their relationship with an employed person (husband, father, or other family member) (Van Keersbergen and Vis 2014).” Since both eligibility and level of benefits are tightly linked to former earnings-based contributions to social security funds, the social protection system not only reinforces the differences between men and women, and types of families, but also contributes to the reproduction of market-based stratification of occupational

⁸ The title of Esping-Andersen’s first book, on the political dynamics underlying the development social-democratic hegemony in Scandinavia, condenses the central guiding principle: *Politics Against Markets* (Esping-Andersen 1985).

groups. This last aspect is further accentuated by the internal fragmentation of social insurance in multiple particularistic schemes granting differential benefits for some occupational and professional categories.

2.2.2.2 Main critiques to Esping-Andersen's typology

This typology has been intensely debated and criticized. Apart from measurement issues –not negligible but temporarily left aside for the purposes of this section- the vast majority of criticisms revolved for some time around three issues: the number of types, the classification of some of the cases originally considered by Esping-Andersen, and his exclusion of the gender dimension from the analysis of stratification. In spite of the numerous criticisms, however, the original tri-partite scheme has remained the base of almost all the subsequent expanded ones.

A second and more specific wave of discussions, that has been gaining importance and audience during the last decade, is more relevant to the purpose of this dissertation. It has emerged from attempts to extend the analysis in terms of welfare regimes to the social policies in Asian industrial societies and underdeveloped countries. In this case, debates have revolved around two connected problems. The first is a typical “conceptual stretching” one –namely, the extent to which Esping-Andersen's original types “travel” well to the realities beyond the OECD universe.⁹ Second, subsequent efforts to produce new ideal types, that registered the main attributes of the new cases being considered with more accuracy, led to a revision of the dimensions included in the original construction of the typology –that is, the list of relevant variables to analyze in order to identify welfare regimes in non-OECD countries.¹⁰

⁹ See (Barba 2005, Barrientos 2004, Filgueira 199, 2008, Gough 1999, 2004, Mares and Carnes 2009, Martínez Franzoni 2008b, c, Rudra 2007, 2008, Segura-Ubiergo 2007).

¹⁰ See, for example, (Barrientos 2004, Gough 2004, 2008, Martínez Franzoni 2008c)

The expansion of the typology has brought two kinds of new variables under consideration. Some of them are of institutional nature, since they are associated with the inclusion of a wider range of public policies considered to define welfare regimes¹¹. Some others, however, result from the need to account for the very centrality that the informal economy and community-based services have in the production of welfare in those societies. This is ultimately consistent with Esping-Andersen's characterization of regimes as different ways of articulating state, market, and family. My current purpose, however, is not an evaluation of the effective impact on the social structures, but to analyze variations in their institutional architecture.

With that purpose in mind, I will confine my analysis to the formal design of the institutions¹² and public policies through which welfare regimes are implemented.¹³ This decision does not imply denying the relevance that informal components may have for the assessment of the effective production of welfare –something beyond the limits of the present study.

I also intend to be restrictive regarding the policy areas covered by the study. It will focus on what has historically been –and remains- the central concern underlying the development of welfare regimes –namely, protection from risks caused by the intersections of the contingencies

¹¹ For example, educational policies and training programs oriented to assist the adaptation of the workforce to changes in the job market produced by technological and managerial innovation –typically a central component of South-East Asian “productivist” regimes-; long-term care policies; and services aiming to cope with diverse consequence of changing family structures and the feminization of the workforce.

¹² I agree with the limits set by Margaret Levi to the use of the concept of institution: according to her, they “have a legalistic aspect and rely on a relative clear structure of enforcement,” constituting “formal arrangements for aggregating individuals and regulating their behavior through the use of explicit rules and decision processes enforced by an actor or set of actors formally recognized as possessing such power (Levi 1990) (pp.404-405).”

¹³ A restriction that is also consistent with the general notion of “regime” that is clearly predominant in the field of political analysis.

of individuals' life cycles and the dynamics of markets under capitalism.¹⁴ That does not imply ignoring several significant developments very likely expand the boundaries of welfare regimes considerably beyond the boundaries of social security as traditionally understood.¹⁵ However, social protection still constitutes –around the world in general and in Latin America in particular– the financial and functional core of welfare regimes, the source of their politically most significant tensions, and the target of most reforms –both successful and failed. The last consideration, however, brings to the table a problem that has received only scant attention in explicit theoretical terms¹⁶ –namely, that of the degree of internal coherence that can be reasonably expected from regimes aggregating across so many dissimilar policy domains.¹⁷ I will not revisit that discussion here, but want to point to the fact that the concept is often used as if the internal consistency of welfare regimes could be taken for granted¹⁸. This project has been initially designed based on the hypothesis that Esping-Andersen's typology provides a powerful tool for a preliminary comparative analysis of the universe of Latin American welfare regimes.

¹⁴ This is the main reason behind the exclusion of the Cuban case, which otherwise could have increased significantly the variation of the phenomena under study. Such a decision does not result from considering communist societies to be risk-free, neither

¹⁵ Neither do I consider irrelevant the multiple points of intersection between welfare regimes and the institutional complexes identified by the literature on “varieties of capitalism” as defining

¹⁶ But see the important reflections in (Bannick and Hoogenboom 2007, Kasza 2002, Mätzke 2009) ; see also (Ashford 1977, 1986a) on the problems of aggregation faced by structural analyses of public policy in general.

¹⁷ The problem presents specific modulations for welfare regimes, but is ultimately a manifestation of a more general issue –that of finding the right “metrics” for a structural analysis of the state based on the analysis of public policies. If one thinks, as I do, that “public policy is the most promising way of watching states in action (Katzenstein 2005),” the big challenge is how to reconstruct a systemic logic scaling up from policy-specific logics.

¹⁸ Usually, the use of made of the concept betrays one or more of the –frequently implicit– assumptions about the factors guaranteeing that internal consistency: 1) a unified and coherent foundational project developed by the continuous action of an ideologically homogeneous political agent; 2) strong mechanisms of path dependence operating across policy areas; 3) an extended societal consensus around a coherent constellation of values that can be univocally translated into specific policy designs; 4) what Swenson calls “the equivalence premise”, that is, the existence of solid and steady coalitions of interests that can be automatically and unequivocally related to concrete policy preferences. The last assumption in turn presupposes not only stable chains of correspondence linking actors to interests and interests to policy options, but also that the perception of those chains as fully homogeneous and transparent for all the relevant agents.

However, I do not assume that internal consistency. For several reasons that I will develop throughout the empirical analysis,¹⁹ I am inclined to expect variable degrees of friction between the constitutive programs and institutions that constitute welfare regimes.

2.2.3 The endogenous dynamics of welfare regimes

The initial development of a research program around the transformations of welfare regimes was heavily influenced by the experiences of welfare reform in OECD countries up to the early 1990s. A direct consequence was a strong emphasis on the mechanisms that, by guaranteeing the reproduction of regimes, explained their resilience. That bias, which already marked Esping-Andersen's points of views, fed and was in turn reinforced, by the predominance of historical

¹⁹ Some of the reasons to have such expectations have to do with pervasive attributes of political life in general. Institutional change occurs by means of patch-work (Skowronek 1982) and piecemeal transformation far more frequently than through "big bangs" of radical innovation. Even when the latter occur, it is even more rarely, if at all, by fiat of a unified projective political will. That being the case, its processing is commonly messy, contingent upon recurrent negotiations and compromises that erode the global coherence of the final decision. The debate alternatives seldom takes place at the level of generality and abstraction that the implementation of a fully consistent welfare regime would require. Policy-specific coalitions have become more heterogeneous and less stable. The technical complexity of most social policies makes the understanding of the options vague and even inaccurate not only for the common citizen, but for political leaders themselves. All the previous statements are particularly applicable to social security systems, which in most cases have developed throughout cycles starting between the late 19th and early 20th century, through waves involving diverse actors. Even in the rare occasions in which "institutional big bangs" led by unified agents happen, there is always a subsequent process of exploration of boundaries and discovery of loopholes and unintended consequences of policy design (Pierson 2000). The already mentioned technical complexities have also widened the gap between general laws and their concretion through multiple decisions and regulations of specialized bureaucracies. Summing up, no matter whether we conceive the coherence of regimes and "trickling-down" from comprehensive ideological paradigms and technical rationality, or "percolating up" from additive gradual innovation, it will be always imperfect. Moreover, several of the alluded factors are magnified, in the case of Latin America, by a more basic institutional weakness emerging from variable combinations of fragmented societies, states still penetrated by patrimonial dynamics and lacking internal coordination, poorly professionalized bureaucracies, highly volatile parties, and party systems in flux (Levitsky and Murillo 2012, O'Donnell 1996, 1999). In that kind of context, the problem is not merely that policy-making may become especially erratic and unpredictable and policies unstable and incoherent, but we cannot even take for granted governability itself. (Ashford 1986b, Baldwin 1990, Hacker 2002, Hicks 1999, Malloy 1979, 1991, Martínez-Franzoni and Sánchez-Ancochea 2012, McGuire 2010, Papadópulos 1992, Rosenberg 1983, Castiglioni 2005, Pribble 2013)

institutionalism among students of welfare states in general and welfare regimes in particular.²⁰ In this sense, Paul Pierson's seminal work on the "new politics of the welfare state" had a decisive influence. A particularly relevant outcome was the frequent conflation of two arguments that, although analytically distinct and not necessarily connected, frequently were assumed to be inherent to the welfare regimes approach. The first one states that each type of welfare regime tends to generate a distinctive political economy; the other one contends that those different types of political economy are inherently conservative and tend to "freeze" the respective regimes.

Pierson's model essentially specifies the political dynamics of a phenomenon already presented, as we have seen, by Esping-Andersen –namely that the patterns of stratification produced by specific welfare mixes tend to retro-aliment the respective mixes, thus guaranteeing the reproduction of the regime. The mechanism that operates is actually a very extended one – each policy tends to perpetuate itself through the generation of its own constituency. In the case of most developed welfare systems, constituencies became massive thanks to the expansion of coverage during the "golden decades" of economic growth that followed World War II, turning reforms an extremely "electorally risky business (Pierson 2001)."

Throughout the 2000s, however, evidence began to accumulate that lead to more nuanced formulations, by showing that, if welfare regimes were certainly *resilient*, they were by no means *immobile*.²¹ In other words, although the replacement of welfare regimes by alternative paradigms remained virtually inexistent,²² at the same time even those regimes identified as most resistant had been accumulating piecemeal reforms that jointly amounted to significant

²⁰ See (Pierson 1994, 1998, 2001, 2011); two penetrating discussions of the influence of Pierson's theses can be found in (Emerijck 2011, Van Keersbergen and Vis 2014).

²¹ This distinction is translated in more general terms by the equivalent one between institutional resilience and institutional inertia (Häusermann 2010).

²² Although, as we will see, only within the boundaries of the developed world.

transformations within the limits of persistent paradigms.²³ The most pervasive effect was a reorientation of the historical-institutionalist literature towards the explanation of gradual endogenous institutional change, which will be discussed in detail in section... Here I will specifically indicate some endogenous factors of potential transformation that result from the welfare regimes' structures and internal dynamics.

First, we have the double-edged nature of the very same lines of stratification originally hypothesized to operate exclusively in the direction of reproduction. They are at the same time boundaries marking the distribution of some either privileged or stigma-carrying status –in other words, they simultaneously circumscribe policy constituencies and operate as lines of exclusion. As any line of exclusion, they have at the same time the potential to reinforce the cohesion of insiders and to feed the conflict between insiders and outsiders. The critical point is that the final balance in the materialization of those contradictory potentials depends on their activation as effective cleavages by political actors.

A priori, it is possible to identify four potential lines of cleavage, that I enumerate proceeding from the periphery to the core of systems of social protection: a) the one that results from what is known as “truncation” –that is, the external limits of any system of social protection short of universal coverage, that may define a conflict between insiders and outsiders lacking any sort of protection; b) a first line of stratification cutting across insiders separates those with access to social insurance from the ones forced to rely on social assistance –and to carry the stigma that frequently comes with means-tested benefits; c) a second division operating “at the top” of the universe of insiders and separating those with the means to contract social insurance

²³ See (Armingeon and Bonoli 2006, Bonoli and Natali 2012, Emerijck 2013, Emmenegger et al. 2012, Hacker 2005, Häusermann 2010, 2012, Van Keersbergen and Vis 2014, Palier 2010)

in the private sector; d) finally, we have the divisions produced by the eventual existence of privileged “special regimes” that grant more or higher benefits for the members of specific occupational and professional categories.

Notice that the relative potential of different types of divisions for political activation is contingent not only upon the competition among political entrepreneurs contending for the activation of different cleavages, but also on the type of welfare regime and the specific content of reforms.²⁴

Second, we find endogenous pressures for transformation related to critical elements of the financial sustainability of social protection systems that almost universally tend to deteriorate with the latter’s maturation.²⁵ Especially critical are: a) the expansion, with the passing of time, of the proportion of the population benefiting from old-age pensions; b) the steadily increasing costs of health care services –particularly medical technology; c) actuarial imbalances produced by cross-subsidization among different programs in the system.

A third source of pressure for change comes from systems of social protection made increasingly dysfunctional by their operation in dynamic socioeconomic environments. Four long-term trends –connected by a complex web of reciprocal interactions- are especially consequential in terms of institutional mismatches:²⁶ a) the *demographic transition* to a “developed” pattern combining low fertility and longer life expectancy, which reduces the

²⁴ Thus, for example, the possibilities of activation of the first cleavage in order to mobilize the support of outsiders for an inclusive reform dependent on reducing insiders’ benefits should be higher under residual systems with limited coverage. In turn, the different sub-categories of insiders of a fragmented system are more likely to coalesce against a project of encompassing homogeneous reduction of benefits, than against a reform aiming to eliminate privileged regimes in order to preserve the financial viability of the system as a whole.

²⁵ On this, see (Mesa-Lago 1989, Mesa-Lago and Bertranou 1998).

²⁶ On this, see in general (Esping-Andersen 1999, 2009); specifically on the manifestation of these trends in contemporary Latin American societies and their impact on social protection, see .

dependency ratio among age groups and elevates the cost of old-age pensions; b) the *transition to a post-industrial economy*, usually associated with long-term, structural unemployment, and an expansion of informal employment, tends to narrow the fiscal base of social protection; c) the generalization of *new patterns of family organization*, other than the traditional one based on a single (male) breadwinner, that makes conservative regimes particularly dysfunctional; d) the accelerated *feminization of the labor force*, especially through its association with the raising number of monoparental households with a female breadwinner, amplifies the impact of gender-based stratification.

2.3 ANALYZING AND CLASSIFYING WELFARE REGIME CHANGE

My central purpose is the development of a theory that can explain the variation across processes and outcomes of reforms affecting welfare regimes. In other words, the variable to be explained combines two dimensions tightly connected, yet analytically distinguishable dimensions – process and outcome. The latter will be conceptualized in terms of their policy contents; the former, considering the modes of institutional change through which they crystallize.

2.3.1 Conceptualizing outcomes of welfare regime reforms

The main challenge in this sense, is the development of analytical categories that allow the comparison of outcomes across policy areas that are not only dissimilar, but also internally complex. Both pension and health care systems have multiple dimensions that may be simultaneously reformed to different degrees and through qualitatively different combinations.

Besides, the equivalence of changes across both policy domains is not always obvious or unambiguous.

The solution I have chosen is the classification of contents of reform in a small number of relatively general categories with a relatively straightforward connection with the defining dimensions of welfare regimes. The four categories I intend to use result from crossing two dimensions to be measured dichotomously –namely, *intensity* and *direction*.

Intensity taps the qualitative reach of a given reform. The goal here is the discrimination between two types of reform. On the one hand, the ones that introduce quantitative adjustments in the parameters of a pension or healthcare system without touching the core principles that define its qualitative profile; on the other hand, those that redefine the system's basic nature through a reformulation of those principles. I will respectively use the labels *parametric* and *structural* for those categories. *Parametric reforms* typically involve adjustments aiming to increase the efficiency and financial viability of the system, alter the quality or volume of its services, or modify the size of the populations with effective access to benefits.²⁷ *Structural reforms* typically involve changes affecting entitlements, criteria of eligibility for benefits, types of risks covered, and funding mechanisms. As a general rule, we could say that structural

²⁷ As more concrete examples we could mention, for pension systems, changes affecting replacement ratios, the proportionality between contributions and benefits, minimum age for retirement, or differences between special regimes. In the case of health care systems, decentralization in the provision of services, modifications in the amount of copayments, changes in lists of catastrophic illnesses and medical treatments with guaranteed coverage, or adjustments in the maximum age up to which individuals may be protected through their parents' insurance. In both types of systems, managerial reforms aiming to reduce administrative costs and improve efficiency and quality of service.

reforms introduce a new balance between state, market, and family, in the production of welfare, having their center of gravity in the public/private mix.²⁸

The *direction* of reform taps the orientation of its effects in terms of the horizontal and vertical expansion or contraction of decommodification –along this axis, reform outcomes are classified as either *retrenchment* or *expansion*. The reforms involving *retrenchment* are those that reduce either the coverage or the levels of decommodification provided by the system of social protection; reforms entailing *expansion* suppose analogous changes, but in the opposite direction. By crossing both dimensions, we obtain four categories –*parametric retrenchment*, *parametric expansion*, *structural retrenchment*, and *structural expansion*.

2.3.2 Conceptualizing welfare regime change as modes of institutional transformation

Research on diverse processes of welfare reform in the developed world has provided abundant evidence supportive of the idea that the institutional forms adopted by reforms may have long-term consequences in terms of their subsequent stability and future possibilities of change. The resilience of welfare regimes, and the difficulties to form stable and relatively homogeneous reformist coalitions, frequently force reformers to put together multidimensional reform “packages” combining very heterogeneous interests and goals in order to make ad hoc minimum winning coalitions possible. The unavoidable bargaining and muddling-through required by this

²⁸ Examples of structural reforms would be: a) switches between demonstrable need, contribution, and citizenship as basis for access to social protection; b) transitions between pay-as-you-go pension systems with intergenerational risk pooling and defined benefits, and retirement systems based on individual savings accounts with defined contributions; c) transitions between a type of health care system based on mandatory universal insurance subsidized through tax-based public resources, and one based on optional contracting of private, non-subsidized insurance; d) switches between social protection consisting on earnings-related benefits funded by payroll contributions, and a regime establishing a flat-rate universal benefit funded through general revenue.

type of strategy, frequently end leading to the dilution of the initial reformist project, with loss of internal coherence. This results in processes of institutional “hybridization” and/or “dualization” with a frequency noticed by several recent studies.²⁹ The resulting institutional structures may not only face serious coordination problems, but also present levels of internal complexity and heterogeneity with important implications for their long-term stability.

It seems thus important to pay consideration to welfare reforms under this light. Some recent developments in the theory of institutional change seem relevant and potentially useful for such purpose. I have already called attention on the recent reorientation of the theoretical mainstream of historical institutionalism –particularly when applied to the study of welfare states-, from a concentration on the possible sources of institutional inertia, to a focus on possible explanations for a particular type of change.

The new privileged object of attention was institutional change without ruptures – in the case of welfare regimes, the persistence of institutional configurations that certainly maintained very resilient distinctive profiles, but not necessarily or predominantly against change, but *through* it. In other words, the phenomenon of resilience still needed to be explained, but more and more frequently began to be seen as a product of *adaptation*, rather than rigidity. Historical institutionalism was poorly equipped for such purpose. It is not that it completely lacked a theory of institutional change, but its “distinctive emphasis on stability and predictability” (Peters and Pierre 1998) had led to privilege a model of punctuated equilibrium,

²⁹ See the studies included in (Bonoli and Natali 2012, Emmenegger et al. 2012, Palier 2010).

combining long periods of institutional inertia and punctual episodes of drastic and abrupt discontinuity with long-term effects (critical junctures).³⁰

The result of efforts to go beyond the limitations of the punctuated equilibrium model was a somewhat paradoxical rediscovery of the importance of time and its (Pierson 2004, Streeck 2009) materialization both through institutional aging and through changing environments of institutional development. This in turn suggested the need to develop different terms of consideration for formative periods and for subsequent stages of *institutional maturation*, and triggered a series of theoretical explorations towards an alternative model of gradual endogenous institutional change.³¹

The most critical aspect for the development of such a model seems to be the identification and theorization of the mechanisms through which gradual institutional change takes place, and of the conditions that explain them. So far, the most articulated developments in that direction share a basic limitation: what they actually provide is a typology of outcomes of institutional change and some suggestions regarding types of transformative agents associated with each one of them. However, they offer only limited insight into what it is that triggers the underlying transformative mechanisms (Anderson and Immergut 2008). My investigation includes a component of exploration in that direction. Its point of departure is a re-classification of the reforms under study based on the typology suggested by Mahoney & Thelen (2010).

Mahoney and Thelen (2010) suggest four “modal types” of institutional change. *Displacement* takes place when “existing rules are replaced by new ones”, usually supported by emerging actors, or by those who were “losers” under the old set of rules. *Layering* occurs when

³⁰ See (Peters and Pierre 1998, Pierson 2004).

³¹ See (Mahoney and Rueschemeyer 2003, Mahoney and Thelen 2010, Peters and Pierre 1998, Peters, Pierre, and King 2005, Streeck 2009, Streeck and Thelen 2005, Thelen 2003)

the new rules are attached to the existing ones, in a process that, strictly speaking, “does not introduce wholly new institutions..., but rather involves amendments, revisions, or additions”. Still, it can nevertheless “bring substantial change if amendments alter the logic of the institution or compromise the stable reproduction of the original ‘core’”. *Drift* results when the effects of rules that remain formally the same experience change as a result of transformations in their environment. Finally, *conversion* occurs when “actors who actively exploit the inherent ambiguities of the institutions” manage to impose new interpretations or enactments for rules that remain the same from a formal point of view.

This typology has recently been enriched by Levitsky and Murillo, who noticed that Mahoney and Thelen’s theorization assumes a background of general strong institutionalization (Levitsky and Murillo 2009, 2012). The conditions prevailing in several Latin American polities, they observe, create very different environments, signed by pervasive institutional weakness. A “weak institutional environment” is defined by these authors as “a context in which (1) enforcement of the rules is low, or there exists broad de facto discretion with respect to their application; and (2) institutional durability is low, in that formal rules change repeatedly, rarely surviving fluctuations in power and preference distributions (Levitsky and Murillo 2012).” Such circumstances, they suggest, favor the emergence of a fifth distinct pattern of institutional change –*serial replacement*- in which change is both radical and recurrent. Although Levitsky and Murillo’s theorization of the specific mechanisms and dynamics leading to this type of institutional precariousness is still insufficient, and the analytical separation of the treatment of institutional weakness as causal factor and as effect is not always precise, the concept of serial replacement taps what I find to be a significant modal variation, which makes its addition as a fifth modal pattern to Mahoney and Thelen’s typology potentially rewarding.

2.4 EXPLAINING PATTERNS OF WELFARE REGIME CHANGE

In this section, I present the causal configurations hypothesized to lead to different patterns of reform, and explain the mechanisms through which I expect them to operate.

Welfare regimes emerged as a direct response to processes of capitalist modernization that created a series of new social risks and destroyed traditional systems of social risk-management. They were a chapter of the “double movement” (Polanyi 1985) through which western societies coped with the disruptive effects of the subordination of an increasing number of dimensions of social life to market dynamics. The sources of disruption had to do with more than the substitution of “mechanic” for “organic” forms of solidarity (Castel 2003). The anxieties and tensions caused by the new risks were intertwined with the demands for political inclusion that would end with oligarchic regimes of restricted participation. Under that light, welfare regimes clearly appear as components of more encompassing exercises in statecraft oriented to the “regulation of the poor” (Piven and Cloward 1993) –and of the middle classes. The neutralization, or moderation, of some of the potential effects of the democratization and massification of politics, counted among the goals underlying their development.

Based on the considerations of the previous paragraph, I make three assumptions that are at the root of my hypotheses. First, that an accurate understanding of the dynamics of transformation of welfare regimes should require consideration of their articulation with other institutional instruments of those attempts of political activation, controlled mobilization, and integration of hitherto excluded social forces. Second, that three among those institutions are particularly relevant: regimes of interest intermediation, political parties, and specialized state

bureaucracies. Third, that timing and sequencing of development of those components is an essential determinant of their combined dynamics.

This is an exercise in theory development. Since my hypotheses were for the most part inductively developed to explain already known outcomes, I find it convenient, for the sake of clarity, to organize their exposition around the specific outcomes –patterns of reform- to explain.

The “trajectories of reform” (Palier 2010) that I anticipate as more frequent involve some combination of three types of solutions. First, marginal parametric adjustments (Pierson 1994, 2001) of the conditions of eligibility and benefits for those already covered by the system (“insiders”). Second, structural reforms involving the creation or encouragement of mechanisms of individual private aiming to eliminate or significantly restrict risk-pooling. Private models may substitute public ones, operate in parallel, or be combined in some mixed formula. Any of those situations may incorporate some transitional formula to preserve the situation of “insiders” with acquired rights (Mesa-Lago and Bertranou 1998). Third, “dualization”, resulting from the development of some residual, non-contributory means-tested type of assistance for those “outsiders” in situation of poverty and some high-risk populations like elderly, children, or single mothers.

2.4.1 Parametric retrenchment

I have repeatedly remarked the multidimensional complexity of the reforms here analyzed, and the multiplicity of outcomes that we can expect. Final diversity notwithstanding, I will postulate the existence of a virtually universal starting pattern defined by a few common basic attributes. First, punctual, relatively unitary episodes of reform of social protection are extremely rare. Even if with important variation in terms of length and number of stages, we tend to find them chained

in frequently very protracted “trajectories of reform” (Palier 2010) that may cover entire decades. Second, those trajectories entail important processes of policy learning by trial and error, the obvious implication being that frustrated reforms are a relatively common occurrence in this policy domain. Third, the early stages consist, without exception, on cycles of frustrated structural reforms and parametric adjustments.

Actually, Paul Pierson’s model of a “new politics of the welfare state” marked by strategies of blame-avoidance in a context of “permanent austerity,” while failing to explain the most advanced stages of those trajectories, fits the early ones pretty well. I have presented the reasons that make policy domain entailing high electoral risks for reformers acting under conditions of financial duress. Without exception, the systems of social protection of the countries here considered entered the period under study under such conditions –even if not in all cases in situations of strict emergency.³² That was the combined effect of long-term processes of financial deterioration due to the combined effects of financial mismanagement, demographic change, narrow contributory bases, and fiscal fragility (Mesa-Lago 1989). Without exception, problems were dramatically exacerbated in the 1980s by the debt crisis.

My hypothesis is thus that the irruption of social security reform in the public agenda, and the resulting universal “first wave” of parametric adjustments is without exception explained by the combination of the objective problems of increasingly dysfunctional systems and a context of deep economic crisis. In such circumstances, parametric reforms constituted the “path of less resistance (Bonoli 2012).” The configurations analyzed in the following sections are hypothesized to explain the timing, feasibility and content of diverse types of structural reform in

³² In the countries with the oldest and most developed systems (Argentina, Chile, and Uruguay), however, the cycle of failed reforms and endless parametric adjustments had already begun by the early 1970s (Mesa-Lago 1978, 1989).

a subsequent stage, but neither the initial emergence of the issue as a public problem, nor the initial cycle of parametric retrenchment.

2.4.2 Structural retrenchment through institutional displacement

An important degree of institutional continuity is the predominant common denominator among the majority of welfare reforms registered in Latin America. My theory and consequently a clear focus on the exploration of the mechanisms underlying gradual “change within the continuity.” However, Latin America shows an important number of cases of structural transformation through institutional rupture, involving a comprehensive displacement of existing institutions. This is the type of reform that fits a model of punctuated, discontinuous institutional change requiring the intervention of exogenous factors to break mechanisms of path dependence. In this section I suggest two potential external sources of change expected to increase the pressure on institutions to the point of making radical discontinuity more likely.

Retrenchment by substitution, I contend, requires, as a necessary condition, the joint presence of two exogenous impacts: authoritarian *interregna* introducing strong institutional discontinuities, and deep debt crises associated with hyperinflationary processes. Those exogenous shocks combine negative impacts on the relative strength and veto capacity of distributional coalitions that benefit from ISI and support the continuity of welfare regimes as originally designed.

2.4.2.1 Authoritarian interregna

It is convenient to clarify what my hypothesis in this regard is not going to be: neither that any political regime change can be a sufficient cause of subsequent welfare regime transformations,

nor that it can *per se* determine the specific content of such transformations, when they occur. The argument is that authoritarian governments may have the capacity to concentrate enough power in the hands of executive authorities to, based on some combination of exclusionary policy-making and repression, break or bypass some players' capacity to veto radical reforms (Malloy 1977b, 1979, Silva 1996).

2.4.2.2 Financial crises

Institutional configurations are crystallizations of specific distributions of power among coalitions of interests and political actors.³³ I thus expect drastic changes in that distribution to create situations of “institutional misfit.” Such situations are in turn likely to stimulate attempts at radical institutional re-design in order to adjust the distribution of benefits favored by the institutional design to the new distribution of power. Although such displacements are relatively rare, deep economic crises can have such an effect. The Great Depression of 1929 is almost universally cited as the trigger of a chain of deep socioeconomic transformations at the root of the cycle of political crises that more or less abruptly ended the era of oligarchic regimes throughout Latin America. Many authors assign the financial debacles produced by the debt crises of the early eighties a comparably significant impact on the viability of the ISI model and the institutional arrangements that supported it.³⁴

As in the case of regime changes, however, I will not assign to debt crises sufficient causal powers. I only suggest that their impact may, depending on specific domestic institutional configurations, favor redistributions of economic and political power that could facilitate the

³³ Cfr. (Knight 1992, Moe 2006, Offe 2008, Streeck 2009).

³⁴ See, for example, (Cavarozzi 1992, 1997, 2007, González 2012, Mahon 1996, Roberts 2007a).

adoption of radical welfare reforms. I will suggest four mechanisms through which that kind of redistribution might happen. First, the growth of unemployment and the expansion of the informal economy, by narrowing the contributory basis of social security systems, should be expected accentuate their financial urgencies. Second, those very same factors would at the same time weaken the position of labor unions, and strengthen the blackmailing power of international financial institutions (IFIs) favorable to radical transformations of welfare regimes in general and pensions systems in particular. Third, in those political systems whose institutional legacies included corporatist forms of interest intermediation and strong populist parties with organic connections to labor movements, governments' margins for maneuvering in the management of the crisis should be expected to be severely restricted. This would increase the probability of hyperinflationary spirals, with the final paradoxical effect of making radical reforms more acceptable among former components of the coalitions of interests hitherto benefited by the ISI model. Fourth, financial crises tend to increase the economic power and political leverage of some sections of economic elites whose wealth is predominantly consistent on assets with high liquidity and mobility. Due to the historical configuration of Latin American economic elites, those displacements would operate in the benefit of specific entrepreneurial conglomerates or components internal to them, rather than entire economic sectors.³⁵ Such a situation, associated with the general absence of encompassing centralized entrepreneurial pressure groups could accentuate the likelihood of successful strategies of capture, giving those economic agents direct access to policymaking processes.

It is important to note that these four mechanisms are specified exclusively for the sake of intelligibility of the hypothesized effects of financial crises. Identifying the specific combinations

³⁵ See (Schneider 2004, 2005, 2013).

of the ones at work in each national crisis is beyond the scope of this project. I will limit myself to test the correlation between crisis and radical reform.

2.4.3 Blockage and segmentation of structural retrenchment

Quite a few corpses can be found along many of the trajectories that ended leading to structural retrenchment in Latin America. Frustrated –sometimes not even formally discussed- initiatives of radical structural retrenchment followed by the success of more moderate alternatives, form a relative common sequence in the region. The outcome is a pattern of segmented reform, in which limits are set for the scope of retrenchment in order to preserve the interests with veto capacity from its effects and purchase, if not their support, at least their acquiescence. Limits may be implemented either by the establishment of a parallel system, or by the creation of a mixed one. In both cases, an important degree of institutional continuity becomes part of the price. The mode of institutional change is not displacement, but layering. This is a direct reflection of the capacity of coalitions of insiders to block or inhibit initiatives of radical retrenchment –meaning full privatization and closure of the existing system- under democratic regimes. Such capacity also not only explains the limitation in scope and institutional discontinuity, but also who the political agent(s) of the reform needs to be.

The type of process of labor incorporation and its legacies explain the inter-partisan dynamics leading to the reform. The relevant aspect of the process is whether it involved a subsisting legacy of corporatist structures of interest intermediation. Those legacies are associated with the existence of a hegemonic partisan agent of incorporation, that tends to monopolize the electoral returns of the initial expansion of the system of social protection. With relatively developed systems of social protection, insiders become the core constituency of this

type of historical populist party. The obvious consequence is that, if the party is in the opposition, supporting any governmental initiative of radical structural retrenchment entails non-affordable electoral costs. The first hypothesis, then, is that a necessary effect of a corporatist legacy is the frustration of any attempt at structural retrenchment if the partisan agent of incorporation is in the opposition. (Or, expressed in terms of sufficiency, that the presence of such party in the opposition is a sufficient condition for the frustration of radical retrenchment.)

That electoral dependence on a core constituencies of insiders provides incentives for a type of opposition behavior with paradoxical consequences. On the one hand, it encourages systematic opposition to any type of adjustment, thus contributing to further deterioration of the situation. The most likely consequence will be a return to power, but to administrate an emergency situation. In that type of context, corporatist structures operate as a double edged sword. On the one hand, they enable insiders to present very solid obstacles to attempts of radical retrenchment; on the other hand, they provide the party with an instrument of control and co-optation. The consequence is a mixed outcome. The party in power manages to buy, by combining carrots like the segmentation of the effects of reform and the distribution of compensatory pay-offs, with some sticks provided by control of government, the support of insiders for a mixed reform. The hypothesis, then -assuming a context of financial crisis of the system of social protection- is that the necessary outcome of a populist party in government will be a partial structural reform that creates either a mixed or a parallel system through institutional layering.

Corporatist structures are absent from the legacy of incorporation in those cases in which the expansion of political participation takes place through the democratization of oligarchic parties. Under those circumstances, the process is considerably less disruptive, and allows for an

important degree of continuity. The party establishment is not challenged from the outside by a new populist party, but absorbs the demands of expanded participation by recycling actors already in place. One of the implications is the absence of monopoly of the electoral returns of the expansion of social protection. The refurbished traditional parties tend to develop formulas of co-participation in the

When the responsibility and benefits of incorporation and the initial development of the welfare regime are shared by two parties, the identity of the one in power becomes irrelevant, since both parties count insiders among their constituencies. Taking full blame for regressive reforms would entail severe losses for any of them, and a cycle of failed reforms, frustrated by a zero-sum game of blame-avoidance is likely to develop. The switch to a strategy of “cartelization” in order to share blame and minimize costs is unlikely in the absence of a challenge entailing potential higher costs –like the accelerated electoral growth of a third party. My hypothesis is that this would force traditional parties to converge around a strategy to moderate the costs of a shared reform as much as possible. The predicted necessary outcome is a partial structural reform through layering in this case too.

2.4.4 Structural expansion

This section hypothesizes set of requisites for the success of structural reforms aiming to accentuate a system’s inclusiveness by expanding coverage and introducing more egalitarian distributions of benefits and burdens –resulting in increased decommodification and reduced stratification. It is my hypothesis that these reforms, depend on the combined effects of systems of interest intermediation, type of party in government, and the articulation of sectorial specialized bureaucracies with the political system. I hypothesize the following necessary

conditions, that can be combined in alternative paths: a) the presence either of strong labor unions connected with ruling parties without subordination *or* of institutionalized mechanisms of concertation guaranteed by the state; b) a labor mobilizing-party in government that is capable of articulating a comprehensive coalition of insiders and outsiders; c) an autonomous specialized technical bureaucracy.

What makes such a complicated combination of factors necessary is the equation of potential obstacles and bottlenecks that this type of reform needs to simultaneously overcome. First, the potential opposition of insiders. Second, the problems of collective action affecting the mobilization of outsiders. Third, the neutralization of potential opposition from within the government of the upper bureaucratic cadres of the system in place. Fourth, the propensity of partisan experts to rely on a technocratic, exclusionary style of policy-making. Let us see how each of the necessary conditions is hypothesized to contribute to the removal or neutralization of those potential obstacles.

Any significant expansion of social protection having to build upon the legacy of welfare regimes as segmented as the Latin American ones, in the general macroeconomic contexts that characterized the last three decades, is to some degree in conflict with the interests of fractions of the already covered population. This is because fiscal constraints make its sustainability partially contingent upon the suppression –or at least significant moderation- of the special benefits enjoyed by certain privileged categories among the insured –crucially, in most cases, civil servants. At the same time, these reforms are highly unlikely against a coalition of insiders. Such restrictions require some type of governing party that can credibly offer insiders a degree of reassurance sufficient to preclude their opposition, but without being too unilaterally dependent

on their support. In other words, a party for which organized labor and white collar-unions constitute a core constituency, but not a hegemonic one.

Party organization and the type of linkage between party and pressure group play a central role in that equation. Parties with what Pribble calls a *professional-electoral* organizational profile do not grant unions guarantees of effective influence in the definition of programmatic priorities and in policy decisions (Pribble 2013). Neither do parties providing stable organic connections at the cost of unions' autonomy. *Organic-mobilizational* partisan structures, Pribble argues, provide organized interests within the partisan coalition with the means to exercise more control on partisan policy-making teams. In that case, the possibility of overcoming pressures for the protection of privileges will depend on the existence of other organized constituencies that would benefit from the equalization of benefits.³⁶

Unions and organized outsiders controlling some significant quota of intra-party influence may become also decisive for the definition of a different type of conflict. Teams of partisan experts operating on the domain of social policy frequently find the expansive reforms they support compromised by vetoes from their peers in economic teams. In these type of conflict, economic experts from governmental teams tend to get the upper hand more often than not. That being the case, constituencies with significant muscle within party structures may represent the only possible effective counterweight.

³⁶ This is a pattern of party-union articulation that can only be provided by what we may label *second generation labor-mobilizing parties* –that is, parties that captured the stable support of organized labor only after the latter's incorporation had been completed by other parties. They are creatures of one of two types of alternative sequences. First, cases in which an authoritarian interregnum destroyed the corporatist structures left by an incorporation through controlled mobilization by an authoritarian populist party. Second, processes of incorporation through the modernization of oligarchic parties that limited themselves to a type of purely electoral mobilization, without developing organic linkages with subordinated unions.

In the absence of the “right” type of governing party, a different type of structure may provide a sort of functional equivalent, securing effective access to stages of policy design for labor unions, social movements, and other forms of organized interests, by other means. That would be the case of formally established avenues of consultation and participation, supported or even mandated by governmental authority, and operating under consensual rules. I have in mind three types of situation: 1) neocorporatist regimes of interest intermediation; 2) inclusive processes of constitutional reform; 3) ad-hoc schemes of dialogue aiming to the establishment of social pacts in exceptional circumstances (economic crisis, regime transitions, etc.).

Political parties, however, still may play another role as vehicles of *bureaucratic embeddedness*. The central idea behind Peter Evans’ original formulation of the concept is that, in peripheral or semi-peripheral societies, states may play a decisive role helping insufficiently developed social actors to overcome collective action problems, and coordinating their actions. It seems reasonable, however, to suspect that the performance of such role may result very different under democratic regimes. What matters to me here is the dynamic role that bureaucratic teams with expertise in social policy areas may play in the design of expansive reforms. Two types of obstacles may make that role critical for the success of structural reforms in contemporary Latin America. First, the extreme fragmentation of the universe of risk groups not covered by existing schemes of social protection. Second, the need to find viable ways of articulation of their interests with the ones of risk groups already included. Placed at the core of the system to be reformed, specialized bureaucracies may play a pivotal role by providing expertise necessary to craft acceptable formulas for expansion, and by coordinating the interests of fragmented groups of outsiders throughout the policy making process.

The role in itself would by no means constitute a novelty –several classical studies show the importance of expert bureaucrats in the initial development of the region’s welfare regimes. The problem is that, with the maturation of institutions and programs, bureaucrats themselves are likely to become part of the coalition of insiders. Moreover, in Latin America, the development of welfare regimes framed by state structures that had experienced only very incomplete transitions from instruments of patrimonial rule into structures of legal-rational domination. Under those circumstances, welfare bureaucracies result very permeable to penetration and capture by clientelistic networks and patronage exchanges. They thus tend not only to lose any capacity to operate as agents of transformation, but also to become pivotal components of very resistant distributional coalitions committed to the protection of the privileged status of insiders.³⁷

When that is the case, the challenge is the regeneration of bureaucratic initiative from the outside. One possibility is the type of dictatorial re-concentration of authority explored in the hypothesis on institutional discontinuities eventually resulting from an authoritarian interregnum. A second possibility, extensively put into practice all over the region throughout the cycle of market-oriented structural reforms, is the creation of parallel bureaucratic structures filled with “change teams,” expected to bypass “vested interests” and operate with independence from them, supposed to operate with independence from “vested interests”. The first option has, by definition, a necessary connection with specific types of regimes. The second does not –as a matter of fact, Latin America has extensively experienced it as part both of authoritarian and democratic experiences. What they have in common is a legitimizing rhetoric that presents their

³⁷ This process has been masterfully analyzed by James Malloy for the case of Brazilian social security (Malloy 1979).

efficacy as contingent precisely upon an imperative of “disembeddedness.”³⁸ A third alternative is the penetration of bureaucratic structures by teams supported by coalitions of insiders and outsiders that provide a social anchor guaranteeing the orientation of reforms.

The type of *political* embeddedness that I hypothesize to be functional to universalistic reforms is decisively mediated by parties in two ways. In first place, because, finding areas of compatibility within coalitions of only partially overlapping interests, requires the type of political brokerage and articulation that only parties can provide. In the absence of that connection, bureaucrats are likely to find themselves either caught in the cross fire of intra-coalitional conflicts, or captured by most powerful interests. Second, the party also operates as a “buffer” between social interests and policy-makers, in the sense of guaranteeing a minimum distance from immediate narrow coalitional interests -room for maneuvering that any government, no matter how partisan, requires.³⁹

Needless to say that this Janus-faced role, that simultaneously keeps governmental action anchored to a politically articulated equation of interests and protects bureaucratic cadres from excessive instrumentalization, is only compatible with some forms of party organization. The already described modalities of mandatory tripartite negotiation oriented to the formation of

³⁸ Successful experiences, so the story goes, depend on the isolation of technocratic cadres mysteriously permeated by some sort of disinterested commitment to efficiency... and supported by strong executives. The only problem is that saints are by definition rare, and disembeddedness is not part of this world, and we have solid evidence that there was nothing neutral in the action of those “handfuls of heroes.” (This term was coined at the peak of the Washington Consensus’ popularity, by a fervent advocate of neoliberal reform with an only moderate sense of ridiculousness. For evidence on the capture of reformist teams in some poster cases of reform in the region, see (Schamis 2002, Silva 1996, Silva 2008).)

³⁹ Not even a partisan government relying on its own majority can afford being “fully partisan”. Governing always entails considering diverse constraints –budgetary, technical- and imperatives of governability that preclude a complete alignment with the demands of any constituency. (For a brilliant treatment of this point, see (Dunn 2000); for an empirical analysis exploring how this buffering role took place in a concrete case, see (Cavarozzi 1975)).

policy consensus may become relevant in this sense too -provided that bureaucracies are compelled to utilize the consensual input thus generated.

2.4.5 Reversion of structural retrenchment

Perhaps even more puzzling than the comparatively high occurrence of regime changes in Latin America, is their comparatively high reversibility. In fact, the institutional outcomes of an important proportion of the region's structural welfare reforms have resulted surprisingly ephemeral. This subsection suggests an explanation for the important number of structural reforms that have been radically reversed within relatively short periods. The hypothesis that will guide my exploration is that the instability of structural reforms is determined by the interaction between the type of regime and the political dynamics of the specific policy-making processes they result from. Under democratic regimes, I contend, consensual policy-making is a necessary condition for durable structural reforms.

Such institutional precariousness does not seem to be not connected with the structural nature of the respective foundational reforms *per se*. Within the region we can also find both structural reforms that have successfully passed the tests of time and alternation in government of parties with heterogeneous orientations, and parametric adjustments that form part of cycles of recurrent contradictory reforms. At the same time, although none of the countries under study monopolizes the occurrence of a particular mode of institutional transformation, it seems possible to identify two subsets of countries with markedly different capacities to produce "virtuous" circles of cumulative institutional change. In other words, we have evidence

suggesting that some systemic properties may be associated with the emergence of patterns of serial institutional replacement.⁴⁰

My hypothesis does not exclude the idea that some structural attributes of the respective political systems play an important role in the emergence of this syndrome of chronic institutional instability and pendulum-like policy oscillation. Moreover, I am inclined to think that, more specifically, institutional legacies from the incorporation period are part of the story. I also contend, however, that they operate through their influence on the on short-term strategies of political actors. In this stage of development of my theory, I do not intend to predict the conditions of emergence of different strategies, but just to identify correlations between some of them and the instability of structural reforms.

I have built a tentative typology based on the observation of the concrete political dynamics of the processes leading to the reforms whose stability I intend to explain. The typology results from the combination of two dichotomous factors. One is the *inclusiveness* of the process in terms of interest groups and social forces affected by the reform. Reform

⁴⁰ The widely shared argument about the “virtuous circle” ideally connecting highly institutionalized party systems and consolidated democratic regimes may resonate, in its most general terms, behind my hypothesis. More specifically, political parties are listed by Levitsky and Murillo among the components of political systems whose weak institutionalization may feed the development of a pattern of institutional change through “serial replacement” (Levitsky and Murillo 2009, 2012). My argument has an even closer resemblance with the one recently advanced by Flores-Macías to explain variation in the disposition of leftist governments to preserve the institutional legacies of market-oriented reforms and gradually build upon them. According to this author, institutionalized party systems provide centripetal incentives, thus leading to the recruitment of “insider candidates” and the development of consensus-building politics that tend to favor the status quo. Party systems in disarray, on the other hand, are a source of centrifugal incentives that encourage the success of anti-system candidates and contentious dynamics favoring drastic transformations (Flores-Macias 2012). However, for at least three important reasons, I am reluctant to approach the problem through the concept of party system institutionalization common to this literature –which is the one developed by Mainwaring and Scully in their influential introduction to *Building Democratic Institutions* (Mainwaring and Scully 1995). First, such approach discriminates very poorly between the conceptualization of institutionalization at the party and at the system level –almost as if implicitly suggesting that the latter would emerge as the aggregate consequence of the former. Second, Mainwaring & Scully offer a definition of party institutionalization that essentially makes it equivalent to the consolidation of a very specific model of party organization –namely, the category of mass party elaborated by Duverger based on the experience of European social-democratic parties in the early 20th century (Duverger 1954). Third, institutionalization is presented as having unambiguously positive impact on democratic stability and legitimacy –thus ignoring the possibility of cases of “overinstitutionalization” with perverse effects.

processes will be classified along this dimension as either *inclusive* or *exclusive*.⁴¹ The second dimension is whether or not opposition forces sufficient to extend legislative majorities beyond a minimum winning coalition support the reform. The right side of table V.2 shows the categories resulting from crossing the two dimensions.

Table 2: Dimensions and types of reform process

| INTEREST INCLUSIVENESS | | | | TYPE OF REFORM PROCESS | | | |
|------------------------|-----|------------------------------|-----------|------------------------|---------------------|-----|------------------------------------|
| | | Interest groups consultation | | Interest Inclusiveness | | | |
| | | YES | NO | Inclusive | Exclusive | | |
| Protest | YES | Exclusive | Exclusive | <i>Hegemonic</i> | <i>Factionalist</i> | NO | Supra-partisan legislative support |
| | NO | Exclusive | Inclusive | <i>Consensual</i> | <i>Elitist</i> | YES | |

I will contend that non-consensual processes under democratic regimes are a sufficient condition for cycles of serial replacement by radical reversal of structural reforms to occur in the short- or medium-term. (If an equivalent formulation in terms of necessary conditions is

⁴¹ The classification of cases will be decided depending on two aspects: 1) whether the process there are reasonably open and extended consultations with the actors involved; 2) and whether or not the government is open to modify its proposal as a result of eventual contentious expressions of massive opposition to it. *Consultation* implies that the actors consulted had to some extent the possibility of providing actual input for the design of the reform –merely informative meetings to present a non-modifiable governmental proposal do not qualify. A negative answer to at least one of those questions determines the classification of the process as exclusive.

preferred, that consensual processes are a necessary condition for the stability of structural reforms approved under democratic regimes.)

3.0 RESEARCH DESIGN

To the extent that the distinction between theory-development and theory-testing is valid for analytical purposes, this research strategy is designed aiming at the latter goal rather than the former –thus allowing to put between brackets the discussion of the methodological legitimacy of lacking two separate sets of cases for the respective purposes of developing and testing.

The main goal is the identification of combinations of structural and institutional variables whose interactions affect both the configuration of agents participating in policy-making processes and the relations among them. The resulting limitation of the feasibility of agents' strategic repertoires is hypothesized to shape the patterns of their interactions, which in turn are hypothesized to explain diverse outcomes in terms of institutional reform. It is important to remark a basic assumption in terms of the ontology of causation: causal effects are not attributed to “variables” –that is, variables are not per se assumed to “make things happen.” Causal effects are expected to be the –intentional or unintentional- result of political agency –that is, of the interactions of political agents (in this case, mainly, parties, interest groups and bureaucracies) that interact strategically within “fields of forces” defined by combinations of socioeconomic and institutional variables.

It follows that it is at the level of those interactions that explanatory connections need to be hypothesized and verified. It also follows that both the distribution of agents' capabilities and power and their understanding of their respective interests need to be

defined in relational terms –that is, neither power, nor interests constitute absolute attributes, but are always constructed in relational –thus context-dependent- terms. That being the case, a final implication is that they can only be observed in movement –that is, as they develop diachronically as political processes.

The chain of assumptions synthesized in the previous paragraph justifies the main methodological tools chosen –namely, descriptive typology, set-theoretic analysis based on Boolean logic, and process-tracing. Their application is expected to solve what I find to be the project’s five central concrete methodological challenges: 1) classification of pre-reform welfare regimes; 2) measurement of welfare regime change; 3) testing of hypothesis about the co-variation of causal configurations and reform processes; 4) identification and description of patterns of governance; 5) explanation of variation of patterns of reform.

3.1 CASE-SELECTION AND LEVELS OF ANALYSIS

Eleven Latin American countries (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Peru, Uruguay, and Venezuela) are covered both in the descriptive components (analysis of welfare regimes and patterns of governance), and in the Boolean analysis of causal configurations. Process-tracing will focus on a sample of stages of specific policy processes considered representative of the different hypothesized causal processes.

Regional concentration does not take for granted any essential or self-evident homogeneity among Latin American countries. However, it guarantees a reasonable degree of control of several exogenous factors –international conjuncture, configuration of the global

system, general ideological and intellectual environment, availability of models for policy reform⁴². Conversely, the inclusion of other cases showing important commonalities and potentially enlightening, like Mediterranean or post-communist European regimes, or South-East Asian countries, would have required the expansion of the model beyond controllable dimensions, due to the need to consider the implications of factors as pervasive as the general transition from totalitarian regimes, the process of European integration, or some peculiarities of Asian developmentalism. Within the region, I chose the eight cases analyzed by Collier & Collier (2002), increasing the variance in terms of degree of institutionalization of the process of labor incorporation by the addition of Bolivia and Ecuador; Costa Rica, on the other hand, expands the range of variation of the dependent variable. Such selection also guarantees considerable levels of variation for all the variables to be considered.

The unit of analysis –and as a result the number of observations- varies across the different sections of the project. This is in part result of the variable extension of relatively homogeneous processes of reform. Both for the measurement of the transformation of welfare regimes and for the comparison of post-reform regimes, the unit of analysis will be the national welfare regime at a specific moment of its historical development –in one case considering longitudinal within-case variation, in the other one synchronic cross-sectional variation. For purposes of causal inference, the unit of analysis will be the “trajectories of reform” (Palier 2010). Each unitary trajectory is defined as the chain of political interactions triggered by the discussion of a formal initiative aiming to include a project of (total or partial) welfare regime

⁴² All the countries considered had to deal with the challenges of welfare reform in a context marked by the exhaustion of import substitution-based industrialization; the sequence of debt crisis and economic adjustment; dramatically accelerated global interdependence; drastic increase of the leverage of international financial agents; and the cycle of hegemony and crisis of the “Washington Consensus.”

institutional in the public agenda⁴³. The conclusion of a process is determined by either the successful blockade⁴⁴ of the initiative by some actor endowed with formal or informal veto power, or its formal crystallization as a norm approved by the competent authority. Those unitary reform processes may vary in terms of their duration, actors actively involved, and final outcomes. But the rules for their delimitation are not absolute. In some cases, we find initiatives processed under the same administration that can nevertheless be considered relatively independent. In other cases, however, what at first glance appear as separate reform processes, are actually chained not only by chronological proximity, but also by the participation of the same actors, with no significant variation in the distribution of power, but with important degrees of “strategic learning.” For those situations, I have chosen to consider the formally separated units of analysis as successive “rounds” of a single encompassing process. For the micro-analysis of dynamics and mechanisms of transformation, observation will focus on a sample of critical stages –when possible, decisions- in the context of specific processes of reform, considered representative of the different types of institutional change identified⁴⁵. I will occasionally reinforce process-tracing with within-case comparisons –both longitudinally for the same policy area, and synchronically across policy areas- that follow a logic of “most similar-systems.”

⁴³ “Formal initiatives” refers to those initiatives that: 1) are minimally systematized in terms of institutional design and documented; 2) are presented by some individual or group of individuals explicitly acting as representatives of a political party, government, or pressure group; 3) are subjected, formally or informally, to the consideration of representatives of the government or other political parties or pressure groups. These restrictions preclude the consideration of informal conversations among individual politicians or corporate representatives not explicitly acting as the authorized “voices” of the respective parties, corporations, or administrations. However, it does not rule out non-public discussions of documented initiatives by individuals exercising formal representation.

⁴⁴ The blockade can occur before the formal inclusion of the project as an issue in the public agenda, or at some of the stages of the process of public debate.

⁴⁵ This implies a process of sampling cascading through three levels: among countries, among episodes of reform within each of the selected countries, and among stages of the policy process within each episode.

There will thus be a permanent circulation across levels of analysis. I will compare welfare regimes and patterns of governance both cross-nationally –in order to define typologies and classify the cases- and longitudinally –in order to assess the changes experienced in each case.

3.2 MEASUREMENT OF WELFARE REGIME CHANGE

There are two aspects of this problem: a) measurement of the transformations experienced by each national welfare regime during the period under study; b) description of cross-national variation of post-reform regimes.

3.2.1 Measurement of outcomes of reform

The procedure will be longitudinal comparison, for each national case, between the configurations of the respective welfare regimes at the beginning and at the end of the period under study –that is, *circa* 1980 and 2010.

I will characterize welfare regimes based on the structure of three main components – namely, social security, health care, and social assistance systems.

3.2.1.1 Social security systems

I will measure their change by constructing typologies based on multi-dimensional classificatory types resulting from the analysis and reduction of property spaces (Becker 1998, Boudon and Lazarsfeld 1969, Collier, Laporte, and Seawright 2008, Ragin 2008) composed by the

disaggregated analysis of six properties for three types of programs –pensions, unemployment insurance, and non-contributory assistance:

Coverage will be operationalized as the percentage of the population effectively covered by the system.

Rules of access refer to the attributes required for an individual or household to qualify as a beneficiary of the system. I will analyze changes affecting these criteria at two levels: a) at a more general level, I will treat them as a nominal variable with three possible values, depending on whether eligibility is based on citizenship, contributions, or demonstration of need; b) within the last two categories thus defined, I will also measure specific parameters of eligibility that can be measured as continuous variables (retirement age and years of contribution in one case, and qualifying levels of need in the other).

Benefits include the specific cash transfers or services received by those covered by the system. I will consider replacement rates for pensions and unemployment insurance, and the levels of cash transfers and the existence or not of conditionality in the case of assistance.

Funding refers to the distribution of the financial burden, and I will analyze it at two levels: in first place, a categorical distinction depending on whether programs are funded through general revenue or have a contributory nature; within the second category, I will also analyze the relative participation of workers, employers, and government in the funding of programs.

Fragmentation applies to pensions and unemployment compensations, and consists on the number of separate programs existing for specific professional categories.

3.2.1.2 Health care systems

In this case, six dimensions will be considered:

Fragmentation/Coordination. None of the cases included in this study has a national health system; in all cases, the structure of the health care system at the most general level varies depending on the relative importance of three sub-sectors –public, private, and social insurance-, and the degree of coordination among them . The approach I will follow will be to establish a typology that combines three dimensions: a) number of sub-sectors (systems in the region are either dual or tri-partite); b) degree of segmentation/coordination, measured as an ordinal variable as proposed by Mesa-Lago; c) predominant sub-sector, determined by the relative participation in the total expenditure in health care.

Coverage, understood as the percentage of the total population with effective access to health care.

Rules of access, measured by whether legal mandatory coverage exists for different occupational categories (salaried and wage-earners, self-employed, domestic service, and rural workers), for their dependents, and for the elderly.

Benefits will be measured based on the existence of a mandatory basic package of services, and on whether it includes catastrophic illnesses.

Funding will be operationalized and measured following the same criteria defined for pensions.

Freedom of choice will be measured as a nominal variable built by crossing the indexes of market concentration and freedom of choice provided by Mesa-Lago.

Participation is a nominal variable defined as whether the institutional design includes the participation of workers and employers in the administration of the system.

3.2.2 Post-reform cross-national variation of regime types

Results from the synchronic comparison between the classificatory types previously identified.

3.2.3 Classification of reforms

The use of truth tables for purposes of hypothesis-testing requires the dichotomization of variables. For that purpose, I will produce aggregate measurements of welfare regime reforms at a nominal level, resulting from the crossing of aggregate results along two dimensions of variation: depth and general orientation of contents. The first aspect refers to whether the reform aims to drastically transform the type of welfare regime (*structural reform*) or merely to adjust its parameters without operating a change of paradigm (*parametric reform*).

The second aspect deals with the orientation of the contents of reform, distinguishing between *expansive* reforms and *retrenchment*. The first category includes reforms that, either simultaneously or alternatively, make the regime more inclusive in terms of coverage or participation, more egalitarian in terms of the distribution of benefits, increase the generosity of benefits without compromising the financial viability, or redistributes its costs in a more progressive direction. The second one includes those reforms that, either simultaneously or alternatively, produce opposite effects.

The combination of both criteria delivers a taxonomy comprising four types of reforms: *structural-expansive*, *parametric-expansive*, *structural retrenchment* and *parametric retrenchment*. It is important to notice that the definitional strategies to be used along the two constitutive dimensions are different. The distinction between parametric and structural reforms

follows the classic strategy recommended by (Sartori 1976), based on the identification of a set of *necessary* definitional attributes. Expansion and retrenchment, however, are defined based on “family resemblance” (Collier and Mahoney 1993, Goertz and Mahoney 2006) –there are no components that are individually necessary to determine whether a reform will be classified in one or the other; the presence of a number of attributes sufficient to bias the final aggregate result in one direction or the other is the only decisive criterion. The threshold between structural and parametric transformations *necessarily* requires a *replacement* of the norms⁴⁶ defining eligibility, types of benefits, funding, and administration.

3.3 TESTING OF MULTI-CAUSAL HYPOTHESES

The basic goal here is to avoid the reduction to linearity of what are hypothesized to be “network-like causal processes” (Abbott 2001, Bartolini 2000, Braumoeller 2003, Mahoney 2001) through the production of “set-theoretic arguments” (Ragin 2008), based on the idea that “individual institutions and their comparative analysis [should] be placed in a broader systemic context by locating them in a structured historical process (Streeck 2009).”

The analysis of causal configurations will proceed through the methodology of crisp sets qualitative comparative analysis (csQCA), based on the use of Boolean algebra (Ragin 2000, 2008). This technique has two basic advantages: on the one hand, it makes it possible for the researcher to go from individual causes to more complex relationships constituting causal

⁴⁶ In terms of the modal types of institutional change proposed by Mahoney and Thelen, we would say that displacement is the only one compatible with structural reform.

configurations and the establishment of necessary and sufficient conditions (Peters 1998); on the other hand, the identification of multi-variable configurations minimizes the “too many variables problem.”

3.4 EXPLANATION

Rihoux et al (2011:58) observe that “Indeed, QCA techniques, as such, only enable one to identify the core ingredients (the core combinations of conditions), not the recipe as such.” In other words, strictly speaking, explanation only can emerge from the “unpacking” of causal inference through the analysis of causal processes (Falleti and Lynch 2009, Hedstrom and Swedberg 1998, Mahoney 2001, Mayntz 2004, Tilly 2001). The technique chosen for the identification of those processes is micro-level process-tracing (Collier, Brady, and Seawright 2004, George and Bennett 2005) of specific trajectories of reform.

3.5 MODAL TYPES OF INSTITUTIONAL CHANGE

As we have seen, Mahoney and Thelen (2010) identify four types of gradual institutional change – displacement, layering, drift and conversion. However, only the two first ones have been considered as possible outcomes in my hypotheses. In order to re-conceptualize and classify the outcomes of the reforms under study here in terms of those modal types, I will consider three indicators: a) the introduction of new rules (the common attribute that separates displacement and layering from the other two forms); b) whether there is also a removal of old rules (which is what marks the difference

between displacement and layering). In order to expand the Mahoney and Thelen's typology by adding the category of serial replacement suggested by Levitsky and Murillo, that first stage of assessment will be followed by consideration of a third indication -the stability of the institutional results of reforms- in order to identify cases of "serial replacement".

3.6 IDENTIFICATION AND DESCRIPTION OF PATTERNS OF GOVERNANCE

Patterns of governance will be identified by the analysis of national "trajectories of reform" and the institutional configurations that constitute their respective final outcomes, contrasting them with the diverse ideal-types of governance. The different patterns of governance will be identified based on the following indicators. *Governance by command*: will be operationalized as an ordinal variable, ranging from one pole in which the programs being analyzed are entirely public to another in which they are fully privatized, with intermediate situations in which public authorities have different exercise diverse forms of regulation. *Market-based governance* will be identified based on the existence of services and benefits whose coverage, cost, level, quality, etc., are determined by market mechanisms. *Governance by horizontal networking* results from the formation of policy networks that incorporate non-state actors (interest groups, NGOs, community organizations) into the policy process through diverse mechanisms of consultation and negotiation eventually leading to more or less consensual solutions. *Governance by deliberation* requires the presence of some form of direct involvement of citizens in the deliberative stages of the policy-making process.

4.0 AN EXPANDED CLASSIFICATION OF MODES OF POLITICAL INCORPORATION

4.1 INTRODUCTION

The goal of this chapter is to justify the proposed classification of the processes of popular incorporation experienced by three cases not included in the typology provided by Ruth and David Collier –namely, those of Bolivia, Costa Rica and Ecuador. The formula I propose for such extension of the universe to study has two parts. First, I will contend that Costa Rica should be included, with Colombia and Uruguay, as a case of incorporation through electoral mobilization by democratized oligarchic parties. Second, I will argue that the inclusion of the other two cases requires an extension of the original typology by adding a fifth category –that of frustrated processes of incorporation.

The hypothesis behind the second component is that, for the purpose of understanding the subsequent political dynamics of the respective cases, the incompleteness of incorporation is the decisive aspect to consider. This does not necessarily imply that the variables around which the Colliers built the original typology –namely, the inclusiveness of the reformist coalition and the main agent of incorporation- have no relevance. As I will try to show, those aspects are essential to understand, among other things, differences *within* the category of frustrated transitions. What I do think is that, in the absence of a minimally consolidated solution to the problem of political

order, the basic, Hobbesian political dilemmas become more determinant than any other dimension of political life. In other words, and for the sake of exemplifying with a concrete empirical reference, that the similarities matching Bolivia with Ecuador are, for the purposes of this investigation, more determinant than the ones common to Bolivia and Mexico.

Neither do I imply that the crises of the respective oligarchic regimes had no depth or durable consequences for the subsequent evolution of Bolivia and Ecuador. These cases certainly experienced significant turning points, but I would say that, strictly speaking, they did not constitute critical junctures. By that I mean that they did not produce institutional legacies solid enough to have locking-in effects that could guarantee their endurance through path-dependence effects.

To what extent is the latter a qualitative difference? Could it not be argued that, in the end, the institutional legacies of incorporation of most cases that the Colliers considered were affected by volatility to an important extent? Are the Bolivian and Ecuadorian experiences qualitatively different from the cycles of extreme political instability that led almost all of the other countries, sooner or later, into military dictatorships? Could we deny that several of the eight original cases experienced at different points of the second half of the 20th century processes of intense praetorianization that put the Hobbesian question at the top of the agenda? My short answer is that the objection would be valid if the focus were on the problem of regime stability. However, my concern here is with institutional legacies in terms of bureaucratic structures, political parties, mechanisms of interest intermediation, and social policies resilient enough to have an impact throughout the most recent cycle of welfare regime reforms. In that

regard, and with one possible exception,⁴⁷ incorporation crises actually constituted critical junctures, with institutional legacies that still maintain their political efficacy. In the cases of Bolivia and Ecuador, on the other hand, the main legacy is a negative one –that is, the relevance of incorporation crises has to do with what they did not achieve.

The remainder of this chapter is organized in four sections. The first three consist of succinct narratives intended to justify the respective classification for the three added cases. The last one summarizes the conclusions.

4.2 BOLIVIA

Late-19th century Bolivia has been presented as the paradigmatic oligarchic republic.⁴⁸ According to the paradigm, a bi-partisan system based on the dualism of liberals and conservatives provided services of political representation –obviously restricted to the interests of economic elites-under the caucus-type form expected in these situations. The exclusion of middle and lower social sectors from power positions and participation in partisan and governmental structures was complete (Gamarra and Malloy 1995, Klein 1992).

The solidity of oligarchic domination reflected the overwhelming supremacy of export production within the economic structure, and of minerals among exportable products. The conservative faction of the oligarchy, organized around the main families controlling the

⁴⁷ I find the hypothesis that the Peruvian case has more in common with Bolivia and Ecuador than with Argentina worth considering.

⁴⁸⁴⁸ Spanish-speakers did not include more than 20 percent of the total population; the remaining 80 percent was excluded from regular political participation (Halperin Donghi 1993).

declining production of silver, was displaced with the turn of the century by its ascendant liberal peers, beneficiaries of the substitution of tin for as the main component of Bolivian exports (Halperín Donghi 1993). As a matter of fact, the effective agent of the switch was a faction of the military, supported by indigenous communities reacting to a policy of systematic assault on their collectively owned land. The assault would soon be reinitiated, however. Once the coup succeeded, the military turned against their former peasant allies, quickly returning them to the political marginalization they had experienced for most of the country's independent life. The hegemony of tin-mining entrepreneurs was quickly consolidated as the military passed control of the government to civilians, and the ascending mining entrepreneurial elite merged with the traditional landed one. A spectacular expansion of tin production, that turned a growing fraction of the indigenous peasantry into a mining proletariat, further reinforced the position of tin-mines owners. That cohesive dominant minority successfully blocked any significant mobility for other social groups. The timid growth of the middle strata could only be supported by the exercise of traditional liberal professions and public employment.

The crisis of oligarchic order in Bolivia was a long-delayed process.⁴⁹ Its final stages were marked by the successive impacts of the depression and the Chaco War. Bolivia's rank among tin-producing countries had already begun to decline by the time the expansive wave of the 1929 crack reached the country, further depressing both demand and prices for its main exportable product. The bankruptcy of several small producers led to further concentration of sectorial ownership. Large corporations developed a series of survival strategies that contributed

⁴⁹ On the process of disintegration of the oligarchic order and the origins of the revolution, see (Dunkerley 2003, Klein 1968, 1971, Malloy 1970).

to narrow the already fragile basis of the oligarchic order –they reduced the already meager salaries of their workers and shrank their contributions to the state budget.

That was the background of president Daniel Salamanca’s 1932 attempt to decompress economic and political tensions by resorting to war. Contention between Bolivia and Paraguay around national boundaries in the Chaco area had been intermittently causing friction for several years. The Bolivian government saw in it not only an opportunity for diversion, but also to expand territories and gain fluvial access to the Atlantic coast. The strategy backfired. Paraguayan forces ended up pushing their enemies to the foothills of the Andes, and managed to keep part of the occupied territory after the peace negotiations finished in 1935. The disaster alienated the support of the generation of young officers that more directly suffered the defeat, and the civilian government was brought down the following year by a coup led by Gen. David Toro. The new regime presented itself under the label of “military socialism,” triggered a lively debate around economic reforms and alternative strategies of development, and seemed to be moving further to the left when a younger officer, Col. Germán Busch, replaced Toro. The opening, in 1938, of a constitutional convention with a clear predominance of representatives of the left among its members, accentuated that impression.⁵⁰

The impression quickly evaporated as the convention finished its work. In spite of a radical rhetoric of social rights in tune with the zeitgeist of the decade, it maintained the conditions that restricted electoral participation to a minority of Spanish-speaking literates from middle and upper classes. In 1939, the ascent of Gen. Enrique Peñaranda to the presidency of returned control of the situation to the hands of a more conservative faction within the military.

⁵⁰ On the experience of “military socialism,” see (Klein 1965, 1967).

However, the results of the election that made Peñaranda president showed how much things had changed: the Revolutionary Leftist Front, including the Communist Party, obtained 20 percent of the vote.

The economic situation did not help to stabilize the political situation. Preservation of profit margins through squeezing miners' salaries had not ceased, and neither had the conditions in the international tin market improved for Bolivian exports. In 1942, striking miners were massacred by governmental repression in Catavi. The following year, a new military intervention, with the support of opposition parties, replaced the Peñaranda administration with a government with important participation of the *Movimiento Nacionalista Revolucionario* (MNR).

The MNR had experienced rapid growth predominantly based on middle-class support, but its working-class constituency was very modest. It was a heterogeneous mosaic of ideological currents, ranging from extreme right to left, that found their common denominator in the radicalism of their positions and strategies. After the Catavi episode, it astutely auto-assigned the banner of tin miners (Malloy 1970). The international situation did not quiet US suspicions of pro-Axis affinities. Due to American pressures on the military, the MNR's presence in the cabinet was short-lived. American anxiety was also fed, from the opposite side of the political spectrum, by the results obtained by the communists in the elections for a new constituent convention. Although Bolivia remained a traditional, overwhelmingly rural society, the mining sector provided the core for the development of a strong unions movement, with important influence of the Revolutionary Workers' Party (PRT), of Trotskyite orientation.

The military responded to the "recommendations" of the Roosevelt administration with a wave of assassinations and massive executions that counted both communist militants and

members of the conservative oligarchy among its victims. This operated the miracle of pushing the left and the oligarchy towards an alliance. In 1946, an uprising triggered by a massive strike in La Paz ended with both president Villarroel and his nationalist dictatorship.

Both the evolution of the international situation and the absolute lack of strategic flexibility of conservative forces cooperated to accelerate the process leading to the Bolivian revolution. Communists had counted themselves among the victors, coming of the Cold War worked against their possibilities. Their oligarchic former allies moved quickly to implement a conservative restoration that showed how little they had learned. In turn, the MNR reacted with the flexibility its adversaries lacked, cleaning an image damaged by its previous involvement in Villarroel's cabinet by dropping all vestiges of fascist ideology from its discourse. The move was electorally rewarded: its presidential candidate, Víctor Paz Estenssoro, was the most voted in the 1951; however, he was unable to get the support of the absolute majority required to become president. Still, the episode sufficed to make conservative forces panic, and the new government was quick to invite the military to take its place in order to preserve the status quo.

As other times in Bolivian history, the conservative strategy backfired. A counterstrike based on a miners' militia and a small fraction of the army gained the upper hand in the capital city and brought the MNR to power. Its brevity notwithstanding, the episode brought a radical redistribution of political power. The army was drastically reduced, making the workers' militia the fulcrum of the revolutionary state's coercive capacity, and the enfranchisement of the illiterate population multiplied the potential scope of electoral mobilization, transforming the MNR from a notables party into a mass-based one (Malloy 1970). The MNR made a serious attempt to redefine its social bases by pulling some former Trotskyite union leaders, and creating the *Confederación Obrera Boliviana* (COB). In spite of those efforts, the petty bourgeoisie and

other middle sectors continued providing the core of the party's support, and its relationship with the core of the working-class movement would remain a conflictive one. The orientation of the revolution during its first year was provided by the COB, that "became a semi-sovereign institution that challenged the MNR's every move (Gamarra and Malloy 1995)." This led Paz Estenssoro to turn to the only possible source of a counterweight –the organization and mobilization of peasants.

The vast mobilization of peasant communities in the countryside immediately suggests a family resemblance with the Mexican revolution. The drama of the Bolivian revolutionary leadership, however, was the absence of anything comparable to the entrepreneurial bourgeoisie that provided the social base for the reconstruction of the Mexican state by the PRI.⁵¹ The Bolivian state –itself hardly comparable with the Porfirian one- was seized by an awkward and since the beginning very unstable coalition of the mining proletariat and sectors of the petty bourgeoisie and the middle classes. To further complicate things for the MNR, their strategy of building support among the peasantry quickly began to alienate important sectors of its urban constituencies. In the end, the fragmentation of the coalition originally supporting the revolutionary regime precluded the possibility of an "institutionalization of the revolution" based on a stable union-party-state system –the Mexican model. The fate of the revolution was to a great extent determined by the MNR's failure at two critical tasks that had been at the center of the PRI's success: the cooptation and domestication of the labor movement, and the subjection of the armed forces to civilian authority. Both aspects are connected, since it was the growing autonomy of the workers' militia that led the government to resurrect the army. As its social base

⁵¹ On the Bolivian revolutionary state, see (Mayorga and Gorman 1978); for an excellent comparison with the Mexican revolution, see (Knight 2003).

began to narrow, the revolutionary leadership thus became more and more dependent on sheer repression.

Given the type of social relations predominantly structuring Bolivian rural society, which guaranteed the exploitation of indigenous communities based a very traditional hacienda system, peasant support was contingent upon an agrarian reform. Representatives of the MNR and the COB began to cover the countryside, resurrecting modes of peasant organization with remote roots in the country's colonial past. Although numerically more vast than the miners' movement, the latter's organizational density and cohesiveness was missing from peasant corporate organizations. Their support became nevertheless critical for the government as the very effects of the early stages of the agrarian reform began to negatively affect food supplies for urban areas.⁵² This exacerbated frictions inside the revolutionary forces, as unions used their organizational structure to guarantee the provision of food for their membership.

Support for the government among the urban population began to experience a drainage in favor of right-wing electoral competition. A totally unexpected ally –the United States- would provide some oxygen in the short term, but at the cost of adding to the already complicated equation of contradictory demands to which the MNR was subjected. Pressures for a return to an orthodox economic policy were actually followed by significant stabilization efforts. However, room for maneuvering was also limited by the terms of the nationalization of tin mines. Although the COB was able to impose the decision, former owners not only were largely compensated, but thanks to their control of refinement activities taking place outside the country, remained able to

⁵² The dismantlement of the hacienda system was followed by a pattern of land redistribution that substituted a myriad of *minifundia*, with a short-term negative impact on levels of production (Halperín Donghi 1993, Klein 1992).

set the price of tin. While this squeezed national production from one side, the improvement in working conditions logically demanded by unions added to the effect from the costs side.⁵³

In the end, and not surprisingly given the alluded limitations in its social coalition of support, the basic failure of the revolutionary regime was at guaranteeing minimal conditions to frame sustainable capitalist development –precisely the central achievement of its Mexican role-model. Perhaps the absence of an entrepreneurial class could have partially been compensated by some “developmentalist” strategy aiming to induce its development from the top, but the path followed by the development of the revolutionary state precluded that possibility. From very early on, the multiplication of clientelist practices aiming to coopt the peasantry fed an uncoordinated bureaucratic expansion that distorted the structure and compromised the effectiveness of a state that was in first place spatially fragmented.

The dysfunctional pattern followed by the expansion of the state and the party’s inability to find a formula for the administration of internal factional conflict fed each other. Clientelistic criteria determined the selection of the MNR’s representation in congress. This undermined its capacity to provide effective representation for social and regional interests, and simultaneously exacerbated factional internal struggles for the colonization of the state apparatus.⁵⁴

The revolution entered a second stage in 1956, with the restoration of representative democracy and the election of Hernán Siles Suazo. Backed by the moderate wing of the MNR, the Siles Suazo administration made progress in terms of economic stabilization, but

⁵³ Not to mention the added effects of the drop in the international prices of tin that followed the end of the Korean War (Bulmer-Thomas 2003).

⁵⁴ On this, see (Gamarra and Malloy 1995, Malloy and Gamarra 1988, Mitchell 1977). Malloy and Gamarra summarize the consequences as follows: “In the long run, factionalism within the MNR converted the legislative assembly into an arena from which assaults on the executive power were launched. The MNR’s desire to create a single-party state was also sabotaged by the failure of party deputies and senators in congress to provide support for the MNR-controlled executive (Malloy and Gamarra 1988).”

simultaneously widening the gap between the COB and the MNR. Although the party's left wing regained influence with Paz Estenssoro's return to the presidency in 1960, the detachment from the original populist orientation of economic policy was not interrupted –neither the deterioration of the regime's support. Things being like that, the possibilities for the politically isolated new caste of MNR bureaucrats to remain in control became dangerously dependent on the army -which the government had begun to rebuild in order to balance the power of workers' militias.

The 1960s brought an improvement in international tin prices, but also a regional international environment under the impact of the Cuban revolution. Improved external conditions had a positive impact on private mining and agriculture in the Oriente region, but the state-owned mining sector and oil companies remained stagnated. A recovery plan was formulated within the framework of the Alliance for Progress. However, it entailed a series of measures towards the labor force that could only be introduced and maintained by increasingly repressive practices that repeatedly placed the armed forces in position to arbitrate between the state and unions.

The occasion for Paz Estenssoro to openly request the intervention of the army arrived when his disagreements with his vice-president, union leader Juan Lechín, led the latter to abandon the MNR, taking with him an important fraction. The military acquiesced to the president's ambitions of reelection, but imposed Gen. René Barrientos as candidate to the vice-presidency. The abstention of the opposition in the 1964 election emptied the victory of the Paz-Barrientos ticket of any legitimacy. Barrientos chose to lead a new coup, send his former running mate to exile, and make himself candidate in a new presidential election that he won with 60% of the vote in 1966.

Barrientos' electoral campaign presented himself as a legitimate son of the 1952 revolution and inheritor of its principles, and indeed the military did not attempt to reverse any of the key reforms introduced by the MNR. What the 1964 coup marked was the opening of a new stage, where the center of gravity of the political process moved to the army. The general dynamics, however, quickly began to resemble the ones under civilian rule. For a while, Barrientos used a civilian organization, the *Frente de la Revolución Boliviana* (FRB), to organize and support his congressional support. The FRB quickly sled into a logic guided by clientelistic factionalism. Barrientos then turn to his own corporation in his search for some anchorage that could guarantee governability. However, his colleagues would soon prove to be neither less ambitious, nor less prone to factionalism, than their civilian predecessors.

Barrientos consolidated the gap between the government and the COB. The other side of the coin was the steady ruralization of the MNR's electoral support. The military aimed to secure peasant support through the consolidation of the agrarian reform, and a program of highway construction that finally began to integrate something resembling a national market. The main results were the slow emergence of a class of commercial entrepreneurs, a timid expansion of domestic industry, and the displacement of the country's economic center of gravity to the Santa Cruz region.

The military made a brief attempt to resurrect the original revolutionary coalition in the late 1960s. Gen. Alfredo Ovando, Barrientos' successor in the presidency, insinuated an approach with the left the unions. After he failed, the radical fraction of his colleagues trusted the mission to Gen. Juan José Torres. Torres actually succeeding at convoking an *Asamblea Popular*. The extreme radicalism of the alternatives the latter debated had the only significant

effect of alarming economic elites and fortifying conservative currents among army officers, who forced the replacement of Torres with Gen. Augusto Bánzer in 1971.

Favorable international markets and ruthless repression enabled Bánzer to reach the dubious honor of becoming the most durable authoritarian presidency in Bolivian history by maintaining himself in power until 1979. The benefits of a brief prosperity in the late 1970s were extremely modest, but seemed to suffice, combined with repressive brutality, to keep the opposition silent until the fraudulent elections supposed to secure Bánzer's succession by his chosen heir. The new elections organized by the military after replacing Bánzer revealed that the resurgent opposition was also fragmented by the irreversible split of the MNR. None of the two parties resulting from the split, aligned behind Paz Estenssoro and Siles Suazo, was able to secure the necessary majorities to have its candidate elected. The decision thus fell in the hands of the legislators, who were unable to break the impasse, leading to a new election that Siles won with a clear majority, triggering a new coup, this time from a military faction involved in drug trade and led by Gen. García Meza. The new dictatorship was brutal but brief. It was ended within a year by a massive popular mobilization that returned Siles to the presidency just in time to deal with an inflationary spiral that would climb above four digits the following year. For several years, the imperatives of economic adjustment would monopolize the attention of public authorities in a democracy that 30 years after the revolution still managed to keep the vast majority of its indigenous population marginalized from effective political participation.

4.3 COSTA RICA

The Costa Rican process of incorporation has received careful comparative attention from Deborah Yashar and James Mahoney, with diverging conclusions about the roots the country's democratic stability in the second hand of the 20th century.⁵⁵ However, even those who defend the importance of the period of liberal reform covering the late 19th and early 20th centuries seem agree on situating the critical turning point of the process of expansion of political in the three decades beginning in 1930. Consensus also exists around the central role played by political parties as agents of incorporation. Debate still remains lively around the distribution of merits between the main partisan actors, as well as around the degree of continuity between those actors and the political establishment of the oligarchic republic.

Part of the difficulties have to do with the gradualism of the process –which did not exclude political turbulence. Even if highly consequential, the 1948 civil war constituted a stage of a more extended process.⁵⁶ The early stages of the political incorporation of popular and middle sectors had begun in the previous decade, and political turbulence and the main actors to resort to armed confrontation to resolve their differences lasted well into the 1950s.

Around beginning of the 20th century, the Costa Rican social structure had been only marginally touched by industrialization or urbanization. However, some of its peculiarities favored the insinuation of some potential sources of demands for an expansion of the social base of political life, important enough to call the attention of some members of the ruling elite. Two

⁵⁵ See (Mahoney 2002, Yashar 1997).

⁵⁶ For a penetrating re-evaluation of the significance of the civil war, see (Lehoucq 1991).

of them have been repeatedly invoked as very consequential for the long-term fate of democracy –a high literacy rate, and a social pyramid that was considerably flatter and more ethnically integrated than the regional average. Also unusual in that context was the continuity of civilian rule.⁵⁷ The distinctive importance of a rural middle-class of independent coffee-growing “yeomen” has become a persistent myth, but one not lacking its grain of truth.⁵⁸

Although numerically reduced, some urban professional categories had been experimenting with the organization of guilds and mutual-aid societies since the late 19th century. Although the results of such efforts were not always durable, they contributed to the political mobilization of artisans and laborers.⁵⁹ However, the direction of political life remained confined in the hands of an entrepreneurial class whose core was formed by those controlling coffee production and commercialization –large farm owners, millers, and exporters. Urban society has slowly begun to turn more complex, as prosperity encouraged that bourgeoisie of *cafetaleros* to diversify its investments through commercial and industrial activities. Conversely, capital originally accumulated in those activities were invested in the purchase of coffee farms.

If the elite became more diverse, politics would still remain within the parameters of an oligarchic order for a while. This was not only a matter of the narrowness of both electoral franchise and the recruitment of political leadership. It also included the systematic resort to fraud to manipulate electoral results (Lehoucq and Molina 2002). Political parties adjusted to the

⁵⁷ Crucially, according to Booth, “Costa Rica did not develop a quasi-feudalistic hacienda system in which a Creole aristocracy controlled highly concentrated land holdings and exploited Indians and black slaves as elements of plantation economic production. Without haciendas, economic elites never came to depend on an armed force to ensure cheap rural labor, a practice that elsewhere bred militarism and authoritarianism (Booth 1999).” See also (Gudmunson 1995).

⁵⁸ For a discussion of gaps and coincidences between Costa Rica’s democracy official foundational mythology and its effective historical experience, see (Gudmunson 1986).

⁵⁹ The first unions federation, the Confederación General de Trabajadores (CGT) was born in 1913, as a result of the efforts of a group of Marxist activists that had initiated a Sociedad de Trabajadores in 1909 (Booth 1987).

traditional caucus model, and in a state of permanent flux, resulting from their recurrent fragmentation in cliques of notables clustering around personalistic leaderships.

Things began to change in the 1920s. The prosperity brought by the European war had stimulated the expansion of “enclaves” of banana plantation, owned by the United Fruit Company and oriented to the international market, that provided conditions facilitating unionization efforts. The intensification of ideological debate as a result of overseas development, the development of a leftist intelligentsia, and the end of prosperity pushed in the same direction. The impact of the depression triggered a series of strikes that peaked in 1933, facilitating the foundation, by militants linked of the Communist party, of the *Confederación de Trabajadores Costarricenses* (CTC). Communist militants had been particularly successful, in the previous years, in the formation of scanty but highly concentrated and very cohesive nodes of unionization in banana plantations (Hytrek 1999).

Small and medium coffee growers, and urban popular sectors, had been already supporting the emergence of small parties for a while, but without immediately challenging the predominance of the traditional ruling stratum. The unrest of the early 1930s sufficed to trigger initiatives of “enlightened reform” from the top. This change involved three central actors: president Rafael Calderón Guardia, the Communist Party, and Archbishop Víctor Manuel Sanabria. The result was an unexpected coalition of communist and social-christian forces that set the bases of the Costa Rican welfare state.⁶⁰

Calderón was a physician with an impeccable conservative pedigree, who chose to respond to the growing manifestations of popular political discontent with an anticipatory

⁶⁰ On the formation of the coalition, see (Hytrek 1999, Miller 1993).

strategy, redefining the political profile of his *Partido Nacional Republicano* (PNR). A useful blueprint was provided by some early versions of the European Christian Democratic right that had attempted to incarnate the paternalistic solidarism of the *Rerum Novarum* encyclical. With the blessing of the Archbishop, Calderón forged an alliance that included the Communist Party as a member of the coalition ruling Costa Rica for two consecutive terms. Legislation creating a social security system in 1941 and a labor code in 1943 were the most visible products of that cooperation (Rosenberg 1981, 1983).

The alliance between Calderón and the communists triggered the organization of multiple sources of opposition. It was resisted, in first place, from within the PNR itself, where social reforms rose concerns among the aristocracy of coffee producers. The conservative party was a less appropriate vehicle for the opposition of middle sectors that, in spite of disliking the presence of the Communist Party in government, were not necessarily against social reform. That would provide the target constituency for the formation of a Social Democratic party. The social democrats were also more attentive to the needs and demands of small and medium coffee producers, and other components of a middle class of entrepreneurs who, without showing particular interest in redistribution, could benefit from other forms of governmental intervention.

Teodoro Picado, Calderón's successor since 1944, renewed the alliance with the Communist Party. The labor unrest caused the end of the war-induced bonanza combined between 1946 and 1948 with an escalation of political violence from the social democratic opposition. The conservative opposition aligned behind the *Partido de Unión Nacional* (PUN), founded by Otilio Ulate with the purpose of competing for the presidency in 1948. That year, the PUN established an alliance with the social democrats led by José Figueres. The results of an election marked by fraud from both sides ended placed the decision on its results in the hands

of the PNR legislative majority. The annulation of the victory that the opposition claimed for itself. Figueres reacted with an armed uprising resisted by the allied forces of the government and the militias of banana plantation workers organized by the Communist party. The war was brief and bloody. The military victory of the insurrection led to the establishment of a junta commanded by Figueres that ruled for eighteen months.

The Junta combined political repression and social and economic reform. It suppressed several unions suppressed and outlawed the Communist Party outlawed, fully nationalized the banking system, imposed an important tax on wealth, and convoked a constitutional assembly. The last two reforms contributed to unify the conservative opposition, which won a majority of votes in the elections for a constitutional assembly. With a conservative majority, several initiatives of the social democrats were blocked, and the constitution only experienced marginal changes, save for the suppression of the armed forces and the creation of an independent authority for the organization and supervision of elections.

The future of the Costa Rican political system remained uncertain for several years. A persistent myth maintains that a pact among partisan elites eased the stabilization of constitutional rule.⁶¹ Abundant evidence actually points in the opposite direction: the temptation of an armed response to electoral defeats remained very strong among the main political actors well into the 1950s. The PLN was able to articulate a victorious coalition for the 1952 election. It captured the support of the petty bourgeoisie and of the workers of banana plantations from the Atlantic coast with an ambitious program of social and economic reforms. Essential for Figueres' political survival was that his progressive preferences in many policy areas did not preclude a

⁶¹ See, for example, (Booth 1999, 2007); disc. (Bowman and Baker 2007).

vigorous anti-communism. In the early years of the cold war, this constituted a precious asset for those having to live “so far from god and so close to the United States.” Under the light of the contemporary Guatemalan experience, it looks determinant for the tolerance and occasional support that the United States granted Figueres, in spite not only of his social reformism, but also of some gestures of independence in Costa Rica’s foreign policy. For many decades, representatives of the government, the opposition, and the rulers of neighboring countries, deployed a feverish competition, lobbying different branches of the United States government for support for their respective political agendas.

The PLN managed to consolidate a hegemony that only partially was based on political exclusion –if the ban on the Communist Party was maintained, the conservative opposition was able to win presidential elections and govern three times during the following three decades.⁶² During those periods, however, the PLN maintained legislative majorities. Combined with institutions structure that granted the governmental agencies in charge of social policies wide margins of autonomy, those majorities guaranteed the consolidation of what most closely has ever resembled a welfare state in Latin America. The end of the national tradition of electoral fraud, the alternation of parties that it made possible, and the acceptance by the conservative opposition of the strategy of development and social protection established by the social democrats, also favored the gradual installation of a consensual style of policy-making in several areas.

Of course, the continuity of a model born with a strong partisan imprint owes a lot to the fact that six out of the nine men who occupied the Costa Rican presidency between 1953 and

⁶² Under Mario Echandi (1958-1962), José Joaquín Trejos (1966-1970), and Rodrigo Carazo (1978-1982).

1998 belonged to the PLN,⁶³ and four out of the former six had been members of the 1948 revolutionary *junta*. What is crucially absent in the PLN's hegemonic strategy, is the type of top-down cooptation and encapsulation of unions and other interest groups in vertical structures of corporate representation controlled by the party.⁶⁴

4.4 ECUADOR

Ecuador's political history has been marked by a secular struggle for hegemony between the regional oligarchies of the coast –where Guayaquil constituted the dynamic center of the Ecuadorian economy during the 19th century-, and the highlands –organized around Quito-. The 1895 civil war that ended with a victory of the coastal liberals led by Eloy Alfaro, is usually seen as the turning point that marked the country's access to political modernity under the sign of liberalism. After defeating the highlands' conservative landowning elite, Alfaro indeed pursued some of the mandatory lines of the typical 19th century liberal program. The state was secularized, and a rail line linking Quito with Guayaquil –ant through the latter to the external world- began to operate in 1908. However, the effective economic integration remained very limited, since the highlands' economy lacked a base of exportable production. Discontinuities

⁶³ José Figueres (1953-1958 and 1970-1974), Francisco Orlich (1962-1966), Daniel Oduber (1974-1978), Luis Alberto Monge (1982-1986), Óscar Arias (1986-1990), and José Figueres Olsen (1994-1998). Figueres, Orlich, Olduber, and Monge had participated in the junta. The generational replacement arrived with Oscar Arias still included *don Pepe's* son.

⁶⁴ Although the party developed important connections with organized labor through the *Confederación Costarricense de Trabajadores Democráticos*, the link lacks the verticality that we can find in the relations between APRA, Peronism, the PRI, or even AD, and their respective labor constituencies (Booth 1987). Besides, the PLN's core constituency has historically been among the middle classes.

also remained notorious between coast and highlands regarding social relations, since the exploitation of indigenous workers by landowners was not affected by the new liberal hegemony.

Alfaro failed not only to undermine the basis of the socioeconomic power of the highlands' traditional landowning, but also to keep liberals unified under his leadership, which at the point of his second presidency had become too authoritarian and populist for the palate of the party's notables. Their internal divisions made it impossible for the liberals to remain in control after by a mestizo mob tragically ended Alfaro's second presidency by lynching him, and the Quito-based conservative supremacy was restored. As limited as modernization was the magnitude of pressure from below for an opening of the political game, although the oligarchy marginally renewed itself by allowing the access of some upper-middle class parvenus recently enriched by commercial activity. In 1925, a military coup opened an attempt to introduce the modernization the notables had proved incapable of leading, by means of the "progressive dictatorship" of Isidro Ayora, but the results were hardly more impressive. The traditional *hacienda* would survive well into the second half of the century, as would the economic and social structural dualism between *la costa* and *la sierra*. The country's economy would remain stagnant for almost three decades (Ayala Mora 1991).

The emergence of popular political agitation would have to wait until the 1930s, when the depression reached Ecuador and ended the ephemeral boom of cacao production that coastal planters had enjoyed in the previous decade. The impact of the crisis was particularly brutal, since the country could not find an alternative product to replace cacao as the outward-based engine of the economy. Although the dimensions of a highly fragmented internal market still organized to a great extent around local production blocked the development of substitutive industrialization, the expansion of export plantation had provided an opportunity for unionization

of workers in the coast. The significant progress of workers' organization had been mainly the work of communist activists. However, the political benefits of their joint mobilization with the expanding poor population of Guayaquil, would go to a populist leader from the liberal oligarchy: José María Velasco Ibarra.

However, this first populist experience would be short lived. Although Velasco succeeded at expanding his base of support beyond the traditional liberal constituencies of the coast, he proved much better at agitating popular opposition to the oligarchy than at solving the problems that made that agitation possible. He also failed at securing support from the military to discipline his disenchanted followers through repression. However, what the military would not do for Velasco, they accepted to do for the liberal oligarchy in 1935, when they removed him from the presidency. The military's willingness to support the political elite would evaporate during the following decade, and their passivity was crucial for the success of a *Velasquista* uprising in 1945.

Velasco Ibarra's first comeback –there would be several more throughout the following decades- counted on the support of socialists, communists, and dissident liberals. Governmental action did not change the basic problems of the Ecuadorean economy in any significant way, but Velasco's propensity to authoritarian practices provided once more an excuse for his removal by the military. The veteran caudillo would return in 1952, this time conservative acquiescence. After winning a new election, he repeated the pattern of progressive detachment from his supporters and escalating authoritarianism. This time the conservatives allowed him to complete his term, counting on his failure to win the 1960 election, which in fact he won. His aging notwithstanding, he soon proved his inclinations for an authoritarian style acquiescence of the conservatives

In the meantime, the social structure of the Ecuadorean coast had been transformed by the consolidation of a new stratum of owners of middle-sized properties benefitting from the accelerated growth of banana exports. The renewed and diversified economic elite of the coast began to find itself poorly represented by the traditional liberal elite. A parallel process increasingly separated the even more traditional landowners of the highlands from a society transformed by accelerated urbanization. The drama of Ecuadorean democracy was that, in the absence of a social force capable of sustaining an alternative hegemonic elite, popular forces repeatedly found themselves forced to choose between the decadent oligarchies and the ever-returning Velasco. It took until the 1970s for those forces to consider an alternative on the left, turning Velasco Ibarra into a preferable evil for the military.⁶⁵

Velasco's last presidency changed little. A more significant turning point arrived when the armed forces, stimulated by the example of their Peruvian colleagues, chose to lead themselves the long-pending transformations of Ecuadorean society. They also followed their neighbors in the quick loss of their progressive momentum. Concessions to foreign companies for the exploitation of oil in the Amazonas region could have provided the resources for a longer-lasting or more ambitious transformation. However, the Ecuadorean government made the mistake of exceeding the parameters set by the OPEC for production and prices, paying with the marginalization of their country in international markets (Martz 1987). When, by the end of the decade, the military chose to set themselves aside and allow a return to constitutional rule, the

⁶⁵ See (Cueva 1982, Halperín Donghi 1993)

results of the programs of economic modernization they had sponsored were indeed modest (Handelman 1981).⁶⁶

In 1978, a new constitution approved via referendum finally removed historical restrictions on the franchise, abruptly adding two million voters to electoral registers (Conaghan 1995). Jaime Roldós, a member of the coastal merchant elite, won the 1978 presidential election running as substitute candidate for his father in law, Assad Bucaram, whose populist style the military had found close enough to Velasco's to merit a veto on his candidacy. When the premature death of the president put Christian Democratic leader Osvaldo Hurtado in his place, the debt crisis was already making itself felt in Ecuador, and the implementation of austerity measures consumed the remainder of his term. The orthodox orientation of economic policy was accentuated after the arrival of conservative León Febres Cordero to the presidency in 1984. The neoliberal turn lasted until 1986, when disastrous midterm electoral results and brief sequestration by a faction of the armed forces with congressional support, persuaded the president of a change of direction. The following year, the effects of the debt crisis, already magnified by political instability, reached a new peak when an earthquake damaged the pipeline that transported oil from the interior lowlands to the coast.

Catherine Conaghan has situated at this point the “foundational moment” at which Ecuador began to develop a modern party system “for the first time in its history (Conaghan 1995).” However, the same author continues by immediately remarking the limitations of the Ecuadorean party system as it looked more than fifteen years after the transition. Apart from its extreme fragmentation and volatility, Conaghan observes, “[political parties] have been

⁶⁶ On the dynamics of the transition to democracy, see (Conaghan 1987, Isaacs 1993).

marginalized in the policy-making process, especially in the economic sphere. [...] The result... is that the party system is increasingly dissociated from critical decision-making spheres inside the state and disconnected from the electorate.” This had a direct negative impact on the parties’ legitimacy, which dovetailed with recurrent party splits and leaderships defections to turn the system into one of “floating politicians” and “floating voters.” True, the main lines of the post-1978 multi-partisan mosaic were defined by splits from the long-lasting Liberal Radical and Conservative parties. However, that persistence had not been the result of any adaptive capacity. It rather resulted from recurrent military interventions that prevented a much earlier marginalization of traditional parties, by discontinuing successive attempts to undertake the tasks that both Liberals and Conservatives repeatedly proved incapable of performing –actually, not even interested in trying.⁶⁷

As was the case with Bolivia, the region-wide terminal crisis of import-substitution found Ecuador still struggling to find the social and political forces, and the institutional forms, that could consolidate a stable institutional frame for political representation. But the frustration of incorporation was in the Ecuadorean case more complete and radical. Not only were the traditional parties incapable of recycling themselves according to the Colombian or Uruguayan pattern; potential alternative corporate and partisan actors were aborted in the strict sense of the term. Indeed, a comparison with the Bolivian experience makes the MNR and the COB almost look as stories of success. Neither did the military, during their brief “peruanist” vogue, transform the Ecuadorean state in any durable fashion that could anchor subsequent political development. The only enduring legacy of recurrent aborted attempts of incorporation was,

⁶⁷ See (Cueva 1982, Fitch 1977).

precisely, the persistent volatility not just of parties, but of the whole institutional frame of political competition.

4.5 CONCLUSIONS

The narratives that fill the previous three sections of this chapter are deliberately schematic, but I hope sufficient to support my central contention about the nature of the respective processes that led the three countries from an oligarchic order into the era of mass politics. Bolivia and Ecuador experienced aborted processes. This diagnosis results neither from the quantitative limits of the part of popular sectors effectively incorporated, nor from the fragility of the brief democratic experiences that the expansion of participation brought. The crucial aspect is that the processes did not give birth to any institutional legacy solid enough to structure political life in any durable way in the aftermath of those frustrated cycles of incorporation. In particular, both the stable organization of interest intermediation and the creation of basic state capacities persisted as pending tasks. For Bolivia and Ecuador, the persisting challenge would be not just the formation of stable governing coalitions, but the government's capacity to govern at all.

The case of Costa Rica, where the period of incorporation left one of the most durable institutional webs of the region, is on the other extreme of the regional range of governability. The centrality of political parties as vehicles for the expansion of political participation seems to be pretty obvious. It is also clear that the strategy of incorporation does not fit the corporatist pattern. What may be more debatable, is the degree of continuity between the oligarchic party system and the one that replaced it. Is it totally accurate to place Costa Rica in the same category of Colombia and Uruguay? The continuity is clear throughout the mutation of conservative

forces that ended in the creation of the PUSC, but not so for the PLN. However, neither did the PLN replicate the pattern of comprehensive contestation of the existing political establishment from the outside, nor was controlled mobilization by authoritarian means part of its recipe. In any case, this is a question that, for my current purposes, can stay open. The relevant questions, in terms of the theoretical framework I intend to apply, are two, and I think that those answers are clear. The first one refers to whether we have a corporatist legacy –to which the answer is no. The second question is about the distribution of the political benefits of the expansion of social protection, and I think that we clearly do not have the monopoly typically found in populist experiences, but a bipartisan consensus around the main orientation of the system.

5.0 WELFARE REGIMES IN CONTEMPORARY LATIN AMERICA

This chapter is structured around four questions. First, what are the types of welfare regime that we can identify in Latin America around 1980 and around 2010? Second, to what extent does the clustering of cases in different categories around 2010 mirror the one in 1980? Third, is it possible to identify trends of welfare regime-transformation –either across categories or category-specific? Fourth, considering those same transformations in terms of their institutional forms, is it possible to identify patterns of institutional change?

Based on those questions, the chapter is organized in four sections. In the first one, I briefly discuss the main typologies recently developed to classify Latin American welfare regimes. In the second one, I present and discuss data on the different dimensions of welfare regimes, for the 11 countries considered in this studies, at two points in time –circa 1980 and 2010- and define a number of typological categories. The third section analyzes the changes experienced by the different countries for each of the measured dimensions, and identifies some general trends. I seek to identify patterns of change along two axis. The first one has to do with the configuration of the welfare regime; the second one focuses of the type of institutional transformation through which changes in welfare regimes have taken place. The fourth section presents the main conclusions.

The chapter's main findings can be summarized as follows. First, in spite of the importance that systems of social security had for processes of popular incorporations, there is

only very limited correspondence between types of incorporation and the welfare regimes we find around 1980. Second, neither is it possible to find perfect correspondence between the clusters of cases found in 1980 and 2010. Third, changes in the configuration of welfare regimes have been significantly more common in Latin America than in the OECD world. Fourth, neither for pensions, nor for healthcare systems, it is possible to identify any homogeneous trend across the region –there is no convergence towards a “regional model.” Fifth, to the extent that there are common trends, they result from the challenges that changes in labor markets and demographic trends have imposed on employment-based systems of social protection.

5.1 WELFARE REGIMES IN LATIN AMERICA: DISCUSSION OF TYPOLOGIES

5.1.1 General overview

Several typologies are available that attempt to conceptualize the configuration of Latin American welfare regimes under import-substituting industrialization. Until very recently, most of the literature has revolved around three solutions. The first one is conceptual stretching. It consists of conceptualizing Latin American regimes as imperfect manifestations of some of the categories coined by Esping-Andersen for developed countries. The most common version sees most cases as modelled on the Bismarckian blueprint, and Costa Rica as the only solitary exception with some resemblance to the Scandinavian model. The other side of conceptual-stretching is what Sartori called “degreecism.” In this case, it consists of analyzing the diversity among the vast majority of

cases typified as corporatist in terms more or less “complete” versions of the continental European paradigm.⁶⁸

The second solution is chronologically previous to the irruption of Esping-Andersen’s typology, and it did not rely, strictly speaking, on the category “welfare regime.” Until recently, it was by far the most cited classification of the region’s “worlds of welfare capitalism.” Carmelo Mesa-Lago’s classified the region’s social security systems in three groups, based on the timing of their initiation and expansion –namely, pioneers, intermediate, and late-comers. These categories provide a useful device for preliminary descriptive analysis. Although each category has a solid core in a couple of paradigmatic cases, their boundaries are fuzzy and there is an important number of “borderline cases” whose classification is debatable. But the main shortcomings have to do with the limited explanatory leverage of this categorization. Chronological proximity undoubtedly results in some common traits that play an important role in the dynamics of systems of social protection.⁶⁹ However, it does not lead us too far in the understanding of at least two problems. First, variation within categories –for example, Argentina, Brazil, and Cuba, are among the pioneers. Second, the fact that some resemblances across categories are stronger than within them –for example, Costa Rica, an intermediate developer, has more in common with some pioneers (i.e. Uruguay) than with most members of its cohort (like Mexico).

⁶⁸ See, for example, (Barba 2005, Del Valle 2010, Huber and Stephens 2012).

⁶⁹ The two main factors operating behind the commonalities among contemporaneous systems are on the one hand the repertoire of available models and external influences; and on the other hand, the effects of system maturation. See (Mesa-Lago 1978, 1989, 1991b).

In the mid-1990s, Fernando Filgueira introduced a third option that has since then been gaining popularity.⁷⁰ That is the construction of a typology of Latin America welfare regimes that, while clearly inspired by Esping-Andersen's, acknowledges the need to create new types to accurately conceptualize the realities of the region. One again, we have a tripartite distinction –in this case between cases of segmented universalism, dualism, and residualism. To some extent, this is an attempt to retain Mesa-Lago's most rewarding insights, but integrating them with the political economy approach proposed by Esping-Andersen. Filgueira's is the effort that carries more explanatory leverage and potential for theory-development. He also notices that two dimensions not considered in the original typology –namely, levels of spending and coverage-, requires consideration when dealing with the underdeveloped world. This typology has, however, an important limitation for my purposes. It works pretty well for the point of departure and part of the development process, but does not offer an equally rounded-up classification of the results of the cycle of transformations that followed the exhaustion of import-substitution industrialization. In other word, it does not provide a classification fitting the current situation.

Somehow, advantages and limitations are reversed in the alternative recently provided by Juliana Martínez-Franzoni –probably the most comprehensive and methodologically elaborate attempt to build a typology of welfare regimes currently existing in the area.⁷¹ This is also the author that makes the most consistent effort to work within the theoretical parameters set by Esping-Andersen –and as a result deals with some of their ambiguities and problems of operationalization. The result, however, is an interesting typology that fits the current situation, but has far more limited leverage for the purpose of explaining how things got here.

⁷⁰ See (Filgueira 199, 2005, 2007a).

⁷¹ See (Martínez Franzoni 2005, 2008c, b).

5.1.2 Armando Barrientos' "conservative/informal" model

From my point of view, the discussion of Esping-Andersen's model that Armando Barrientos developed with the Latin American experience in mind provides a more useful point of departure – even disagreeing with some of his conclusions.⁷² Barrientos' main strengths in this regard are twofold. First, he has carefully reconstructed the adjustments and refinements accumulated throughout Esping-Andersen's successive restatements of his theory in response to diverse criticisms. Second, as a result, he avoids conflating the discussion of theoretical categories with the analysis of the author's original methodological choices –particularly regarding indicators and statistical techniques.⁷³

Two of Barrientos' observations are especially useful and one of his limitations particularly complicated. The limitation is that he does not offer elements for discrimination within the region –his position is that similarities outweigh differences among Latin American welfare regimes, which may thus be included in a single category. I will later discuss this point during the analysis of the data. The first important observation is about these regimes' main mirror in the developed world. It does not point to any of the members of the original trilogy of ideal types, but to the distinctive "Mediterranean model" identified by some authors for Southern European countries.⁷⁴ The singularity of this model would result from a combination of traits of the "pure" liberal and conservative types. Like the former, they are to a great extent under-

⁷² Actually, Barrientos elaborates on Ian Gough's pioneering efforts to extend the theory of welfare regimes to the underdeveloped world. See (Gough 1999, 2004). Gough's main insight is the relevance that high informality has for the production of welfare in the periphery.

⁷³ Indeed, an important problem that has largely affected the vast debate around *The Three Worlds of Welfare Capitalism*, is the fact that some of its author's methodological choices fit his theoretical categories very imperfectly. See (Emerijck 2013, Powell and Barrientos 2004, Van Keersbergen and Vis 2014).

⁷⁴ On the argument about a specific Southern European welfare regime, see (Ferrera 1996).

developed and residual; however, they have in common with the latter the centrality of the family as a provider of welfare.⁷⁵

But the fit between Southern European models and Latin American realities is imperfect too. Two limitations are crucial. The first one is the “truncation” of welfare regimes built upon occupational status in countries with extensive informal labor markets. The second is the very limited development of means-tested assistance programs of the type that characterizes liberal welfare regimes. The combined result is that social insurance and job protection, that constituted the core of welfare regimes in Latin America, only rarely reached beyond middle classes and privileged sections of urban working classes. On the one hand, unlike the typical conservative configuration, social protection scarcely reached beyond formally employed workers. On the other hand, the limited reach of states in the provision of welfare was not necessarily associated with a pervasive extension of the role of the market. The full development of market mechanisms met two main obstacles. First, the size of informal employment, and in some cases, of the informal economy in general. Second, the limited spatial penetration and integration even of informal markets in those areas in which subsistence-oriented peasant production was the predominant form of economic activity. An important consequence was that the role of families in the production of welfare ended being as crucial as in the typical conservative configuration.

Based on consideration of those aspects, Barrientos typifies “*the*” Latin American welfare regime as *conservative/informal*. This ideal type would be defined by a mix combining the following attributes: 1) “Truncated” state components, structured around formal employment-based social security systems segmented along occupational categories, and

⁷⁵ According to Barrientos, an important feature in this respect is the lack of any explicit basic income maintenance provision, which results in the fact that programs not originally designed for that purpose (i.e. disability pensions) end partially fulfilling the function (Barrientos 2009).

occasionally including very marginal social assistance programs.⁷⁶ 2) Labor-market components that were split between a very imperfectly institutionalized formal section, and an important informal section. 3) Families –extended ones in particular- playing a central role in the production of welfare. 4) A fractured systemic configuration, with very limited integration between formal and informal components.⁷⁷ In terms of outcomes, this is a mix that results in very limited decommodification –access to social protection is directly contingent upon insertion in the labor market-, and high familialism. This has two central consequences in terms of stratification. First, a fracture between “insiders” and “outsiders” to the formal labor market and to the social security system. Second, within the universe of “insiders” the stratification that results from social security systems that not only do not correct the hierarchical organization of the labor market, but in some cases even exacerbate it. The aggregate result is a structure that, due to its fractures, is severely weakened in its capacity to guarantee the reproduction of the regime.

How well does the “conservative/informal” model fit Latin American realities? I think that the scheme’s main virtues are three. First, its emphasis on the importance of informality and the truncation it determines. Second, Barrientos has been, together with Martínez-Franzoni, among the first to “bring familialism back-in” to the analysis of Latin American social protection systems. Third, the hypothesis of the deficiencies of formal labor markets as the determinant of the failure of structures of stratification to guarantee the reproduction of the model. As we will

⁷⁶ I would add and emphasize a negative attribute that constitutes a central difference even with the closest European mirrors: the virtual absence of active labor market policies.

⁷⁷ Barrientos emphasizes the importance of this lack of systemic integration and indicates through the use of the dash to separate its formal and informal components, as opposed to the hyphen that he introduces to designate the liberal-informal configuration, characterized by the development of forms of social assistance that play a bridging role.

see, all these considerations, become especially useful to explain some tensions and transformations experienced by all social protection systems of the region from the 1980s on.

5.2 THE CONFIGURATION OF PRE-REFORM WELFARE REGIMES IN LATIN AMERICA

Barrientos' solution presents a key limitation: it cannot account for the variation across national experiences without resorting to "degreeism." In the end, and in spite of the importance of some factors operating in all cases, it is a fact, as Tables 25 to 28 show, that we arrived at the 1980s with a very diverse mosaic of configurations.⁷⁸

5.2.1 When quantitative differences become qualitative: the problem of truncation

The idea of welfare regimes emerged precisely as a response to the limitations of continuous measures –typically based on levels of public social spending. The assumption that the explanation of variation among social protection systems requires a typological classification is at the very root of the approach. Paradoxically, however, we need to start by introducing variation in levels of social spending and in the extension of coverage to understand the nature of some of the qualitative discontinuities we are dealing with.⁷⁹ Indeed, attempts to apply Esping-Andersen's categories to the study of the underdeveloped world often forget that they were developed on the assumption of

⁷⁸ See Appendix A at the end of this chapter.

⁷⁹ See (Figueira 2005).

relatively high levels of spending and coverage. Within the Latin American universe, however, the percentage of the total population covered by social security circa 1970 ranged from 68% to 9%, while the level of social expenditure as a percentage of GDP varied between 17% and 5.9%. The distance between such extremes is thus more than a matter of degree.

Barrientos' selection of the crucial defining characteristics of Latin American welfare regimes is an accurate one. The problem results from the fact that, although "truncation" is a pervasive attribute, whether it leaves out 30% or 90% of the population results in qualitative discontinuity. Indeed, his "catch-all" ideal type fits pretty well the initial configuration of social protection systems in Brazil, Mexico, Venezuela, and perhaps Peru. However, the mismatch is significant with several countries that can be clustered on two groups.

First, we have the cases of *Bolivia*, *Colombia*, *Ecuador*, and perhaps *Peru*, in which the development of social protection stopped too short to constitute an element of integration. Indeed, Filgueira is correct when he characterizes theirs as an *exclusionary* pattern. This in turn has, as we will see, very significant political repercussions. Formal labor market and social protection "outsiders" are, in purely numerical terms, an overwhelming majority in relation to "insiders." It thus comes as no surprise when we notice that most cases in this group are also the ones with less successful experiences of political incorporation under import-substitution industrialization –as well as the ones with higher levels of institutional instability during the period studied here.

Second, we have the cases of Argentina, Chile, and Uruguay. These are the closest to Southern European experiences, fundamentally for two reasons. One is a considerably more extensive and integrated development of formal labor markets, which had a proportional positive effect on the coverage of social security systems. The other one is the development of some

social assistance programs (particularly health care services) that, even if limited and chronically affected by shortages of most resources, were still relatively effective, thanks to the smaller size of their target populations. Of course, I am not implying that that “truncation” did not actually occur, or was negligible in these cases, but its consequences were considerably milder than in the rest of the region. Additionally, some structural factors contributed to more integrated developments of social protection in these countries. During the incorporation period, they were less affected by spatial fragmentation. This worked in favor of more integrated market and state structures. Especially important, this in turn reduced the cross-regional variation of the reach and quality of social assistance programs. Once again, it is not accidental that we find in this group the highest concentration of cases in which incorporation occurred in political contexts marked by contending elites competing for popular support.

And we have, of course, the Costa Rican outlier, which is interesting, among other things, because it reveals the limitations of quantitative information for this type of analysis. Although levels of spending and coverage would clearly place the country in the same group of Argentina, Chile and Uruguay, the development of its welfare regime had from very early on a universalist and inclusive vocation that was missing in the others. Two elements in the Costa Rican system of social protection have been particularly important in this regard. First, a more important element of state participation in the welfare mix –especially in the provision and coordination of healthcare services. Second, the early development of a number of non-contributory benefits –pensions in particular. By breaking with the contributory principle earlier and more radically, Costa Ricans pushed the outcomes in terms of decommodification farther than any other country in the region. Does that mean that it is correct to classify their welfare regime as a social

democratic one?⁸⁰ It is certainly the Latin American case that comes closest in terms of universalization and decommodification of social protection. However, at least three important limitations persist. First, the development of social services, essential for the moderation of gender-based stratification, is notoriously more modest than in the Scandinavian pattern. Second, Costa Rica surprisingly lacks a system of unemployment insurance. Third, in spite of having what probably is the most consensual policy-making style in the region, it has not developed the type of labor-market regulation based on neocorporatist arrangements that characterizes not only the social democratic model, but also the conservative one.⁸¹

5.2.2 An alternative typology

Summing up, I suggest the classification of the pre-reform welfare regimes of the eleven countries considered in this study in *four categories* –namely, exclusionary, conservative/informal, extended-conservative, and incomplete universalism.

Exclusionary welfare regimes are defined by a mix of marginal state participation, high market informality, and a central role for families in the production of welfare. This is the group that combines the lowest levels of decommodification and the highest degree of familialism. These exclusionary welfare regimes have social security systems with very limited coverage, extended to a minority of urban middle classes, with access and benefits determined by conditions of formal employment.

⁸⁰ This alternative has been suggested, for example, by (Huber 1996, Sandbrook et al. 2007).

⁸¹ See (Clark 2013, Martínez Franzoni and Sánchez-Ancochea 2012, Martínez-Franzoni and Sánchez-Ancochea 2012, Mesa-Lago 2008, Sánchez-Ancochea and Martínez Franzoni 2013, Sojo 1994, Trejos and Güendell 1994).

Table 3: Latin American welfare regimes, circa 1980

| TYPE of WELFARE REGIME | WELFARE MIX | OUTCOMES | STRATIFICATION | CASES |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| Exclusionary | Predominance of informality; limited development of state & market | Low decommodification; low defamilialization | Truncation at levels of very limited coverage. Main cleavage between a majority of outsiders and a minority of insiders covered by social insurance. Segmented social insurance | Bolivia, Colombia, Peru, Ecuador |
| Conservative/Informal | Dual structure. Important presence of the state in the modern sector; subsistence of important informal sector comparable to exclusionary countries. | Medium decommodification in the modern sector. De-familialization remains low, since the model of social insurance assumes male breadwinner. | Truncation still leaves important sectors of society (especially rural ones) without coverage. High segmentation of the structure of social insurance. | Brazil, Mexico, Venezuela |
| Extended conservative | Balance between state & market, with predominance of the state. | Medium decommodification. Low defamilialization. | Though not universal, coverage is very extended. High segmentation of the structure of social insurance | Argentina, Chile, Uruguay |
| Incomplete universalism | Predominance of the state. Marginal role of the market. | Medium-high decommodification. Low defamilialization. | Extended coverage. Segmentation is uneven across policy domains (still high in pensions). | Costa Rica |

Public social assistance programs are barely developed in exclusionary welfare regimes, and marginally compensated by an uncoordinated mosaic of philanthropic activities, NGOs, and international aid. Labor market regulation is minimal. The main line of stratification separates a minority of insiders from the vast majority of outsiders. Although stratification within the former exists as a consequence of the fragmented pattern of corporatist incorporation common to most

of the region, the reduced size of the sector as a whole sets relatively narrow limits to the number of special regimes. Bolivia, Colombia, Ecuador, and Peru are included in this category.⁸²

Conservative/informal welfare regimes are the result of the truncated nature of processes of industrialization that, while confined in their reach to a few urban centers, were nevertheless highly developed. Participation of the state in the welfare mix is significant, through employment-based social security systems that provide extended coverage and important levels of benefits. Coverage developed, however, within the limits of the “anti-schumpeterian triangles” identified by Evans as the social core of import-substitution industrialization. Beyond those coalitions, high levels of informality and the spatially uneven development and superficial penetration of the state, determine levels of familialism comparable to the ones present in exclusionary regimes. Decommodification, while undoubtedly more advanced than under exclusionary regimes, is still limited both by truncation and by the contributory bases of access to social protection. We thus find a pattern of stratification that combines significant truncation and a high level of hierarchical segmentation among occupational categories of insiders. Remarkably, the expansion of public bureaucracies associated with the pattern of industrialization makes civil servants a powerful component of the coalition of insiders, creating the conditions for a potentially significant public/private cleavage. Brazil, Mexico and Venezuela are the cases belonging to this category.⁸³

⁸² See on Bolivia, (Monterrey Arce 2013); on Colombia (Ramírez 2004); on Ecuador (Naranjo Bonilla 2013); on Peru (Lavigne 2013, Mesa-Lago 1978).

⁸³ On Brazil, see (Malloy 1979); on Mexico (Brachet-Márquez 2007b, Dion 2010); on Venezuela (Gómez and Alarcón 2003, González and Lacruz 2007, Salcedo 2012). In general, (Filgueira 2005, Haggard and Kaufman 2008, McGuire 2011, Mesa-Lago 1978, 1989, 1991b, Segura-Ubiergo 2007).

Extended-conservative regimes constitutes the type of regime most closely resembling Esping-Andersen's corporatist ideal type. They were possible in contexts in which the impact of industrialization was spatially more extended and homogeneous, and penetrated social structures more pervasively. If truncation was by no means absent, it was limited by higher levels of organization and more consolidated and evenly extended state structures. As a result, the state component of the mix was larger in comparison with conservative/informal regimes. Social security systems had a more extended coverage, and benefits were particularly generous for regional standards. What was not different was the employment-based pattern of access, and the fragmented pattern of incorporation. Social assistance, although very modestly developed, had a more visible impact thanks to the more limited scope of truncation. Its impact also benefitted from the results of more homogeneously consolidated states and more extended modernization in terms of infrastructure. Labor market regulation developed to an extent comparable to the one we find among conservative/informal regimes, although stable neocorporatist mechanisms of coordination and active policies were equally absent. Decommodification was thus modestly increased by the extension of social insurance and assistance programs, although always within the limits set by employment-based contributions, and by conditions of access and benefits that replicated the labor market's occupational hierarchy. In terms of stratification, this regime created a more extended but equally segmented coalition of insiders, with a potential public/private line of fracture comparable to the one present under conservative/informal regimes. Argentina, Chile and Uruguay are classified in this category.⁸⁴

⁸⁴ On Argentina, see (Isuani 1985b); on Chile (Arellano 1985, Borzutzky 2002, Mesa-Lago 1978); on Uruguay (Filgueira and Filgueira 1994, Mesa-Lago 1978, 1989, Papadópulos 1992).

Finally, Costa Rica constitutes a class in itself, that I have dubbed *incomplete universalism*. This is the welfare mix with highest state participation of the region. Unlike the case of the previous category, the main source of progress in terms of universalism was not moderate truncation, but rupture with the contributive principle. The main aspects that expressed this rupture were the extension of non-contributive pensions, the development of more efficient forms of social assistance (especially through emphasis on preventive basic healthcare), and the establishment of the principle of citizenship-based access to healthcare. Within that context, labor market regulation was surprisingly underdeveloped. However, the expansion of the public bureaucracy gave public sector-unions relatively high political leverage in comparison with their private-sector peers. Decommodification in this case reached its highest regional levels, but the limited development of services oriented to the correction of labor market- and household-based gender stratification preserved familialism to an important degree.⁸⁵

5.2.3 Welfare regimes and political incorporation

Table 4 juxtaposes the expanded typology of patterns of incorporation and the typology of welfare regimes around 1980. The purpose of the table is to show that, in spite of some coincidences that may become meaningful throughout the following chapters, there is no systematic correspondence between the two groups of countries. With the exceptions of Mexico and Venezuela, and Bolivia and Ecuador, no pair of countries having followed the same path of incorporation developed the same type of welfare regime. That suggests that, no matter how functional incorporation and the development of social protection may be to each other, their logics only partially overlap.

⁸⁵ See (Martínez-Franzoni and Sánchez-Ancochea 2012, Mesa-Lago 1989, Sánchez-Ancochea and Martínez Franzoni 2013).

Since explaining the emergence of systems of social protection is not one of my goals, I will not pursue that aspect here. However, as I intend to show further ahead in this section, only partial overlapping also exists between both of these typologies and the one I develop to classify welfare regimes around 2010. All I mean to suggest by noticing it, is that such partial overlapping seems to suggest some connections, but by no means any sort of direct monocausality.

Table 4: Type of incorporation process vs. welfare regime circa 1980

| TYPE OF INCORPORATION | | | | |
|-----------------------------------------------------|------------------------------|------------------------------|-----------------------------------|-----------------------------|
| Electoral mobilization by oligarchic parties | Party-led corporatism | State-led corporatism | Comprehensive mobilization | Failed incorporation |
| Colombia | Argentina | Brazil | Mexico | Bolivia |
| Costa Rica | Peru | Chile | Venezuela | Ecuador |
| Uruguay | | | | |
| Costa Rica | Argentina | Brazil | | Bolivia |
| | Chile | Mexico | | Colombia |
| | Uruguay | Venezuela | | Ecuador |
| | | | | Peru |
| Incomplete universalism | Extended conservative | Conservative/informal | | Exclusionary |
| TYPE OF WELFARE REGIME circa 1980 | | | | |

5.3 STRUCTURAL CHANGE AND THE EMERGENT DISJUNCTURE BETWEEN RISKS AND PROTECTION

Although transformations in the social structure are not the focus of this dissertation, a quick reference is required before entering the analysis of the current anatomy of welfare regimes. There are three reasons for that. The first one is that the access of reforms proposals to the public agenda is not understandable without relating it to the effects of a series of “hidden revolutions” (Filgueira 1996) that simultaneously produced new social risks and undermined social protection systems’ capacity to cope with the old ones.⁸⁶ Second, even before the implementation of reforms, the gradual widening of that disjuncture between institutions and social reality determined equally gradual processes of institutional transformation through omission and drifting. Third, since even successful reforms get at best to imperfectly tap the risks they are meant to address, the latter immediately begin to interact with and gradually re-shape the action of new institutions in novel ways.

Here is where Barrientos’ emphasis on the importance of truncation and informality becomes most illuminating.⁸⁷ It is important, however, to keep in mind that, significant as they were, their effects dovetailed with those of secular demographic transformations and the dynamics of maturation built in the social security systems themselves. What follows is just an

⁸⁶ This does not imply the idea that the quick escalation of social protection reform to the top of public agendas in the region was a direct reflection of that gap between risks and institutional capabilities. Public problems are always constructed as such through active political mediation. That mediation, however, is never an act of creationism operating *ex nihilo*. See (Gusfield 1981).

⁸⁷ See especially (Barrientos 2004, 2009, 2011).

enumeration of the most influential trends of socioeconomic change, with no pretension of exhaustive elaboration on their multiple interactions.⁸⁸

First, a *demographic transition* reduced the dependency ratios, hitting extended-conservative regimes the hardest (Riesco and Draibe 2007). Second, a *crisis of the patriarchal family model* that, combined with an accelerated *feminization of the labor force*, created multiple points of friction with the familialist bias of existing welfare mixes. Among others, it decisively accentuated the incidence of gender-based stratification effects not reversed –and in some cases even exacerbated- by the configuration of social protection. Third, an *expansion of informal economic activity* that accentuated the truncated nature of welfare regimes throughout the region.⁸⁹ This put pressure on existing social protection at multiple points. a) it drastically expanded the need for non-contributory forms of social assistance; b) it contracted the fiscal basis of social security programs funded through payroll taxes; c) it also narrowed the population matching conditions of eligibility for social security benefits. Fourth, processes of *massive rural-urban migration* that contributed to the overflowing of urban infrastructure and diverse public services, accentuating the incidence of a number of social risks –especially those associated with insufficient sanitation. Fifth, the growth of *structural, long-term unemployment* –itself one of the forces feeding informalization- and of *precarious employment*, which simultaneously constituted a source of new social risks and negatively impacted fiscal revenue.

⁸⁸ On the different processes listed below and their multiple interconnections, see (CEPAL 2002, Chackiel 2001, Fernández-Kelly and Shefner 2006, Filgueira 1998, Filgueira and Peri 2004, Filgueira 2007a, 2008, Repetto 1996, Roberts 1979, 1995, 1998).

⁸⁹ Some indicators of these changes appear in Tables 36 and 37

5.4 THE PRODUCTION OF WELFARE AFTER THIRTY YEARS OF REFORMS

A quick glance at basic aggregated data on the changes experienced by legislation and institutions dealing with social protection produces contradictory impressions. On the one hand, the presence of common trends is unmistakably evident. One of the most striking aspects is the extended recognition of social rights in contemporary Latin American constitutions.⁹⁰ Table 39 also shows the consolidation of a common menu of social insurance programs. On the other hand, however, there is wide variation among final outcomes of the last thirty years of transformations. An elementary grouping of countries based on a quantitative comparison of levels of welfare effort around 2006, without being drastically different from the one we found around 1980, shows important displacements.⁹¹ This would suggest that pre-reform welfare regimes, while strongly influencing reform trajectories and outcomes, did certainly not completely determine them. This would in turn provide preliminary support for the central hypothesis about the need to analyze interactions between regimes and other institutional configurations, which will provide the content for chapters V to VII. This section will not point at any specific explanatory formula, but limit itself to identify region-wide trends and classify present-day configurations.

Regarding the latter goal, however, an important caveat applies. As the dynamic, process-based analyses in chapters VI and VII will show, those configurations are far from stabilized. Once again, there is an important graduation of levels of stabilization –or, perhaps better, multiple patterns of (in)stability. Indeed, although some countries have gone through cycles of radical reform followed by equally radical backlashes, in sharp contrast with others exhibiting far

⁹⁰ See Table 39.

⁹¹ See Table 40.

more gradual and cumulative patterns, even the latter present in many aspects very fluid panoramas. More important from the more general point of view of the theory of welfare regime change, not even among the last group is regime shift a rarity –something that relativizes the inherent stability taken for granted by OECD-centered researchers.

5.4.1 Regional trends of welfare regime change

Even a superficial analysis shows at least *nine clear master lineages of change* that pervaded the whole region throughout the last three decades –although with chronological and spatial variations in intensity. First, an extended and on average *steady increase* of aggregated social spending.⁹² Second, the *constitutionalization* of entitlements to different forms of social protection in terms of universal citizenship rights.⁹³ Third, and in many cases in flagrant contradiction with the previous trend, a *retrenchment* of states' participation in the welfare mix, and a correlative expansion of the role of market mechanisms.⁹⁴ Fourth, a qualitative displacement of predominant *forms of states' intervention* in the mix, from provision to regulation, coordination, and last-resort insurance; and a correlative increase in the importance of private providers. Fifth, a significant *homogenization* –at least formally- of the *menu* of programs forming part of social security systems.⁹⁵ Sixth, the almost universal *expansion of the assistential component* of social protection, by means of diverse types of means-tested programs. Seventh, and strongly associated with the previous aspect, some *important gains in terms of access* (especially to primary health care), that nevertheless frequently coexists with very *uneven*

⁹² See Table 40 in Appendix B.

⁹³ See Table Appendix B.

⁹⁴ This is most clear in the case of pension systems; see Tables 32 and 33 for a summary of outcomes of pension reform. On the general structure of health care systems, see Table 34; the proportion between public and private spending on health care in Table 35.

⁹⁵ See Table 38, already cited.

distributions in terms of the quality of services. Eight, an important *relaxation of the degree of regulation* of labor markets in general, and of the *protection of jobs* in particular. Ninth, and directly associated with that, an important *decline of the importance of employment* as the anchor of social protection.⁹⁶

5.4.2 A diagnosis of aggregated impacts

How should we typify and classify the combined effects of this transformations in terms of the recomposition of welfare mixes? As I already mentioned, I find Barrientos' focus on the centrality of labor market regulation to be a good starting point. Although I disagree with his sweeping diagnostic about the consequences of transformations introduced in that realm, I find it useful in order to introduce and structure the discussion. The diagnostic is structured by four statements that focus on the nodal points of the problem.⁹⁷ 1) Changes in the labor market operated a *de facto* dismantling of employment protection. 2) This caused the conservative components of social policy to fall away, with a subsequent weakening of the role of the labor market as the main stratification device. 3) Although the informal segment of the welfare regime remained relatively unchanged throughout the 1990s, since around 2000 it has been reconfigured by a new brand of anti-poverty programs that “combine the alleviation of poverty with investments in human capital directed at breaking the persistence of poverty across generations.” 4) The general aggregate result has been a recomposition of the welfare mix that shifted from *conservative/informal* in the 1980s, to *liberal/informal* in the 1990s, to *liberal-informal* in the 2000s.

⁹⁶ See Table 36 for the evolution of the population contributing to social security; and Table 39 on the expansion of non-contributory benefits.

⁹⁷ See (Barrientos 2009, Barrientos, Gideon, and Molyneux 2008, Barrientos and Santibáñez 2009).

5.4.3 A critique

I have already made explicit my agreement with the first statement, and the reasons why I consider it especially relevant as identifying a recurrent mode of institutional transformation of welfare regimes. My points of contention are the following.

5.4.3.1 The conservative components of social policy did not “fall away” –or, at least, they did not everywhere

The problem has not been disintegration but further truncation, fundamentally as a result of the growth of informal employment. Truncation had, of course, more drastic consequences on exclusionary welfare regimes, of which segmented social insurance systems already had a modest presence before reforms. The situation was very different in those welfare mixes whose core was formed by conservative social security systems –that is, in *conservative/informal* and *extended-conservative* regimes. It can be reasonably argued that a *displacement in the direction of a liberal-type mix*, based on a combination of privately-provided insurance and means-tested assistance, with a drastic reduction of risk-pooling, has taken place in the cases of Chile and Mexico.⁹⁸ That has certainly not occurred in the cases of Argentina, Brazil, Uruguay, and Venezuela. Among these countries, we find indeed the common denominator of a *contraction of the conservative social security core*. This was the combined result of a deterioration of services that produced skimming at the top, in favor of the private sector; and truncation with trickling-

⁹⁸ The Chilean case provided the archetype of radical retrenchment ending on a mix with a clear predominance of the market. Although that model cannot be said to have been reversed, the Lagos and Bachelet administration introduced important reforms that strengthened state participation. Especially important among these was the AUGE plan, which, while preserving the multi-provider structured, guarantees universal access to basic health services and a package of catastrophic illnesses that has been gradually expanded. See (Barrientos, Gideon, and Molyneux 2008, Pribble 2013).

down to social assistance at the bottom. However, segmented public social security systems did by no means collapse in the first three cases –although it may be experiencing a slow process of “death by a thousand cuts” in Venezuela. In Brazil the pension system was not even partially affected by the privatizing tide in the 1990s, and has been going through a gradual process of reduction of a segmentation of benefits disproportionately favorable to civil servants. The healthcare system, in the meantime, has combined the consolidation of a dual structure of service provision with a strengthening of the public sector and the gradual implementation of universal coverage mandated by the 1988 constitution. Partial pension privatization was introduced in Argentina and Uruguay, but including compensations for insiders that left untouched most of the partial regimes benefiting specific occupational and professional categories.⁹⁹ The respective healthcare systems, in the meantime have highly fragmented dual structures that, however, a) were part of the pre-reform configurations; and b) include non-profit entities as the core of the respective private sectors. Finally, Costa Rica moved towards a mixed pension system through the creation of a private pillar, but did it in parallel with a series of parametric reforms oriented to the recomposition of the financial viability of the public pillar. And it has consolidated an integrated universal healthcare system, with overwhelming –even if recently receding– predominance of public provision.

⁹⁹ See the right column of Table 25.

5.4.3.2 The labor market remains a powerful stratification device; what has happened is that further truncation has brutally simplified the lines of stratification, and turned them rather into lines of fracture

True, there has been an almost universal contraction of the proportion of economically active population that has access to social insurance through formal employment.¹⁰⁰ However, a) that proportion is by no means negligible in several cases in which, significantly, insiders still constitute powerful veto coalitions; b) positions with respect to the formal/informal boundary determine whether access to social protection takes place through social insurance or social assistance; and c) the position in the occupational hierarchy of the formal labor market determines whether social insurance takes place through the public or the private sector. The aggregated result, rather than the more integrated type of regime that the substitution of the hyphen for the dash is meant to indicate, is actually a variety of versions of *dualization*, that drastically eliminate risk-pooling and solidarity between those who participate in formal labor markets and those who do not. This split has been given an unmistakable institutional crystallization by the omnipresence of *Ministerios de Desarrollo Social* that administer the modest tax-funded assistance programs totally disconnected from the social security administrations that control the most significant portion of public social spending.

¹⁰⁰ Although in some cases, like the Uruguayan, the number of those who gain access through the formal employment of their spouses or parents may have simultaneously expanded, as will be shown in chapter VII.

5.4.3.3 The “productivist” orientation of the last wave of social assistance programs is at least debatable –in any case, it cannot be assumed based on declarations of intentions, and it is probably too soon for a serious evaluation of durable impacts

An important ingredient underlying the thesis of an effective integration of assistance and insurance under the hypothesized (hyphenated) liberal-informal regime, is the notion that last-generation anti-poverty programs go beyond merely “compensatory” goals. Unlike traditional means-tested assistance, that aimed to merely guarantee a minimum consumption capacity, they include diverse forms of conditionality as incentives for the development of human capital. Underlying is, of course, the strong and debatable assumption that “human capital” is the key for the discontinuation of mechanisms of inter-generational transmission of poverty. I am not going to discuss that assumption here, but several authors have provided good reasons to be skeptical about the likelihood of the accumulation of human capital effectively happening under the conditions in which these programs tend to operate.¹⁰¹ Two limitations appear as particularly important. In the first place, we have the problems of continuity that result from the high dependence that these programs have on funding subjected to important oscillations –i.e., international cooperation and non-steady sources of revenue. As opposed to the recycling of professional skills that tends to predominate in developed contexts, the construction of human capital in contexts of structural poverty and marginality is a long-term enterprise. Second, it requires a network of services and infrastructure largely absent from the areas in which it is expected to take place, and that are frequently contingent upon massive investments in infrastructure way beyond the budgetary limitations of focalized programs.

¹⁰¹ For a good summary of arguments and a penetrating discussion, see (Valencia Lomelí 2008); also useful are (Bastagli 2009, Cecchini and Madariaga 2011).

5.5 A TYPOLOGY OF POST-REFORM WELFARE REGIMES

5.5.1 Multiple directions of change

At first sight, the current panorama looks messy and extremely diverse, but in the end not more than what I can find these days in Europe –only a different diversity that expresses the gap between the developed and the underdeveloped universes. What is clear is that neither the wave of market-oriented reforms, nor the backlash that followed it, entailed uniform patterns of transformation.

Change has occurred pretty much everywhere, and it has been significant. Some of the oldest and most extended original Bismarckian cores have proved very resilient (Argentina, Uruguay, and to a lesser extent Brazil), but others were dismantled or drastically transformed (Chile, Mexico). Or perhaps it would be more accurate to say that established coalitions of insiders have very often more resilient than the general configurations of the systems to which they owed their benefits. The price of structural change has been, more often than not, the need for reformers to compromise with those coalitions. A direct result has been the predominance of trajectories of change by layering that have consolidated fragmentation and coordination problems as perhaps the most extended common denominator of regional systems of social protection.

It is not, of course, that a decade of “Washington consensus” passed with no durable consequences. Its posthumous balance probably disappoints its former most enthusiastic advocates, who would have liked it to go deeper. Still, the balance between states and markets changed drastically in favor of the latter in several cases. This has been the case both for

pensions (Argentina, Bolivia, Chile, Colombia, Mexico, Peru, Uruguay), and for health care systems (Chile, Colombia, Mexico, Peru).¹⁰²

However, we can find changes in the opposite direction too. The state has sometimes recovered ground after drastic and sometimes very ephemeral withdrawals –as in the cases of pension systems in Argentina, Ecuador, and Venezuela-, restoring something very close to a status quo ante. Some other times, the pendulum went back as violently as it had previously done towards the market, but the resulting configuration is a new one –the case of pensions in Bolivia. Yet in some other –admittedly few- cases, the strengthening of the public component of the mix was not part of a backlash, but of gradual processes of reconfiguration of its mode of operation – cases of health care in Brazil, Costa Rica, Uruguay. What is clear is that, if the old state-centric matrix is gone for good, a “market society” model -in the Polanyian sense- has not replaced it.

Still, the progress of de-commodification has been moderate at best. This may be at first surprising, if we recalled the already alluded omnipresence of social rights in constitutions. In practice, however, ruptures with the contributory principle in the direction of an effectively rights-based approach has been extremely difficult and rare.¹⁰³ Reforms in health care systems have been multiple, happened everywhere, and in some cases have had important impacts on some aggregate indicators (McGuire 2010); however, most health care systems are still organized according to the region’s historical basic tripartite blueprint. If anything, there has been an important *de facto* re-commodification –significantly, most clear examples of institutional change by drifting induced by policy omission come from this policy domain. Re-commodification has been even clearer in the case of pensions, where eight of our eleven

¹⁰² See Tables 32 to 34.

¹⁰³ For a detailed discussion in these terms, see (Cecchini and Martínez 2012).

countries have introduced structural changes entailing privatization and the narrowing or complete suppression of solidarity by risk-pooling. With a few exceptions, most progress in terms of the coverage of social protection has occurred through social assistance –predominantly means-tested.

It is nevertheless possible to identify an extended and diffuse consensus around some sort of “minimalist universalism.” Its most tangible expression is the generalization of non-contributive pensions, standard packages of minimum health care benefits, and guaranteed coverage from “catastrophic illnesses.”¹⁰⁴ The importance of these developments should by no means be underestimated; however, their impact is frequently undermined by their insertion in systems that maintain their fundamental principles. There has also been considerable convergence around the tightening of some basic parameters of retirement schemes –mainly, minimal retirement ages and ratios between contributions and benefits. The distribution of the contributory burden, however, remains diverse.¹⁰⁵

The effects of perseverance in respect for the contributory principle are magnified because Latin American countries tend to find no less persistent difficulties to expand the effective contributive bases of their systems of social protection. This is one of the central differences between “growth to the limits” as it affects developed welfare states and as it takes place in this region –where it actually is “to the limits”...of the formal market.

The *dualization* of social protection is the most obvious and important consequence. It has had its most transparent institutional expression in the omnipresence of those ministries of social development that it would probably been politically incorrect but not inaccurate to name

¹⁰⁴ See Tables 34. Also, but with considerably lower frequency, the prohibition of exclusion from insurance based on pre-existing conditions, as a way to prevent practices of adverse selection (Mesa-Lago 2008).

¹⁰⁵ See table 36.

“ministries of the poor.” From a certain angle –particularly relevant from those qualifying for social assistance- the dualization of social protection represents a progress with respect to their truncation. But it adds to the stratifying effects of the respective welfare regimes –or, more accurately, it displaces it, turning the “outsiders” of the social protection system into “second-class insiders.” From a political point of view, one of the central questions, which I explore in Chapters 6 and 7, is whether that new status facilitates the formation of coalitions potentially leading to the reduction of inequalities in the distribution of benefits. A priori at least, the institutional crystallization of the line separating insured groups from those covered by social assistance does not seem to contribute to that type of coalitional dynamics.

5.5.2 Continuity and change in welfare regimes

If we repeat the strategy used for an initial approach to the pre-reform situation, and we begin with a glance at the ranking of countries according to their levels of social spending,¹⁰⁶ the stability of membership in the top and bottom clusters is clear. Does this tell us anything, beyond confirming well-established notions about the rigidities of public budgets?

The cases of *Bolivia, Ecuador, and Peru*¹⁰⁷ confirm how difficult it is to break certain vicious circles. To a great extent, the three countries maintain the basic exclusionary nature of their systems of social insurance. Bolivia has recently reversed the privatization of its pension system that occurred under Sánchez de Losada (1997), but has maintained the structure of individual savings accounts, and the most important innovation has been the creation of a

¹⁰⁶ See Table 31 in Appendix B.

¹⁰⁷ For good, in-depth country overviews, see (Lavigne 2013, Monterrey Arce 2013, Naranjo Bonilla 2013); for quick but still very detailed glances (Mesa-Lago 2008, United States Social Security Administration 2011).

solidarity fund for purposes of assistance. The creation of a unified health care system is part of the agenda of the Morales administration, but things still look uncertain. Similar considerations apply to the projected health care reform of Rafael Correa's government in Ecuador. Ecuador's experiment of structural pension reform was born virtually dead –the reform was annulled by the constitutional court. So far, the effective reach of social insurance remains extremely limited in both cases. The same basic considerations apply to Peru, where the Fujimori administration created a parallel system of privately managed individual retirement accounts.¹⁰⁸ Not only the global coverage of social insurance remains extremely narrow, but most of the important number of parametric adjustments of the last decade have consisted in patchwork aiming to remedy the short-term financial health of the new system.

The main innovation is the expansion of means-tested cash transfers and services both in Bolivia and Ecuador –particularly the latter's *Bono de Desarrollo Humano*.¹⁰⁹ The immediate impact of those programs in terms of poverty alleviation has been important –we could say that, due to the extremely modest coverage of social insurance, they have become the core of the respective systems of social protection. Precisely for that reason, the possibility may exist to turn those extensive social assistance programs into a door to transition to more permanent universal solutions with an emphasis on social investment. Such possibility, however, would be to a great extent contingent on the removal of two types of bottlenecks. First, the development of the extensive infrastructure of services required for the effective attainment of the goals that on paper the programs have regarding the development of human capital. Second, the limited inclination so far shown by the respective governments to consolidate the institutional frames

¹⁰⁸ See (Arce 2001, Cruz-Saco 1998).

¹⁰⁹ See (Barrientos, Gideon, and Molyneux 2008, Barrientos and Hulme 2010, Barrientos and Santibáñez 2009, Cecchini and Madariaga 2011, Cecchini and Martínez 2012).

and long-term financial sustainability of their social policies.¹¹⁰ In any case, both situations are too recent and remain too uncertain to further anticipate directions of change.

Colombia is, among the members of the original category of exclusionary regimes, the one that may have been experiencing changes leading to a category switch. Apart from the expansion of social security spending, it has introduced important changes in the central principles guiding access to social protection.¹¹¹ The constitutional reform of the early 1990s provided the opportunity for an intense debate, with-ranging participation of diverse interest groups and social movements.¹¹² The result was a comprehensive reform of the social protection system that tipped the welfare mix decidedly in favor of the market –although not with the dogmatic enthusiasm of other experiences.

Mexico has to an important degree converged toward a similar orientation.¹¹³ However, different points of departure resulted in different trajectories. In the Colombian case, due to the initial underdevelopment of social protection, the trajectory entailed an expansion based on commodification. In the case of Mexico, the path toward market-based social protection entailed a process of re-commodification, given the relative important development of the Bismarckian component of its dual pre-reform regime. The change, in the last case, did not go too far beyond the original limits of social insurance –although, as was also the case in Colombia, it made more

¹¹⁰ As we will see in Chapter VIII, the Correa administration has seems to have more disposition for institution-building; however, it also shows a preference for a technocratic style of policy-making that conspires against the formation and permanence of solid reformist coalitions.

¹¹¹ Colombia's quadripartite health care system is well-coordinated, in spite of its lack of integration. The public insurance sector is divided between a contributory and a subsidized component. There is also a private sector, and a transitory public one, based on the network of public hospitals. There is complete separation of functions between insurance (through private firms), financing (through a mix of contribution and public subsidies), and provision (through multiple providers). See (Cruz and Carrera 2004, Flórez and Camacho 2012, Franco-Giraldo 2012, Mina Rosero 2013, Ramírez 2004, Uribe 2004, Yepes 2000).

¹¹² See (Brachet-Márquez, Alonso, and Uribe Gómez 2012, Cárdenas, Junguito, and Pachón 2008).

¹¹³ See (Brachet-Márquez 2007b, Dion 2010, Valencia Lomelí, Foust Rodríguez, and Tetreault Weber 2012).

progress in the area of basic health care than in the pension system.¹¹⁴ As a result, the Mexican welfare regime is still a dual one, but the massive expansion of social assistance has changed the nature of its duality. Though the chain linking PRONASOL, PROGRESA, and *Oportunidades* – products of the partial recycling and expansion of social assistance by successive administrations- targeted programs have become a stable and increasingly important component of social protection in Mexico. Recently, important progress has been made in the direction of suppressing some of the lines of segmentation introduced in the pension system in order to protect some special regimes from the effects of privatization. However, both the Mexican and Colombian pension systems remain highly fragmented.

That is perhaps one of the main differences with *Chile*, but not the only one.¹¹⁵ To some extent, the Chilean case is a class in itself. It certainly is the one who has gone the farthest in terms of the predominance of the market component of its welfare mix. The brutal conditions and radicalism that marked the dismantlement of its Bismarckian legacy allowed also the suppression of segmentation to an extent that would have been unthinkable not only under democratic conditions, but also for the PRI. The Chilean system of social protection thus has an uncommon degree of internal cohesiveness and homogeneity of principles across policy areas. It also benefits from the economy with the lowest levels of informality. However, the same factors

¹¹⁴ Mexico's health care system is tripartite, with very low integration/coordination among the three sectors –each of which performs all functions. The private insurance sub-system covers less than 5% of the population. Mandatory insurance constitutes the most important component (close to 50% of the population), and is extremely fragmented in multiple contributive schemas. Public assistance covers 41% of the population. The completely excluded population is estimated in 7%, predominantly rural and indigenous. The *Seguro Popular de Salud*, introduced in 2003, would in theory make coverage universal by providing a voluntary contributive option –except for the poorest 20%- for those lacking access to social insurance through regular formal employment. However, the mandatory basic package only includes 13% of the diagnoses covered by the main social insurance system. The *Seguro* has also exacerbated the system's segmentation, and its implementation is undermined by the extreme differences in infrastructure and quality of services between wealth and poor states (Lakin 2010, Valencia Lomelí, Foust Rodríguez, and Tetreault Weber 2012).

¹¹⁵ See (Barrientos 2002, Borzutzky 2002, Castiglioni 2012, Robles Farías 2012).

underlying the consistency of the regime explain the levels of inequality and poverty that were also part of the “Chilean miracle.” That has allowed for an important role of social assistance in the welfare equation of the country. The other peculiarity of its situation, was the long continuity –briefly interrupted and recently reinitiated- of center-left administrations that developed an incremental effort to reinforce public participation in the production of welfare. However, the limits of that effort have been consistent too, and both the pension and the health care system maintain a clear predominance of the market.¹¹⁶

If anything, social assistance has had an even more explosive –although also considerably more erratic and uncoordinated- expansion in *Venezuela*.¹¹⁷ What also is characteristic of the Venezuelan path is the continuity of the highly fragmented core of social insurance. Considered as a whole, the evolution of the Venezuelan system of social protection resembles in some aspects the Mexican configuration –a dual structure with the novelty of a massive expansion of social assistance programs. However, the former did not experience anything remotely similar to the latter’s process of privatization of the formal core –the attempt that constituted a sort of swan’s song of the Punto Fijo system was reversed before being implemented.

¹¹⁶ Access to health care services increased significantly with the introduction of the AUGE plan (*Plan de Acceso Universal con Garantías Explícitas*) in 2004, and with its expansion in 2011. Virtually 100% of the population has access, either through co-payments or free of cost, depending on levels of income, in the public sub-system (FONASA); or to individual privately contracted insurance with the ISAPREs (*Instituciones de Salud Previsional*). The private sector covers 16% of the population, while 74% is insured through the public sector. However, out-of-pocket expenses are high, particularly for the poorest households –in 2012, expenses in medication constituted 57% of the total health care spending of the poorest quintile. Insufficiencies regarding the quality of services and speed of attention in the public sector often forces low-income households to resort to private providers. The 2008 reform of the pension system introduced a solidary pillar, and guaranteed access for any individual in situation of poverty. However, the value of the average solidary pension paid in 2013 (U\$ 332) was not only below the minimum wage (U\$ 376.5), but far from the replacement rate recommended by the OECD (70%) with respect to the average salary (U\$ 906.7). See (Robles Farías 2012).

¹¹⁷ See (Díaz Polanco 2006, González and Lacruz 2007, Maingon 2004, Salcedo 2013).

Brazil is probably the most important case of migration from the group of conservative/informal welfare systems, but exactly in the opposite direction to the one followed by Mexico.¹¹⁸ While Mexico tends to converge with Colombia by developing a new type of dual system with a liberal core and an assistential periphery, Brazil tends to move upwards in the direction of Costa Rica's incomplete universalism. The Brazilian pattern has three components. First, the preservation through reform of its Bismarckian pension system. Second, the reform of health care in the direction of a unified universal system.¹¹⁹ Third, the development of what is, together with the Mexican one, the most successful massive program of targeted assistance through conditional cash transfers.

Brazil is, with Costa Rica, the case of most consistent incremental rupture with the contributory principle in the domain of health care –the situation is different in the Brazilian pension system though. In Brazil, however, it was the military dictatorship that introduced the first turning point of the process, by introducing a program of noncontributory benefits for rural workers. The other turning point was the 1988 constitutional reform, that played, in terms of health care, a “foundational” role analogous to the one observed in the Colombian case. However, the Constitution also confirmed the strong segmentation of the pension system.¹²⁰ This has combined with the scale and federal nature of the Brazilian state, and with the extreme inequalities of the Brazilian social structure to exacerbate the fragmentation among programs and sub-regimes operating at the state- and municipal level.

¹¹⁸ See (Ansiliero and Paiva 2008, Antúa and Provasi Lanzara 2011, Arretche 2004, Caetano 2009, Hunter and Borges Sugiyama 2009, Lewis and Médici 1998, Lobato and Burlandy 2000, Robles Farías and Mirosevic 2013).

¹¹⁹ Brazil has a dual system. Unified under a Sistema Único de Saúde, the public sector is highly fragmented between federal, state, and municipal levels –although coordination has recently improved. Although supplementary, the private sector is important, and much of its services are provided through subcontracting with the public system. Coverage is virtually universal, but the quality and availability of services is very unevenly distributed.

¹²⁰ All this is analyzed with greater detail in Chapter VII.

It is also important to recall that the building of the unified national health system had to find ways of compromising with a pre-existing powerful private sector –something that *Costa Rica* has never had.¹²¹ Indeed, if both health care systems have dual structures with public predominance, the complementary role of the private sector is considerably more marginal in this case. On the other hand, the Costa Rican pension system was not capable of surviving without the introduction of a private pillar.¹²² Still, its public component is considerably more homogeneous and has a less stratified distribution of benefits. On the other hand, the more integrated and egalitarian Costa Rican social structure has required a far more modest development of targeted programs –although noncontributory pensions are an important part of the system of social insurance.

Finally, the extended conservative regimes of *Argentina* and *Uruguay* are perhaps the cases of most stubborn continuity of an extended, highly fragmented Bismarckian legacy.¹²³ Still, both introduced significant structural alterations in their welfare mixes in the 1990s through the creation of mixed pension systems. In both cases, however, the strength of the respective coalitions of insiders imposed considerable fragmentation on the final outcome. The process was recently reversed in Argentina, resulting in an imperfect return to the pre-reform configuration that looks institutionally uncertain and financially unsustainable. Both countries maintain tripartite health care systems, with important private components of a sui generis nature –the

¹²¹ The Costa Rican health care system is based on virtually universal insurance, through contributions and fiscal transfers, totally integrated under the direction of the *Caja Costarricense del Seguro Social*. The Health Ministry is in charge of direction, regulation, and supervision. Most provision takes place through the CCSS's own branches, although a small fraction of services are contracted with private providers. See (Castro Méndez and Martínez Franzoni 2010, Clark 2001, 2004, 2013, Martínez Franzoni 2008a, Martínez-Franzoni and Sánchez-Ancochea 2012, Román Vega 2012, Sánchez-Ancochea and Martínez Franzoni 2013).

¹²² This process is also briefly analyzed in Chapter VII.

¹²³ See (Alonso and Di Costa 2013, Repetto and Chudnovsky 2009, Repetto and Potenza Dal Masetto 2012) on Argentina; on Uruguay see (Alegre and Filgueira 2009, Amarante and Vigorito 2012, Antía and Provasi Lanzara 2011, Filgueira and Hernández 2012).

respective central actors, the Argentinean *obras sociales* and the Uruguayan *instituciones de asistencia mutua*- constitute non-profit entities.¹²⁴ It is also true that the financial difficulties of many of those institutions has brought important displacements in the mix, favoring the expansion of profit-oriented schemes of private insurance. The aggregated result has been the accentuation of the complex fragmentation of both systems.

Both countries recently witnessed efforts to reinforce the regulatory role of the state. So far, the Uruguayan experience has been the most successful one. Building upon a fiscal reform that expanded the contributory base of the system, it included the creation of a solidarity fund through which risk-pooling and coverage had an important expansion, although access remains in the end tied to formal employment (Papadóulos 2012). While the system remains complex and segmented, the mix has been altered in favor of the state. As in the cases of Brazil and Costa Rica, differences in scale and federalism explain part of the divergence, with sometimes contradictory results. On the one hand, the federal structure has made it possible in Argentina to successfully experiment with some extension of basic health attention in provinces lacking the heavy burden of corporatist structures of sectorial governance.¹²⁵ The very same factors that have made the experience possible, however, have been its scaling up politically unfeasible so.

The expansion of informality has been behind the increased importance of social assistance in both cases. The process was more marked in Argentina, where the depth of the

¹²⁴ Both countries have tripartite systems with historically very low coordination and integration –although that has improved considerably in Uruguay since the 2005-2007 reform. In Argentina, most of the population is covered by insurance through *obras sociales*, funded through contributions and predominantly managed by trade unions, follow occupational lines of segmentation. The public sector –highly fragmented across provinces and municipalities-, and private prepaid health care plans complete the system. In Uruguay, the central role corresponds to the *institutos de asistencia médica colectiva*, not-for-profit providers financed by premium. The last reform introduced a basic separation of functions, improved coordination, and created a solidary fund that expanded coverage significantly and reduced out-of-pocket expenses. The basis of access, however, remains contribution-based and linked to employment.

¹²⁵ See the analysis of the interesting experience of the province of Neuquén in (McGuire 2010).

crisis in the early 2000s and its consequences in terms of social agitation led to considerably larger and long-lasting anti-poverty programs. The vitality of the movements of the unemployed, and the complexity of their multiple interactions with the Peronist partisan machine have fed the recurrent renovation and extension of some programs initially conceived as emergency solutions. However, there has also been an important effort to turn temporary solutions into permanent universalist programs –that has been the process behind the universalization of family allowances, that was replicated in Uruguay.¹²⁶

5.5.3 An alternative typology

So the current kaleidoscope of systems of social protection shows important degrees of continuity, but the welfare regimes have experienced important changes. In many cases, they have resulted in important alterations in the balance between state and market ending in re-commodification. But even the most stubbornly resilient systems have been in the end forced to give some response to pressing changes in the social structure. The drastic expansion of social assistance and the dualization resulting from it constitute the most notorious common denominator, shared by all countries to variable degrees.

I propose a modified classification based on five types –incomplete universalism, segmented universalism, liberal /assistential, conservative/assistential, and exclusionary assistential.

¹²⁶ On the Argentinean experience, see (Alonso and Di Costa 2013, Garay 2010, Repetto and Chudnovsky 2009); on Uruguay, see (Pribble 2013).

5.5.3.1 Exclusionary/Assistential

This category includes the cases of Bolivia, Ecuador, and Peru. The welfare mix includes a high level of informality, states with an important assistential role but limited capacities, poorly institutionalized markets, and a small and highly segmented contributions-based component. This is the most markedly truncated type, and also the one with the lowest level of decommodification and highest familialism. Truncation provides the most visible line of a brutally simplified stratification.

5.5.3.2 Conservative/assistential

Venezuela fits this category. It includes a highly deteriorated but highly resilient, highly segmented contributory core, where neither marketization, nor universalization have made advances. Truncation is less brutal than in the previous category, but dualization is –in part due to a political dynamics that I analyze in detail in Chapters 7 and 8- even more marked. It is also the case in which assistance is most extended, segmented, and poorly institutionalized. The state is the central component of the mix, but somewhat paradoxically the informal sector is also important. Decommodification is significant, but limited in its reproduction and potential long-term effects by fragmentation and informality.

5.5.3.3 Liberal/Assistential

This type includes Chile, Colombia, and Mexico. Its mix is the one with most pronounced marketization, but the informal sector remains is an important component. The result has been high re-commodification. Stratification follows two main lines. First, the stratifying effect of the market operates more or less directly, only very tenuously mediated by marginal risk-pooling. Second, those same stratifying effects make social assistance important. Its impact, however, varies considerably within the category, due to very diverse levels of informalization.

Table 5: Types of welfare regime in Latin America, around 2010

| | WELFARE MIX | OUTCOMES | STRATIFICATION | CASES |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| TYPE of WELFARE REGIME | | | | |
| Exclusionary/assistential | Truncated development of state & market. Important informal sector. | Low decommodification. Low defamilialization. | Between outsiders and insiders, due to subsisting truncation of social protection. Among insiders, between those insured and the ones relying on assistance. | Bolivia, Ecuador, Peru |
| Conservative/assistential | State and market are more developed, but still high levels of informality. | Medium decommodification. Low defamilialization. Focalized CCTs simultaneously introduce moderate decommodification and reinforce familialism. | Between recipients of social assistance and the insured. Among the insured, high fragmentation among occupational categories | Venezuela |
| Liberal/assistential | Predominance of market, although with a still important residual of state participation. Subsistence of important levels of informality. | Medium/low decommodification, depending on policy domain. Low defamilialization. | Between recipients of social assistance and the insured. Among the insured, due to special regimes & marketization. Among generations, due to the segmentation of pension privatization. In healthcare, significant variation in quality and coverage of services across regions. | Chile, Mexico, Colombia |
| Segmented universalism | Predominance of the state. Important marketization. Informality still significant. | Medium decommodification, depending on policy. Scanty elements of defamilialization. | Between recipients of social assistance and the insured. Among the insured, high segmentation in special regimes. Stratification from marketization in some policy domains. Among generations, from segmented pension privatization. | Argentina, Uruguay |
| Incomplete universalism | State is predominant. Significant informality, partially moderated by universal programs. | High/medium decommodification, depending on policy domain. | Between recipients of social assistance and the insured in some policy domains. Segmentation persists in some domains (pensions). | Brazil, Costa Rica |

5.5.3.4 Segmented Universalism

This includes Argentina and Uruguay. The state remains the most influential component of the mix, but both the market and the family play important roles. The informal sector is considerably less extended than in other types but nevertheless significant compared to the past configuration of these countries. Correspondingly, assistance is reduced in comparison to the old corporatist core of the system of social protection, but by no means negligible. As a result, the pattern of stratification is probably the most complex, since it combines in a relatively balanced cocktail the considerable segmentation of the social insurance system, the effects of the recently expanded private component, and the consequences of moderate truncation.

5.5.3.5 Incomplete Universalism

This last category includes Brazil and Costa Rica. It is the type with the most robust participation of the state, and as a result the one with the most significant level of decommodification. Universal rights play an important role as determinants of access to benefits, but universalism remains incomplete in two senses. First, its logic is unevenly influential across policy domains –in both cases, less for pensions than for healthcare. Second, informality also constitutes an important limitation, although it is significantly moderated by multiple non-contributory benefits. Stratification effects are thus uneven across policy areas.

5.6 CONCLUSIONS

The basic finality of this chapter was to assess the magnitude and nature of the changes I intend to explain. The instrument was a descriptive analysis of the configuration of social protection systems

in the different countries under consideration at both extremes of the period covered by my research. The result are two typologies of welfare regimes. They are the consequence of both of the synchronic cross-national diversity I found both at the beginning and at the end of the period, and the longitudinal transformations experienced by most countries along the last three decades.

Table 6: Pattern of incorporation vs. welfare regime, around 1980 and 2010

| TYPE OF INCORPORATION | | | | |
|----------------------------------------------|------------------------|-----------------------|----------------------------|---------------------------|
| Electoral mobilization by oligarchic parties | Party-led corporatism | State-led corporatism | Comprehensive mobilization | Failed incorporation |
| Colombia | Argentina | Brazil | Mexico | Bolivia |
| Costa Rica | Peru | Chile | Venezuela | Ecuador |
| Uruguay | | | | |
| Costa Rica | Argentina | Brazil | | Bolivia |
| | Chile | Mexico | | Colombia |
| | Uruguay | Venezuela | | Ecuador |
| | | | | Peru |
| Incomplete universalism | Extended conservative | Conservative/informal | | Exclusionary |
| TYPE OF WELFARE REGIME circa 1980 | | | | |
| TYPE OF WELFARE REGIME circa 2010 | | | | |
| Incomplete universalism | Segmented universalism | Liberal/assistential | Conservative/assistential | Exclusionary/assistential |
| Brazil | Argentina | Chile | Venezuela | Bolivia |
| Costa Rica | Uruguay | Colombia | | Ecuador |
| | | Mexico | | Peru |

That diversity is not a consequence of the absence of region-wide trends. Actually, even if with different depth, all social structures experienced some comparable transformations, but with the mediation operated by their respective institutional legacies. There has thus been no convergence, but neither has there been parallel evolution of cases with analogous legacies.

Perhaps the most interesting result, is that neither the legacy of political institutions or processes of incorporation, nor the foundational anatomy of welfare regimes, have completely determined the different paths. Neither the categories of the typology of welfare regimes around 1980, nor the distribution of cases between them, mirror the types of processes of incorporation built by the Colliers and expanded in Chapter 3. But neither do they correspond exactly with the profiles of welfare regimes identify around 2010. On the other hand, connections and continuities, and some parallel trajectories still can be identified. That suggests that the idea of searching for explanations around the interactions of both sets of institutions may have put us on the right track.

One final comment on the potential heuristic value of the typologies themselves. A classification that proposes five types for eleven cases may at first glance not look very impressive in terms of its power of reduction of empirical diversity. Two observations on the point. The first one is that it constitutes an initial approach to still very fluid and dynamic realities. The second one is that those eleven cases are supposed to cover most of the range of variation present in the region. I will not include here an attempt to make the countries I left outside¹²⁷ fit in this types, but I suggest the hypothesis that most of them could reasonably find a place here.

¹²⁷ I have in mind Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Paraguay.

6.0 ASSESSMENT OF CAUSAL CONFIGURATIONS

This chapter and the following two constitute the empirical core of the dissertation, since they are the ones that provide and analyze the evidence sustaining the central hypotheses. This one is organized in three sections. First, I present the values assigned to the different cases for each one of the independent variables. Next, I organize the evidence in truth tables and proceed to the assessment of the hypothesized necessary and sufficient conditions determining different reform outcomes. Finally, I provide a general discussion of the results and a series of conclusions. At the end of the chapter, I include as an appendix a chronology of reforms and a brief description of the respective contents, in order to justify their classification.

6.1 DESCRIPTIVE ANALYSIS OF VARIABLES

6.1.1 Causal conditions

I have discussed the difficulties affecting the operationalization and measurement of some variables in the methodological chapter. The purpose of this section is to review the assignation of scores for the different variables to the cases under study. Table V.4 of the Appendix summarizes the scores assigned to the causal conditions hypothesized to explain variation in welfare regimes, for the different cases.

Authoritarian interregna. I find three cases that experienced *authoritarian regimes that introduced clear and durable institutional discontinuities* (AUTH) –Brazil, Chile, and Mexico. In all the other registering authoritarian interregna (Argentina, Bolivia, Ecuador, Peru, and Uruguay), the dictatorships of the 60s and 70s had devastating effects at many levels -including non-negligible effects in terms of institutional deterioration, but did not introduce clear discontinuities through the building and consolidation of new institutions.

Financial crisis with hyperinflation. I classify five cases as having had *crises of balance of payments with hyperinflation* (DHYP) –Argentina, Bolivia, Brazil, Mexico, and Venezuela.¹²⁸

Corporatist legacies. Only three of the “classic” parties of the period of incorporation maintained the type of connection with labor unions established by the pattern of corporatist incorporation and interest intermediation (CORP) – Argentine Peronism, Mexican PRI up to the access of Vicente Fox to the presidency, and Venezuela’s *Accion Democrática*.

Independent labor movements and post-incorporation labor-based parties. Strong connections not entailing subordination between an electorally powerful party and a politically relevant and independent labor movement (IUP) are identified in Brazil (PT-CGT) and Uruguay (*Frente Amplio-CNT*).

As for established parties supported by a balanced coalition integrating insiders –that is, organizations of workers from the formal sector and covered by social security systems-, and outsiders –social movements and voters lacking formal employment and lacking protection from

¹²⁸ See (Bulmer-Thomas 2003, Mahon 1996).

social security- I find six clear cases: Argentine Peronism, Brazilian PT, Chilean Socialist Party and UDI, Mexican PRI, and Uruguayan *Frente Amplio*.¹²⁹

Institutionalized social dialogue. Strictly speaking, regular comprehensive social dialogue and concertation is only a permanent attribute of the Costa Rican polity –and in that case, more as part of a consensual policy-making style, than due to formally institutionalized mandates. However, during particular conjunctures, other political systems have found circumstantial functional equivalents: Brazil and Colombia during their respective processes of constitutional reform in 1988 and 1991, and Mexico’s anti-inflationary social pacts.¹³⁰

Bureaucratic embedded autonomy. Finally, I scored as having an autonomous-embedded bureaucracy in the relevant policy areas the cases of Brazil, Chile, Colombia, and Uruguay after 2000.¹³¹

Inclusiveness of processes of structural reform. The values assigned to the different reform processes are detailed in Table 45.

¹²⁹ On Peronism, see (Auyero 2001, 2007, Gibson 1997, Levitsky 2003, McGuire 1997); on PT, see (Hunter 2007, 2012, Hunter and Power 2007); on Chilean parties, (Luna 2008, 2010b, Luna and Altman 2011, Torcal and Mainwaring 2003); on the PRI, (Cornelius et al. 1994, Gibson 1997, Luccisano and Macdonald 2012); on *Frente Amplio*, (Luna 2007).

¹³⁰ On Brazil, see (Weyland 1996a); on Colombia (Brachet-Márquez, Alonso, and Uribe Gómez 2012, Cárdenas, Junguito, and Pachón 2008, Ramírez 2004); on Costa Rica (Martínez Franzoni 1998, 2008a, Martínez-Franzoni 1999, Sánchez-Ancochea and Martínez Franzoni 2013); on Mexico (Roxborough 1992).

¹³¹ See in general (Longo and Ramió 2008, Santiso and Whitehead 2006, Zuvanic, Iacoviello, and Rodriguez-Gusta 2010); on Brazil (Borges Sugiyama 2008, Falleti 2010, Geddes 1990, McGuire 2010, Schneider 1993); on Chile (Dávila Avendaño 2010, Silva 1995, 2008); on Uruguay (Fuentes 2013).

6.1.2 A quick glance at aggregated outcomes

I have included as Appendix C a list of the episodes of reform considered in this study, organized chronologically by country. The list includes, for each event, a brief description of the content of the reform, and a classification according to the typology proposed in Chapter 2. Tables 42 and 43 summarize the information contained in Appendix A.

A quick glance at the tables suggests a few interesting observations. *First*, generally speaking, there has been no shortage of reformist attempts: the aggregate result, counting both successful and failed reformist attempts, for the 11 countries during a period of 30 years (1982-2012), are 148 episodes (an average of almost five reforms per year within the observed universe). True, the number shrinks significantly if we consolidate those attempts that clearly constitute successive, connected rounds of extended efforts of reform¹³²; but the number is still impressive (134 and an average of more than four). If we leave out of the counting those programs created to deal with emergencies, or for the short-term alleviation of situations of extreme poverty, and concentrate on the core of the systems, we have 101 reforms.

Second, the number of *successful structural reforms* is impressive too. Considered together, regardless of their concrete orientation, the total number is 21 –even after consolidating different episodes of what could be considered unitary efforts developed throughout several years. The number of what we may call *radical re-reforms* (that is, structural reforms reversing previous structural reforms) is still striking (4) for a policy domain usually painted as paradigm of institutional resilience.

¹³² At least we could confidently cluster the following episodes: Argentina 1995a&b; Brazil 1988, 1990, 1991c&1993b; 1991a&1992; Chile 2005&2010; Colombia 1993&1994; Mexico 1984&1986; 1992a&1995; Uruguay 2005, 2007a, b&c; Venezuela 2006, 2007& 2010.

Third, the frequency of reforms distributes unevenly across countries. As Table 43 shows, if we only count successful reforms it spans from Costa Rica's 5 events, to Argentina's 19, within the three decades between the "official" birth of the debt crisis and 2012. Interestingly, however, countries tend to cluster in two relatively compact groups. If we only count successful attempts, the group of "hyperactive" countries, including Argentina, Bolivia, Brazil, Mexico, Peru, and Uruguay, oscillates between 19 and 13 events (Argentina and Uruguay, respectively). In the "stable" group, that includes Chile, Colombia, Costa Rica, Ecuador, and Venezuela, it goes from 5 (Costa Rica) to 7 (Chile). But perhaps still more puzzling is the odd internal composition of both groups. Of course, some results, like, for example, the presence of Chile and Costa Rica on one side, and of Argentina and Bolivia on the other, are hardly surprising. But the presence in the first group of Mexico and Uruguay, and the proximity of Ecuador to Chile and Costa Rica, somehow challenge the well-established reputations of some political systems frequently presented as paradigms either of stability or of restlessness. Moreover, there is no apparent correlation between those clusters and the usual grouping of countries according to different attributes of their welfare regimes¹³³, somehow suggesting that their resilience may have at least as much to do with systemic attributes of the respective polities as with the internal configuration of policies.

What do we obtain *if we consider different policy areas* separately? *First*, pension reform has been considerably more frequent than healthcare reform (73 and 28 cases respectively)¹³⁴. *Second*, at first glance at least, it looks like reaching pension reform was easier than getting

¹³³ See chapter V *supra*.

¹³⁴ For the purpose of all the calculations in this paragraph, I consider "deflated" numbers –that is, I cluster episodes belonging to the same reform process. Needless to say that, with such small numbers, percentages merit careful use, but I think they are still useful for descriptive purpose.

healthcare reform through –the respective percentages of failed reform attempts are 9.6% and 18%. *Third*, among successful reforms, structural ones are more common in health care (34.8%) than in pensions (19.7%). *Fourth*, structural pension reforms are more likely to be reversed – while no structural healthcare reform has been reversed, 29% of structural reforms were. *Fifth*, the predominant directions of structural reform are also different –while cases of retrenchment constitute 57% (8 in 13) of pension structural reform, they are 25% (2 out of 8) of healthcare structural transformations.

A group of reforms merits brief separate consideration namely, those that created programs targeting populations in situation of poverty (44) through different instruments and with diverse purposes. Among such programs, it is possible to distinguish *three sub-types*: 1) non-contributory pensions or allowances granted according to criteria that combine categorical definitions with means-testing (in most cases, elderly or permanently disabled individuals in situation of poverty); 2) non-conditional cash transfers targeting individuals or households in situation of poverty, and conceived as temporary safety nets to alleviate the impact of structural adjustments or otherwise caused recessions; 3) conditional cash-transfers, targeting unemployed household heads or households in situation of poverty, that tend to combine small cash transfers with diverse services and interventions –all contingent upon the beneficiary assuming a series of responsibilities. While services and payments may contribute to alleviate situations of poverty in the short term, programs in the last group frequently include the development of human capital as a central goal towards the reduction of structural poverty. The first type of program often corresponds to the development of a non-contributory pillar as a stable component of social security systems, and has been created all along the three decades under study. The other two, on the other hand, tend to correspond to different and successive “waves” resulting from different

paradigms for the design of social assistance programs targeting poor households. The first wave took place between the late 80s and early 90s, coinciding with the peak of the influence of the “Washington consensus,” and aimed at the moderation of the social costs of structural adjustments. In spite of some early experiences started already in the late 90s, the mainstream of the second wave belongs to the “post-Washington consensus” age. This last category receives a more detailed analysis in Chapter 8.

6.2 ANALYSIS OF TRUTH TABLES

6.2.1 Necessary conditions for structural replacement

Retrenchment by substitution –that is, involving institutional displacement (Mahoney and Thelen 2010, Streeck and Thelen 2005) is neither very likely, nor completely unviable. The occurrence of this type of transformation requires, as a necessary condition, the joint presence of two exogenous impact: authoritarian interregna introducing strong institutional discontinuities, and deep debt crises associated with hyperinflationary processes. Those exogenous impacts are assumed to have reciprocally reinforcing negative effects on the relative strength and veto capacity of distributional coalitions expected to support the continuity of welfare regimes as originally designed.

Using the notation of csQCA:¹³⁵

AUTH + DHYP → SRD

where AUTH means Authoritarian interregnum with high institutional discontinuity

¹³⁵ For a list of the coding of variables, see Appendix D.

DHYP means Crisis of balance of payments with hyperinflation

SRD means Structural retrenchment with displacement

+ is the logical operator OR

For the purpose of testing joint necessity, it is necessary to consider all the cases showing the outcome. With respect to that universe, the critical subset is the one containing cases where the combination is absent.¹³⁶

Table 7: Data matrix for analysis of sufficiency of AUTH and DHYP

| | CONDITIONS | | OUTCOME | |
|------------------------|------------|------|---------|---------|
| | AUTH | DHYP | SR | CONTENT |
| Argentina 1994a | 0 | 1 | 0 | PR |
| Bolivia 1997 | 0 | 1 | 1 | PR |
| Brazil 1990 | 1 | 1 | 1 | HCE |
| Brazil 1991a | 1 | 1 | 0 | PR |
| Chile 1981a | 1 | 1 | 1 | PR |
| Chile 1981b | 1 | 1 | 1 | HCR |
| Peru 1991a | 1 | 1 | 1 | HCR |
| Peru 1993 | 1 | 1 | 1 | PR |

The results not only disconfirm the hypothesis of joint necessity, but also discourage the alternative proposition of independent sufficiency. The first conclusion results from the cases of reform in rows 2 and 4; the second one, by the occurrence of reform in Mexico in the absence of hyperinflation and by its frustration in Brazil in spite of it.

¹³⁶ It is important to notice that the hypothesis does not state that structural reform is a necessary outcome of the analyzed conditions –in that case, negative cases with not attempted reforms would be relevant. The hypothesis is that authoritarianism and crises with hyperinflation create conditions necessary for the success of an attempted reform – which implies the irrelevance of any case in which a reform was not attempted.

Table 8: Truth table for sufficient conditions for structural retrenchment

| ROW | CONDITIONS | | OUTCOME | | n | n _y | Cons. | X→Y |
|-----|------------|------|-------------------------|--------|---|----------------|-------|------|
| | AUTH | DHYP | SRD | ~SRD | | | | |
| 1 | 0 | 0 | | | 0 | 0 | ---- | ---- |
| 2 | 1 | 0 | Mex97 | | 1 | 1 | | [C] |
| 3 | 1 | 1 | Chi81a&b; Per 91a&93 | | 4 | 4 | 1 | V |
| 4 | 0 | 1 | Bol97 | Bra91a | 2 | 1 | | [C] |

Could the latter be considered not strictly relevant? The 1991 episode was one of Fernando Collor's frustrated attempts to privatize the pension system. It is worth a brief commentary, since its irrelevance would allow for the sufficiency of the hyperinflation condition. What could save the hypothesis is the debatable relevance of the case. In fact, one could argue that by 1991, the Brazilian hyperinflation, usually dated between December 1989 and March 1990, had already peaked and declined –the critical question would then be how long the effects of a debt crisis with hyperinflation should be expected to last. The answer is, not surprisingly, that it depends. I determined in advance that I would not be dealing with an in-depth analysis of the mechanisms that operate to translate the impact of the crisis into an increased feasibility of welfare regime structural reforms. Still, I would like to point towards a possible clue for further exploration. The most important mechanisms suggested by the literature on the topic operate at two levels. On the one hand, the capital flights resulting from a crisis of balance of payments are supposed to taint the balance of forces against owners of fixed assets (mainly industrialists benefiting from the general ISI policy complex), and bias it towards owners of liquid assets (mainly the financial sector) in position of blackmailing the government with the threat of capital flight. Moreover, governments not infrequently react to this type of situation, as part of desperate attempts to send tranquilizing signals to capital markets, placing representatives of the most internationalized business sectors in command of economic policy. On the other hand, the

devastating impact of hyperinflation on the business environment, and on the purchasing power of common people, is expected by some models to make societies give priority to stabilization, thus increasing their willingness to “swallow the bitter pill (Weyland 2002)” of painful adjustment measures. Regarding the first aspect, the more fragile situation of international financial interests associated with the centrality of the public banking sector in the Brazilian developmental model has been observed –especially in comparison with Mexico. That comparative weakness not only had to do with the quantitatively and strategically smaller presence of international banking in the financial sector, but also with collective action problems and the underdevelopment of cohesive and comprehensive business organizations. In any case, it seems clear that the hypothesis needs to be reformulated based on more detailed knowledge of the mechanisms through which the impact of financial crises reaches the solidity of coalitions of interests.

6.2.2 Sufficient conditions for the blockage of structural reform

The assumption here is that legacies including corporatist structures of interest intermediation operate as a double-edged sword. On the one hand, they posit very solid obstacles for attempts at reform through displacement; on the other hand, they provide an instrument of control when a party with a privileged connection with corporate actors is in power. This section works on the hypothesis predicting necessary effects of corporatist legacies, provided its main political beneficiary is in the opposition. I predict that such combination is sufficient to frustrate any initiative of structural reform entailing a reduction of benefits for corporate privileged groups.

The resulting proposition would be:

CORP * PPO → ~SR

where CORP means Institutional legacy of corporatist pattern of labor incorporation

PPO means Populist¹³⁷ party in the opposition

~SR means No structural reform

* refers to the logical operator AND

Table 9: Data matrix to test sufficient conditions for frustration of structural reform

| | CONDITIONS | | OUTCOME | | |
|----------------|------------|-----|---------|----|-----|
| | CORP | PPO | ~SR | PR | HCR |
| Argentina 1984 | 1 | 1 | 1 | | x |
| Venezuela 1999 | 1 | 1 | 0 | x | |

I will not be testing for sufficiency as an attribute of each condition individually considered, but of their combination. In technical jargon, within this model the corporatist legacy and a populist opposition party operate as so-called INUS conditions –“insufficient but necessary part of a condition which is itself unnecessary but sufficient for the result.”¹³⁸ The relevant universe is that of the cases of attempted structural reform including *both* conditions. Within that universe, the critical cases are the ones not showing the respective predicted outcome –that is, in

¹³⁷ Remember that the adjective “populist” is used here not to refer to any populist party, but to refer to parties that are part of the incorporation legacy, and that maintain the linkages to unions that resulted from a corporatist pattern of incorporation.

¹³⁸ This is directly connected to the equifinal and conjunctural nature of the type of causal complexity assumed by the model. The fact that the combination is sufficient but not necessary, implies the existence of alternative combinations leading to the outcome. However, the necessity of the individual factors (CORP, PPP, PPO) for the combined effect implies a conjunctural type of causation.

which reform would eventually take place in spite of the hypothesized sufficient condition for its frustration.¹³⁹

The case for this hypothesis is admittedly weak. The first problem is the Venezuelan reform of social security in 1999 with *Acción Democrática* in the opposition. The relevance of the case, however, could be questioned by arguing that, by that time, the debacle of the political establishment in general and of *Acción Democrática* in particular had already gone far enough to make any defense of privileges from the *Punto Fijo* regime too risky a challenge (Morgan 2012, Murillo 2001, Seawright 2012).

Table 10: Truth table for sufficient conditions for failure of structural reform

| ROW | CONDITIONS | | OUTCOME | | n | n _y | Cons. | X→Y |
|-----|------------|-----|----------------------------|-------|---|----------------|-------|------|
| | CORP | PPO | SR | ~SR | | | | |
| 1 | 0 | 0 | ----- | ----- | | | | |
| 2 | 1 | 0 | Arg94, 08; Mex84, 92-95 | | | | | |
| 3 | 1 | 1 | Ven99 | Arg84 | 2 | 1 | 0.5 | [C] |
| 4 | 0 | 1 | ----- | ----- | | | | ---- |

However, the more serious problem is shortage of observations. This is a consequence, among other things, of the extended permanence in government of two of the three parties associated with persistent corporatist practices –Peronism and PRI. But there is also the fact that “negative cases” constitute crucial evidence for a hypothesis about those parties’ capacity to block reforms, and those “dogs that don’t bark” are often harder to locate... precisely because they do not bark. We know only too well that successful political strategies are about precluding things from

¹³⁹ The caveats of the previous test apply here too. Cases in which no attempt was made at structural reform do not count, since the hypothesis does not claim to predict the emergence of initiatives of reform, but the viability of a specific type of structural reform, in the first case, and of structural reforms *tout court* in the second one.

happening perhaps more often than about making things happen. And we know that deterrence of the adversary from even attempting a move is one of the key manifestations of political influence (Hacker and Pierson 2009). One option, in order to strengthen the argument, is to reason counterfactually. At least for the Argentine case, we have considerable evidence of the intimidating capacity of the Peronist opposition to Alfonsín. What we need is evidence that the Alfonsín administration ever considered the idea a substitutive reform as a desirable alternative. What seems reasonable to assume, under the light of evidence collected for the study of other policy areas, is that it would not have dared counting on support from the Peronist opposition for any formula that the unions could perceive as a threat to their benefits.

Finally, there is the possibility of modifying the hypothesis. The argument could be made more general by extending it to cases in which strong interest groups responding to the interests of insiders to social security systems develop organic linkages with a strong political party in the opposition. That would allow consideration as relevant of the multiple frustrated initiatives of pension reform in Brazil under Cardoso and in Uruguay under Lacalle.¹⁴⁰

6.2.3 Sufficient conditions for emergence of mixed systems (partial structural reform)

This section tests the other side of the coin just analyzed. While the previous section was about sufficient conditions for the frustration of structural reform, this is about sufficient conditions to determine its moderation. Structural reform under democratic conditions, I contend, is contingent upon the neutralization of opposition from insiders. This has two implications. The first one is the incumbency of those mainly dependent of the electoral support of coalitions of insiders. The second

¹⁴⁰ On Brazil, see (Brooks 2009, Caetano 2009, Madrid 2003, Melo 2004, 2007, Pinheiro 2004, Weyland 1995a, 1996a, b, 2006); on Uruguay (Brooks 2009, Castiglioni 2005, Kay 1999, Müller 2003, Papadópulos 1992, 2001).

one is the necessary watering-down of the content of reform in order to protect insiders' benefits. This necessarily results in a fragmentation of the effects of reform, which in turn requires a process of institutional layering. A part of the institutional legacy, necessary to guarantee already established benefits, remains untouched by the reform. Institutional innovations are attached to that core, resulting in a mixed system.

The conditions leading to this type of solution are different depending on the type of initial incorporation associated with the establishment and early expansion of social insurance. The next two sub-sections analyze separately cases of incorporation by a hegemonic force leading to corporatist legacies, and cases of incorporation through the co-participation of traditional parties leading to pluralist legacies.

6.2.3.1 Cases of corporatist legacy

This sub-section is about how the other edge of the “corporatist sword” operates. Mixed structural reform by institutional layering, I contend, is a necessary result of corporatism when its main political beneficiary is in power.

The resulting proposition is:

CORP * PPG → MSR

where CORP means Institutional legacy of corporatist pattern of labor incorporation

PPG means Populist¹⁴¹ party in government

¹⁴¹ Remember that the adjective “populist” is used here not to refer to any populist party, but to refer to parties that are part of the incorporation legacy, and that maintain the linkages to unions that resulted from a corporatist pattern of incorporation.

MSR means Mixed structural reform¹⁴²

* refers to the logical operator AND

Table 11: Data matrix to test the sufficiency of CORP*PPG

| | CORP | PPG | MSR | PR | HCR |
|-----------------|------|-----|-----|----|-----|
| Argentina 1994a | 1 | 1 | 1 | x | |
| Argentina 1996a | 1 | 1 | 1 | | x |
| Argentina 2008 | 1 | 1 | 0 | x | |
| Argentina 2011 | 1 | 1 | 1 | | x |
| Mexico 1984 | 1 | 1 | 0 | | x |
| Mexico 1992a | 1 | 1 | 1 | x | |
| Mexico 1995 | 1 | 1 | 1 | x | |

Table 12: Truth table for sufficient conditions for mixed structural reform

| ROW | CONDITIONS | | OUTCOME | | n | n _y | Cons. | X→Y |
|-----|------------|-----|-------------------------------|------|------|----------------|-------|------|
| | CORP | PPG | MSR | ~MSR | | | | |
| 1 | 0 | 0 | Col94; CR95; Uru94 | ---- | | 3 | | [?] |
| 2 | 1 | 0 | | | | | | [?] |
| 3 | 1 | 1 | Arg94a&96a; Mex84, 92a, 95 | | 5 | 5 | 1 | T |
| 4 | 0 | 1 | ---- | ---- | ---- | ---- | ---- | ---- |

Once again, the relevant universe is that of the cases including *both* conditions. Within that universe, the critical cases are the ones not showing the respective predicted outcome. The

¹⁴² A mixed structural reform is one that is not fully substitute, but somehow preserves and incorporates some institutions or programs of the old order in order to protect the benefits of the main interests privileged by it. In Mesa-Lago's typology, it would result in a new model that is either *parallel* or a *mixed*. I partially differ, however, with Mesa-Lago's operationalization. He includes the Mexican pension reform of 1997 among the cases of substitutive structural reform. For the purposes of the current analysis, I classify that reform as a mixed one, considering that, even if the public system was closed to new entrants, the structures of its administrations were maintained and all those already insured at the time of the reform were granted the possibility to choose, at the time of their retirement, between a pension regulated by the public system of defined benefits or one based on the private system of individual capitalization.

first proposition would then be disconfirmed by any case in which CORP and PPP are simultaneously present, and a substitutive structural reform was successfully attempted.¹⁴³

Two cases may be problematic for this proposition –Argentina 2008 and Mexico 1984. Things look different, however, if we briefly consider the contents of the respective reforms. The Mexican *Ley General de Salud*, de 1984, was an initiative that created the institutional frame for the development of a National Health System. The Ministry of Health was assigned the leading role in the formulation and coordination of the process. This had direct effects in the balance of power, within the governmental apparatus, between the Ministry and the *Instituto Mexicano del Seguro Social*.¹⁴⁴ According to González Rossetti, “[f]ormally, the MOH was in charge of the health sector, but historically the IMSS outweighed it financially, organizationally, and politically, at both the federal and state levels. The IMSS bureaucracy and its leadership also perceived a threat in the designation of the MOH as head of the sector and the creation of a health cabinet, because this severed its direct link to the president for policy decision making (González Rossetti 2004).” The project put strong emphasis in the decentralization of service provision. The decentralization of facilities of the Ministry of Health, that were merged at the state level with the ones belonging to the IMSS’s *Programa Solidaridad* to create autonomous state-level health sub-systems, “forced the IMSS to forsake the IMSS-*Solidaridad* infrastructure and health labor power (González Rossetti 2004).” Its authorities did not dare frontally opposing an initiative directly backed by president De La Madrid. However, after two years it had managed to put together a powerful coalition. Essential for its power was the resistance of state

¹⁴³ The caveats of the previous test apply here too. Cases in which no attempt was made at structural reform do not count, since the hypothesis does not claim to predict the emergence of initiatives of reform, but the viability of a specific type of structural reform, in the first case, and of structural reforms *tout court* in the second one.

¹⁴⁴ See (Brachet-Márquez 2007a, b, Dion 2010).

governors, concerned about the possible new fiscal responsibilities associated with the decentralization. IMSS employees reluctant to be transferred to the orbit of the MOH reinforced the coalition by sabotaging the project at the implementation level, and even potential beneficiaries were successfully organized to protest the changes in procedures and displacement of services. By then, the context of economic crisis and political unrest had changed the presidential priorities, and the decentralization process was interrupted after 14 out of 32 states had implemented it. In the following sexenio, the Salinas administration did not review the law, but just reversed the process in practice, by going back to the previous centralized management of the budget without making distinctions between reformed and not-reformed state-level health administrations (Brachet-Márquez 2007b, González Rossetti 2004). Two observations are important here. The first one is that, in the context of Mexico's sui generis authoritarian regime by the early 80s, a good part of the tug of war between government and opposition took place within the PRI itself. A central purpose behind the creation of that oxymoronic formula was, precisely, the absorption of conflicts on interests into the party structure in order to manage them in less disruptive ways. In this case, the main sources of opposition were frictions between bureaucratic bailiwicks controlled by the same party, on the one hand, and in the always delicate equilibrium between the Mexican presidency and state governors. The final result, however, was pretty similar to the ones of other conflicts internal to PRI and Peronism that I will analyze in next chapter: a head of the executive that ends watering-down a project in order to appease conflicts running across the party structure. As a result –this is the second observation–, even if conflicts did not emerge during the law-making process and legislation was not reversed or amended to somehow give formal expression to the blockade, the policy ended “mixed” for all practical purposes.

As for the Argentine 2008 pension reform, its goal was the complete reversion of the privatization led by the Menem administration in 1994, when the acceptance of the second, private pillar by Peronist unions took painstaking negotiations between the executive and one of the central partners in its support coalition. The same unions simply found nothing to object, 14 years later, to a radical revision.

6.2.3.2 Cases of pluralist or discontinued populist legacy

According to the data in Table V.5b, the hypothesis in the previous section, even if fully consistent, has only limited coverage –it explains 5 out of 8 cases of mixed reform. This result suggests the existence of at least one alternative path that would explain the cases of the first row, consisting on the creation of mixed systems in Colombia, Costa Rica, and Uruguay. Here I will suggest and test a path valid for cases with institutional legacies produced by pluralist incorporation through bi-partisan systems.

When that was the case, we find no hegemonic actor monopolizing the benefits of incorporation, which are distributed in a more even way. Co-participation in the process thus created vested interests in the continuity of the social protection system for multiple partisan actors. Any of those actors would face too high political costs if it took exclusive responsibility for a reform entailing significant retrenchment. The predicted consequence is their convergence on one of two strategies: either non-cooperative blame avoidance, or cooperation to share blame for a reform protecting the beneficiaries of the existing system. Considering that even shared blame might entail significant political costs, I do not expect parties to choose such a cooperative strategy unless exposed to the risk of higher costs. I will hypothesize as an additional condition, necessary for a

shared-blame strategy to happen, the emergence of a significant electoral challenge from third parties.

The proposition to test would then be:

LBPI*TPC → MSR

where LBPI means Legacy of bi-partisan incorporation

TPC means Third-party/ies challenge

MSR means Mixed structural reform

* refers to logical operator AND.

The cases that are relevant for this hypothesis are all those presenting the sufficient configuration –the hypothesis would be disconfirmed by any case showing the condition but not the outcome. The three cases in row 3 are consistent with the hypothesis. This is another configuration for which “non-barking dogs” are important. Thus, even if not directly relevant for the sake of consistency, the cases on row 2 are worth considering as ancillary ones, since they reinforce the idea that “founding” parties should be expected to avoid taking blame for a reform in the absence of a significant challenge by third parties.¹⁴⁵

Table 13: Truth table for sufficient conditions for mixed structural reform (II)

| ROW | CONDITIONS | | OUTCOME | | N | n _y | Cons. | X*Z→Y |
|-----|------------|-----|-----------------------|--------------|------|----------------|-------|-------|
| | LBPI | TPC | MSR | ~MSR | | | | |
| 1 | 0 | 0 | ----- | ---- | | | | ---- |
| 2 | 1 | 0 | | Uru85, 90-92 | | | | [?] |
| 3 | 1 | 1 | Col94, CR95; Uru95 | | 3 | 3 | 1 | T |
| 4 | 0 | 1 | | ---- | ---- | ---- | ---- | ---- |

¹⁴⁵ The value as ancillary cases is further strengthened by the state of financial imbalance that the social security system presented at the time, which made reform not only recommendable but urgent.

6.2.4 Necessary conditions for structural expansion

Any inclusive expansion of coverage, entailing more egalitarian distributions of benefits and burdens, depends both on the combined effects of systems of interest intermediation, type of party in government, and bureaucratic components of the legacy from incorporation. I concretely hypothesize the following necessary conditions, that can be combined in alternative paths: a) the presence either of strong labor unions connected with ruling parties without subordination *or* of institutionalized mechanisms of concertation guaranteed by the state; b) a governing party capable of articulating a base wide enough to combine the “classical” demands of the remaining old “populist” constituencies (“insiders”), with the new demands of excluded sectors and new social movements (“outsiders”); d) an autonomous specialized technical bureaucracy.

The notation is:

$$(IUP + ICM) * GIOP * EBA \rightarrow SEXP$$

| | |
|-----------|------------------------------------------------|
| where IUP | means Independent union-party connection |
| ICM | means Institutionalized concertation mechanism |
| GIOP | stands for Governing insider-outsider party |
| EBA | means Embedded bureaucratic autonomy |
| SEXP | means Structural expansion |

This hypothesis differs to the previous ones in that it postulates a necessary set of conditions for a given outcome. Here the relevant cases are those of structural expansion, and the hypothesis would be disconfirmed by the existence of at least one case showing that outcome

and the absence of any of the conditions hypothesized as individually necessary and jointly sufficient.

Table 14: Data matrix to test for necessary conditions for structural expansion

| | CONDITIONS | | | | OUTCOMES | | |
|-----------------|------------|-----|------|-----|----------|------|-------|
| | IUP | ICM | GIOP | EBA | SEXP | PEXP | HCEXP |
| Brazil 1988 | 1 | 1 | 0 | 1 | 1 | 1 | 0 |
| Brazil 1990 | 1 | 0 | 0 | 1 | 1 | 0 | 1 |
| Chile 2005 | 1 | 1 | 1 | 1 | 1 | 0 | 1 |
| Colombia 1993 | 1 | 1 | 0 | 0 | 1 | 0 | 1 |
| Costa Rica 1995 | 0 | 1 | 1 | 1 | 1 | 0 | 1 |
| Uruguay 2005-07 | 1 | 0 | 1 | 1 | 1 | 0 | 1 |

This is the most complex hypothesis, and several decisions regarding measurement and the classification of cases may result debatable. First, we have the choice for leaving out two cases of dubious irrelevance, since some readers may consider them examples of structural expansion –the creation of a universal old age flat pension by the administration Sánchez de Losada in 1993 and the reversal of the privatization of Argentine pensions by the Fernández administration in 2008. Regarding the BONOSOL, I think that Weyland provides an exact appreciation when he states that although “political and tactical calculations led pension reformers... to go beyond the Chilean model... they did so simply by addition, not modification. The BONOSOL did not affect the private pension system as such but merely sought to make it politically viable (Weyland 2006)¹⁴⁶.” The Argentinean case is basically an attempt to return to a *statu quo ante* through the reversal of the previous privatization by the Menem administration that entails no effort to expand the system in order to make it more inclusive –in other words, the

¹⁴⁶ But see (Müller 2009) for a different evaluation.

dual nature of the Argentine system of social protection remains basically untouched by the “re-reform.”¹⁴⁷

Table 15: Truth table for necessary conditions for structural expansion

| ROW | CONDITIONS | | | | OUTCOMES | | n | n _y | Cons. | (X+Z)*W*U→Y |
|-----|------------|-----|------|-----|------------------------------------|-----------------------------------------|---|----------------|-------|-------------|
| | IUP | ICM | GIOP | EBA | SEXP | ~SEXP | | | | |
| 1 | 0 | 0 | 0 | 0 | | Arg pre99; Peru | | | | |
| 2 | 0 | 0 | 0 | 1 | | | | | | |
| 3 | 0 | 0 | 1 | 0 | | Arg99-00& post-2003; Ven99-200? | | | | |
| 4 | 0 | 0 | 1 | 1 | | | | | | |
| 5 | 0 | 1 | 0 | 0 | | | | | | |
| 6 | 0 | 1 | 0 | 1 | CR95 | | | | | |
| 7 | 0 | 1 | 1 | 0 | | Mexico pre2000; Ven99 | | | | |
| 8 | 0 | 1 | 1 | 1 | | | | | | |
| 9 | 1 | 0 | 0 | 0 | | Bol pre 2005; Mex post2000; Uru pre2004 | | | | |
| 10 | 1 | 0 | 0 | 1 | | | | | | |
| 11 | 1 | 0 | 1 | 0 | | | | | | |
| 12 | 1 | 0 | 1 | 1 | Bra03-05; Uru05 | | | | | |
| 13 | 1 | 1 | 0 | 0 | | | | | | |
| 14 | 1 | 1 | 0 | 1 | Bra88, 90, 91c, 94, 98a, 00; Col93 | | | | | T |
| 15 | 1 | 1 | 1 | 0 | Bol10 | | | | | |
| 16 | 0 | 0 | 1 | 1 | Chi05 | | | | | |

Second, is the inclusion of the Chilean health care reform of 2005. One aspect, which I find less arguable, is the nature of the reform. It is true that there is no dismantlement of the basic institutional structure of the system –that is, not a reform by displacement. But most analysis reach the same conclusion: there is a very important alteration of the balance between the public

¹⁴⁷ Moreover, I tend to agree with Giselle Datz when she finds the origins of the counter-reform in the financial urgencies posed to the government by the condition of Argentina’s sovereign debt, rather than by any consideration of social justice (Datz 2012, Datz and Dancsi 2013). Interestingly, some clever intuitions of the role of the elements that ended leading the evolution of the Argentine system along this path can be found in (Brooks 2009). See also (Arza 2012, Mesa-Lago 2009).

and private components, a clear increase in regulation, and an expansion of both of the coverage of the system and its accessibility for non-privileged sectors. Perhaps most important, however, is change in terms of risk-pooling.¹⁴⁸ Last but not least, the ulterior parametric adjustment introduced by the Bachelet administration in 2010 clearly builds upon possibilities open by the 2005 reform (Castiglioni 2012).

Finally, there is the possible issue of the scores given to Colombia in relation to the existence of an institutionalized mechanism of comprehensive concertation of interests, and of a political party capable of building a comprehensive coalition of interests of insiders and outsiders. My contention is that, in an exceptional conjuncture, the Constituent Assembly provided a functional equivalent for both, by establishing “a broadly representative commission to resolve the underlying differences over the organization of the social security and health sectors (Ramírez 2004).”¹⁴⁹

Provided that the preceding justifications result persuasive, the data in Table V.6b forces us to discard the initial hypothesis of necessity. According to Table V.6b, there are six possible alternative combinations that are sufficient to produce the outcome:

$$\mathbf{ICM*EBA + IUP*GIOP*EBA + IUP*ICM + IUP*ICM*GIOP + GIOP*EBA \rightarrow SEXP}$$

The terms of this initial proposition can be reorganized, to obtain a considerably more parsimonious expression. If we extract EBA from those paths that have it as a common factor:

$$\mathbf{EBA* (ICM + IUP*GIOP + GIOP) + IUP*ICM \rightarrow SEXP}$$

¹⁴⁸ See (Huber and Stephens 2012, Pribble 2013, Pribble 2006, Solimano and Vergara 2007).

¹⁴⁹ See also (Chávez G. and Montoya 2011, Esteves 2012, Le Bonniec 2002).

Which can be rewritten as:

$$\text{EBA}*(\text{GIOP} + \text{ICM}) + \text{IUP}*\text{ICM} \rightarrow \text{SEXP}$$

The three possible alternative paths (EBA*GIOP; EBA*ICM; IUP*ICM) can still be further simplified, obtaining the sufficiency of either ICM or the combination EBA*GIOP.

This results suggest three initial reflections. *First*, an important caveat: any comparison of the alternative paths taking the respective conditions individually would be at odds with the very notion of conjunctural causation.¹⁵⁰ *Second*, it follows that, even if according to a strict logic of propositional algebra, a process of logical reduction can lead to eliminate several individual conditions and combinations, these may nevertheless retain analytical relevance for process-tracing. In other words, EBA and GIOP may be jointly sufficient to produce the outcome, but the process leading to it in itself may be different in the presence of IUP, and that may constitute valuable information, even if it can be disregarded for the sake of parsimony. Third, the alternative paths, which are equivalent as sufficient conditions for the general outcome defined of structural expansion, may entail relevant differences at a more disaggregated levels, either between different formulas of structural expansion in the same policy area, or across policy areas. In any case, further elaboration requires the type of in-depth intra-case analysis that is provided in the next chapter.

¹⁵⁰ For example, if based on mere consideration of the combinations corresponding to the first and second path, we assumed that EBA operates in both cases in the same way, and that GIOP and ICM contribute in equivalent ways to the outcome. That may actually be the case, but it cannot be assumed without analyzing the mechanism in action –it may also be the case that, for example, EBA operates in qualitatively different ways depending on whether it combines with GIOP or with ICM.

6.2.5 Sufficient conditions for reversibility of structural reforms

The next hypothesis is about the short- and medium-term stability of structural reforms. A strong assumption here is that, although those processes are naturally constrained by structural legacies from the incorporation period, the stability of their outcomes is to an important extent contingent upon short-term strategies of political actors. The purpose of this section is *not* to explain those strategies, but to try to identify their incidence on institutional instability –more specifically, to explain the important number of structural reforms that have been reversed within relatively short periods. The hypothesis that will guide my exploration is that the instability of structural reforms is determined by the interaction between the type of regime and the political dynamics of the specific policy-making processes they result from. Under democratic regimes, consensual policy-making is a necessary condition for durable structural reforms.

The symbolic notation:

~CONS*DEM → RRSR

where ~CONS means absence of Consensual processing of structural reform

DEM means Democratic regime during the process of structural reform

RRSR means Radical reversal of structural reform

The universe of relevant cases is thus that of structural reforms processed in democracy and in a non-consensual fashion. The critical cases for the disconfirmation of the hypothesis would be those that, having experienced in the past a structural reform under the mentioned conditions, have not experienced a reversal.

Table 16: Data matrix for sufficient conditions for radical reversal of structural reform

| | CONDITIONS | | OUTCOME | | |
|-----------------|------------|-----|---------|-----|------|
| | ~CONS | DEM | RRSR | PSR | HCSR |
| Argentina 1994a | 0 | 1 | 1 | X | |
| Bolivia 1997 | 1 | 1 | 1 | X | |
| Brazil 1988 | 0 | 1 | 0 | | X |
| Chile 1981 | 1 | 0 | 0 | X | X |
| Colombia 1993 | 0 | 1 | 0 | | X |
| Colombia 1994 | 0 | 1 | 0 | X | |
| Costa Rica 1995 | 0 | 1 | 0 | X | |
| Ecuador 2001 | 1 | 1 | 1 | X | |
| Mexico 1992-95 | 1 | 0 | 0 | X | |
| Mexico 1995 | 1 | 0 | 0 | X | |
| Peru | 1 | 0 | 0 | | |
| Uruguay 1995 | 1 | 1 | 0 | X | |
| Uruguay 2005-07 | 1 | 1 | 0 | | X |
| Venezuela 1999 | 1 | 1 | 1 | X | |

First, a brief commentary on some cases whose exclusion or inclusion could be debatable. One of them, the Argentine 2008 pension reform, was led by the current government of a historical populist party, following the non-consensual policy-making pattern that has singularized the Fernández administration.¹⁵¹ The pension reforms approved in Bolivia and Venezuela in 2010 and 2000 respectively, developed through hegemonic policy-making processes. Perhaps the health care reform approved and implemented by the first administration of the *Frente Amplio* (2005-2009) should at first glance be defined as a hegemonic one, since the governing party had an absolute majority that enabled it to rely exclusively on its own

¹⁵¹ Not only there was no opening of the process to the input of social organizations, interest groups, or independent experts; the recommendations of the “white book” resulting from the comprehensive debates developed in 2001 were completely ignored (Mesa-Lago 2009).

legislators, and made no significant effort to form an extended legislative coalition. That fact notwithstanding, and as I show in the analysis of the process included in the next chapter, the project in itself built upon a long process of policy learning dating back to the *Concertación Nacional Programática*, in 1984, and to subsequent discussions under the Sanguinetti administration. Those ambiguities notwithstanding, the decisive test of the pudding for the hypothesis tested here requires the rotation of governing party, which has yet to arrive in the four cases.

Another potentially problematic decision is the coding of the Mexican 1995 pension reform as not having been radically reversed. It is true that the pension reform that the Fox administration got approved in 2004 was not a mere parametric adjustment, since it precisely targeted the core of the compensations conceded by the PRI in order to overcome opposition from unions and bureaucrats –the special, privileged pension system preserved for the employees of the IMSS (Meyer and Marier 2005). However, the main content of the 1995 reform –that is, the attributes based on which we classify it as structural- remain in place. Moreover, the replacement of the defined-benefits system by one of defined contributions based on individual accounts is completed through this second reform, by mandating IMSS employees to enroll into a mandatory contributory private pension plan.

Table 17: Truth table for sufficient conditions for radical reversal of structural reform

| ROW | CONDITIONS | | OUTCOME | | n | n _y | Cons. | X*Z→Y |
|-----|------------|-----|--------------|-----------------------------|------|----------------|-------|-------|
| | ~CONS | DEM | RRSR | ~RRSR | | | | |
| 1 | 0 | 0 | ---- | ----- | ---- | ---- | ---- | L.I. |
| 2 | 1 | 0 | | Chi81a&b; Mex92-95; Per | 3 | 0 | 0 | N.R. |
| 3 | 1 | 1 | Bol97; Ecu01 | Uru95 | 4 | 3 | 0.25 | [C] |
| 4 | 0 | 1 | Arg94; Ven99 | Bra88-90; Col93-95; CR95 | 5 | 2 | 0.4 | [C] |

The evidence synthesized in table 17 clearly dictates the rejection of the hypothesis. In the relevant row (3) we have one reform that, although processed in a non-consensual way, has not been reversed –which kills the case for the combination of democratic regime and lack of consensus as a joint sufficient condition for the reversal of structural reforms. Some policy-makers participating in the process have suggested that the insufficient votes collected by an attempt to reject the Uruguayan reform through popular referendum, confirmed something like an *ex post facto* consensus. More solid is the argument that the strategy followed by reformers in this case was one of anticipated de-activation that divided a potentially extended opposition. Indeed, the solution not only preserved to a significant degree the segmentation of the reformed system, but decisively added the option to remain under the PAYG regime for those contributors of age 40 and above (Kay 1999, Müller 2003, Papadópulos 2001). This would suggest the possibility of adjusting the hypothesis through the exclusion of reforms in which the structural component is watered-down by segmenting it with significant compensations for insiders –that would, so to speak, create an *ex-ante* implicit consensus.

Some cases in row (4), if not strictly relevant for the confirmation of the proposition, indirectly reinforce it, by providing examples in which strategies of consensus seem to have been rewarded with institutional continuity. However, the same row includes information pointing in the opposite direction too. Indeed, the drastic reversals occurring in Argentina and Venezuela suggest that, even if the absence of consensual strategy were sufficient to produce reversal, the strategy by itself does not suffice to prevent it.

Maybe we should consider looking somewhere else. That is, in fact, one possible reading of the similarities between the four cases of reversal, which would send us back to explore systemic factors. The four episodes of reversal (Argentina, Bolivia, Ecuador, and Venezuela) took place in contexts of pervasive institutional instability. Maybe a first general conclusion should be that the main operating forces are not policy-specific. This very basic hypothesis can be further elaborated in at least three directions that are not mutually exclusive. First, an argument on pervasive institutional instability; second, one based on the idea of an encompassing anti-neoliberal backlash; third, one centered on the hypothesis of a re-distribution of power among coalitions of interests. According to the first story, the reversals would express a more pervasive syndrome of institutional precariousness; in the second, they would owe their instability to the underlying ideological orientation. An obvious possible line for further exploration –that will not be pursued here- is the comparative analysis of reversed structural reforms across policy areas, to see if they have a common anti-market orientation, or converge in the benefit of the same interest groups.

The cases on row (2) may become relevant at this point. Indeed, they share an unequivocally radical pro-market orientation. However, substantial continuity notwithstanding, the three cases (Chile, Mexico and Peru) have experienced important cycles of post-structural reform adjustment that solidified some aspects of the private components of their systems, but simultaneously moderated some effects in terms of inequality or exclusion by re-enforcing public regulation.¹⁵² It seems that the key point is not necessarily (or at least not exclusively) neoliberalism. Of course, they also have in common the authoritarian nature of the governments responsible for their structural reforms. Should we conclude that dictatorships have an advantage over democracies in terms of the

¹⁵² See Appendix A.

durability of their institutional innovations? Evidence against that simplistic conclusion, both from the region and from outside it, is abundant. Now, if we look at all cases of institutional continuity after structural reform, regardless of regimes, it is easy to identify a common propensity to gradual institutional change in general.¹⁵³ Did we describe a whole circle to end in the not very original conclusion that institutional innovations processed in the context of stable institutions have a higher chance to last? It may be a start, but only if the obvious questions follows, which institutions then?

We could by at least identifying which institutions to exclude. Constitutional structures, electoral systems, degrees of centralization, party systems and types of parties are heterogeneous enough to make them the foundation of any monocausal hypothesis. Neither would a path-dependent argument based on legacies from the incorporation period fly. Economic structures and strategies of development are also diverse, as are in consequence the equations of winners and losers among socioeconomic coalitions. So far, I have only been able to come up with one alternative: they tend to be the countries in the region that have got closest to building states that allow governments to govern. Now, that is admittedly little more than a start, and one that cannot be accepted without considerable caution. Indeed, “the state,” being one of those concepts without which I do not expect social scientists to get too far, can very easily turn into one of those *passé partout* categories that in the end leave us with little more than some brilliant, hyper-abstract *grand récit*. So the possibility of it providing any useful theoretical direction depends on careful further elaboration not only on the concept itself, but also and fundamentally on strategies for the *observation* of the state. Where should we search –perhaps more accurately, what should we look at- in order to “see” the state? The direction suggested in the theoretical chapter was based on three recommendations: 1)

¹⁵³ A diagnose, however, that is admittedly less accurate for Colombia and Peru than for the rest of countries.

think *relationally*; 2) observe public policy-making *processes*. In other words: try to find out how governments do what they do when they try to govern. The following two chapters are an attempt to put that in practice.

6.3 DISCUSSION AND CONCLUSIONS

The empirical core that sustains the hypotheses developed in this dissertation is organized in three successive chapters, beginning with the current one. Its goal has been the identification of correspondence between types of reform of social protection systems and configurations of factors hypothesized to determine those patterns of reform and the institutional transformations in which they result. The relationships between hypothesized causal configurations and outcomes has been formulated in terms of necessary and sufficient conditions.

Simple descriptive analysis of the data shows frequent policy change, diversity, and an important incidence of structural reform, in a context of predominance of gradual institutional change. Latin American welfare regimes have been repeatedly modified, and in several, occasionally contradictory directions. Not surprisingly, the strategy that governments of the most diverse ideological orientations tend to adopt by default is the attempt to buy the existing system as much time as possible by prolonging its financial viability through diverse parametric adjustments. But, as I said, structural reforms, if far less common, happen, and in relative terms, more frequently and easily than in the North-atlantic area. Actually, they may sometimes happen too frequently and too easily –or, perhaps more precisely, the easy way. Variation in terms of political viability seems to be important, however, not only across countries, but also across

policy areas. Structural pension reforms are more difficult to obtain than healthcare ones, and once obtained, more likely to be reversed.

According to my theoretical model, the emergence of the need for reform is the combined effect of the institutional design of the existing regime, and changes in the socioeconomic structure that lead to increase the risks (both old and new) lacking protection, and the population of “outsiders.” However, it is also my contention that the political viability and final configuration of reforms is determined by the interaction of institutional factors that shape the formation of reformist coalitions and their relative power.

The descriptions in the previous chapter had shown that, while the anatomies of welfare regimes in Latin America are very diverse, there has been also repetition of a few patterns of transformation -namely structural retrenchment by institutional displacement; structural reforms leading to institutional fragmentation by processes of layering; structural incremental expansion; reversal of processes of structural retrenchment implying cycles of serial replacement. I thus produced and tested hypothesis exploring possible causal factors systematically associated with those patterns. I produced five types of hypotheses: 1) on the conditions making possible structural retrenchment by institutional displacement; 2) on the conditions determining the frustration of structural reforms by displacement; 3) on the conditions that determine partial structural reforms leading to a fragmentation of the system by structural layering; 4) on the necessary conditions for structural expansion; 5) on sufficient conditions for the reversion of structural reforms.

I suggested that structural retrenchment by displacement necessarily required the combined exogenous impacts of an authoritarian regime and a debt crisis associated with hyperinflation. This hypothesis was disconfirmed by reforms occurring both in the absence of

hyperinflation (Mexico), and of authoritarianism (Bolivia). The possibility of a sufficient impact of crisis with hyperinflation would require the exclusion of the Brazilian 1991 frustrated pension reform as irrelevant. I briefly insinuated in the respective section why that possibility could make sense. In any case, further in-depth exploration is required on the impact of the crisis on the balance of power between private and public components within the Brazilian financial system, and on the relationships between owners of liquid and non-liquid assets.

Next I explored the conditions determining the political viability of different versions of structural reform. One hypothesis maintains that the combination of a legacy of corporatist intermediation with the presence of the main party benefiting from it in the opposition constitute a sufficient condition to frustrate any structural reform aiming to reduce the benefits of insiders. Evidence supporting the hypothesis is weak for two reasons. One is the retrenchment of the Venezuelan pension system approved in 1999 with *Acción Democrática* in the opposition; I provided some reasons why that case could be left aside. But then we have the problem of shortage of evidence. This results, first, by extended permanence in government of the parties considered in the hypothesis; and second, by a shortage of “negative observations.” I suggest two ways to improve on this situation. One is obtaining evidence of more initiatives discouraged in advance by a negative evaluation of the conditions hypothesized as sufficient for their frustration. The other is increasing the number of relevant cases by re-formulating the hypothesis in more general terms, to include more generally parties that count insiders threatened by the reform among their core constituencies.

In any case, the most interesting consequences of corporatist legacies operates by defining the conditions under which structural retrenchment *is* possible, as well as the forms under which it is politically viable. The prediction here is that, with corporatist legacies,

structural retrenchment necessarily requires their main partisan beneficiary to govern, and can only take place through some mixed formula that segments the reach of retrenchment in order to protect or compensate corporatist constituencies. Evidence provided supports the hypothesis.

Mixed structural reforms are also to be expected under systems with a different type of institutional legacy. Where incorporation was processed by the democratization of a by-partisan oligarchic system, mixed structural reform will require those parties to cooperate in a blame-sharing strategy. This in turn has the presence of a significant challenge from a third party as a necessary condition. This hypothesis was confirmed by the pension reforms introduced by Colombia, Costa Rica and Uruguay in the mid-1990s. Combined, the last three hypotheses also support some more general conclusions about the relevance of legacies from the preceding critical juncture. First, the confirmation of their enduring causal effects. Second, that prolongation of effects, however, does not operate through necessary univocal correspondence between specific patterns of incorporation and specific types of welfare regime. Resemblance may be stronger between welfare systems having emerged from radically different patterns of incorporation. What those patterns determine is a commonality in terms of political conditions for reform and reform contents.

I found structural expansion of systems of social protection to be, on the one hand, less demanding than initially hypothesized in terms of necessary conditions –which does not mean, however, that those conditions are more common. On the other hand, alternative sets of conditions exist that can lead to the same outcome. I have identified two paths. One is based on the existence of institutional mechanisms making possible the concertation of interests (some sort of functional equivalent of a neocorporatist arrangement). The other one is the combination of an embedded autonomous bureaucracy and a governing party capable of

articulating a coalition of insiders and outsiders. Regardless of the disconfirmation of the initial hypothesis, these results do confirm the more general intuition underlying it. Structural expansion requires institutional environments favoring the action of brokers, needed to compensate the collective action problems of outsiders and favor the articulation of their interests with those of insiders.

Finally, I explored the conditions determining the reversibility of a significant fraction of structural reforms. The results led me to discard the hypothesis explaining such outcomes based on the attributes of specific political processes leading to the reform in each case. The subsequent discussion led me to reconsider systemic variables, and to propose as an alternative hypothesis the centrality of what I am reluctant to call state capacity.

The next chapter consists of a series of process-tracing based analyses that aim to reconstruct the concrete causal mechanisms underlying the regularities confirmed in this one.

7.0 TRACING PROCESSES OF WELFARE REFORM

7.1 INTRODUCTION

This chapter has two central goals. First, the identification of causal mechanisms eventually explaining the associations that resulted from the QCA practiced in chapter 5. Second, the exploration of possible factors or mechanisms that might have been disregarded in the initial hypotheses. With that purpose, this introduction is followed by four sections. Section II analyzes the interactions between populist parties in government and official unions during the pension reforms experienced by Mexico under the PRI and by Argentina under Peronism in the 1990s. The focus of the respective narratives is on the combinations of carrots and sticks through which those parties attempt to obtain unions' support, and the latter in turn press for compensations. Section III considers three experiences of structural expansion of healthcare systems, in Brazil, Costa Rica, and Uruguay. The focus here is in the paths that made possible the advancement of more inclusive and egalitarian policies against the resistance opposed by beneficiaries of established schemes. Throughout the exploration, I concentrate on two analytical points. One is the ways in which policy legacies shape both the constellations of actors opposing reform and their power resources, thus setting parameters for viable reformist strategies. The second one is the articulation between interest groups, political parties, and bureaucratic teams.

Section IV analyses processes of pension reform in the same three cases studied in section III. These episodes are inspected in less detail; its main purpose is an exploratory use as ancillary cases, aiming to detect differences across policy areas worth pursuing in future research.

Section V discusses the chapter's main conclusions, which can be summarized as follows. First, the confirmation of the resiliency of policy legacies as determinants of subsequent paths of policy change. Second, the configuration of inter-party competition is essential to explain the strategies and timing chosen by parties depending on constituencies of insiders, when pressed to reform existing social policy arrangements against the interests of those insiders. Third, pressures from below orchestrated by organized interests of insiders show important levels of efficacy in the blockage of reforms aiming to expand coverage and equality. Pressure from organized coalitions of outsiders is far less common and powerful. Outsiders are to a greater extent dependent on "external" agents for the articulation of their interests. Fourth, in the context of high fragmentation of interests and frequent absence of hegemonic actors that characterizes Latin American politics, bureaucratic actors are frequently crucial for the articulation of reforms. As a result, the bureaucratic field tends to become the central arena in the definition of the contents of reforms and the configuration of policies. Fifth, partly as a consequence of the resilience of policy constituencies, partly resulting from the centrality of bureaucratic arenas, partly because of the collective action problems of reformist forces, institutional renewal by displacement tends to be extremely difficult. That being the case, institutional transformation tends to take place through patchwork and layering. Finally, the importance –admittedly variable, and never self-sufficient– of a component of political craftsmanship that seems very resistant to theoretical modeling.

7.2 PARTY, STATE AND PRESSURE GROUPS IN THE CONTEXT OF CORPORATIST LEGACIES

7.2.1 The Mexican pension reform (1990-1995)

Raúl Madrid has written that “The move toward pension privatization responded not so much to the long-term problems of the Mexican social security system as it did to the more immediate and serious macroeconomic problems that the country faced. Policymakers advocated pension privatization in large part because they believed that it would boost the country’s domestic savings rate, thereby reducing the country’s vulnerability to cutoffs of foreign capital (Madrid 2003).” The statement is correct, but it runs the risk of oversimplifying the process leading to pension privatization. Actually, the fine analysis provided by Fabio Bertranou reveals that there was nothing necessary or self-evident in the linkage between Mexico’s shortage of capital and the diagnosis that identified pension privatization as its hypothetical solution (Bertranou 1995, Bertranou 1998). Instead, his reconstruction presents this result as the result of a confrontation of political strategies in a scenario determined by three elements: the problems of the social security system, the availability of a model based on the Chilean experience, and the development of the private financial sector.

Although the pensions paid by the *Instituto Mexicano del Seguro Social* (IMSS) were not on average particularly generous –although they could be for a few privileged occupational categories- financial problems emerged relatively early. They came from a combination that we should already find familiar. First, the deterioration of the system’s dependency ratio. This is consequence of factors operating on both of his components: on the one hand, the effect of

population aging on the volume of benefits to cover; on the other hand, the impact of the stagnation of formal employment. In addition to these structural factors of system maturation, we also find more contingent ones. One is the failure of successive administrations to increase the level of mandatory contributions (Brachet-Márquez 2007b, Dion 2010, Madrid 2003). Another is the high level of evasion by employers. Finally, the diversion of funds from the pension system to subsidize the infrastructure of the IMSS national healthcare network (Brooks 2009). The combined result was an acceleration of the formation of bottlenecks that other systems, in spite of their wider coverage, took longer to develop.

Although its first pension programs for civil servants and diplomats date from the mid-nineteenth century, Mexico ranks among the “second generation” of developers of social security schemes. The core of its system developed between 1925 and 1953, with a gradual expansion of coverage and benefits between 1954 and 1973 (Mesa-Lago 1978). It shared the pattern of fragmented incorporation of different occupational categories, oriented to ensure labor quiescence in the key sectors of the economy (Madrid 2003). In accordance with the peculiar combination of authoritarianism and corporatist representation that characterized the Mexican political system during the key period of expansion of social security programs, eventual tensions between government, business associations and unions were handled by the former with “a combination of appeasement and repression,” that allowed the participation of corporative representatives in the supervision and administration of the system (Madrid 2003). The expansion of the system was shaped by an accumulation of federal laws and decrees and state laws –often modified several times–, that gave birth and regulated more than a dozen separate sub-systems at the federal level and a myriad of state-level ones, without any agency that provided comprehensive planning or coordination (Mesa-Lago 1978). Services, benefits and the

requirements to gain access to them were distributed across occupational categories and geographic regions in a way that generated important inequalities, with low-income groups working in non-strategic activities and workers in poorly unionized sectors being the worst covered (Brachet-Márquez 2007b, Dion 2010, Mesa-Lago 1978). Later economic development delayed the appearance of problems due to maturation¹⁵⁴. By the early nineties, however, some problems became more apparent due to the combined effects of the low level of contributions and financial decisions concerning the investment of funds accumulated in the last years, generating protests from the National Unified Movement of Retirees (Madrid 2003).

The emergence and consolidation of new stakeholders in the financial sector was directly stimulated by financial crises. In 1976, a first balance of payments crisis induced some financial liberalization, but a boom of oil revenue allowed a quick recovery from the loss of international reserves and devaluation, and also stimulated a drastic expansion of banking lending. The 1982 crisis was a different story, with widening current account deficits, massive capital flight, and a drastic withdrawal of foreign financial support. Although the initial response was an increase in government intervention that included the nationalization of banks, the incoming De La Madrid administration initiated the removal of controls. Further balance of payments difficulties in 1988, and negotiations toward the formation of NAFTA, stimulated the process, leading to the re-privatization of nationalized banks and the de-regulation and opening to foreign competition of the domestic financial market (Bulmer-Thomas 2003).

¹⁵⁴ By the end of the 1960s total social security expenditures represented 3% of GDP, the average ratio between active and passive insured was 15.2:1, and the system covered 23.7% of the economically active population (Mesa-Lago 1978). Still twenty years later, the system's numbers ranked well within the regional context: in 1986, total spending of the social security system was 2.7% of the GDP and showed a surplus equaling 0.2% of it -in the same year, the deficits of Argentina and Uruguay were 0.7 and 2.2 of respective GDPs. The coverage had then climbed to 53% of the economically active population (Mesa-Lago 1994); the actives-passives rate was 7:1 (Bertranou 1998).

This general trend towards opening was complicated and shaped by conflicts internal to the financial sector, between the traditional financial oligarchy (*banqueros*) and a new type of financial entrepreneurs operating in the Mexican Stock Exchange (*bolseros*) that started to emerge in the 1960s. The debt crisis was an opportunity for the strengthening of the position of the *bolseros*, who were best positioned to benefit from business niches created by the liberalization of international capital market transactions (Minushkin 2002). The nationalization of banks accentuated the redistribution of power within the sub-sector, and consolidated an alliance between the *bolseros* and the upper ranks of the governmental technocrats dealing with the regulation of the sector. During the Salinas administration, the coalition was strengthened, shaping the timing and sequence of an opening that closely met the preferences of the *bolseros*. The results of both the re-privatization of banks and the final stages of financial liberalization accentuated the transference of economic power in favor of this sub-sector¹⁵⁵.

The share of non-bank assets in the Mexican financial market grew exponentially between the last years of the López Portillo government and the following administration –that included Petricioli as Finance Minister-. Ownership concentrated in a small number of firms, consolidating a “new financial elite” that further expanded its power acquiring and controlling stock in financial and industrial companies, thus intertwining its interests with some strategic ones in the export-oriented sector of the economy.¹⁵⁶ Coordination between *bolseros* and policy-

¹⁵⁵ Interactions between financial and political power throughout this process are revealing. The 1976 crisis provided the stimulus for the López Portillo administration to foster the development of a modern, independent securities industry that could provide the basis for an alliance to counterbalance the power of *banqueros*. In the process, Gustavo Petricioli, president of the National Securities Commission, played a key role not only through the design of a series of reforms of the regulatory frame, but also by actively supporting the creation of the Mexican Stockbrokers Association (Maxfield 1991; Minushkin, 2002).

¹⁵⁶ See (Heredia 1995, Minushkin 2002).

makers became even closer from the beginning of the Salinas administration. Analysts of the Stockbrokers Association gained direct participation in the writing of initial drafts of different laws directly affecting the interests of *bolseros*. In 1990, the governmental decision to use the *Bolsa* as the means through which all remaining state-owned firms would be privatized “guaranteed the *casas de bolsa* revenues from the privatization program.” It also “opened the door for the *bolseros* to purchase banks once the privatization process began, using their *casas de bolsa* as the basis for forming financial groups and to finance bank purchases (Minushkin 2002).” This gave a decisive impulse to the consolidation of a new type of conglomerate¹⁵⁷.

The reshaping of the financial sector has been mentioned among the direct antecedents of the privatization of the Mexican pension system. Control of mobile assets turned the restructured financial sector into an essential ally for the government. Ideological affinity with the technocratic teams inside the institutions controlling monetary policy facilitated fluid communication. According to Bertranou, the Mexican Association of Stockbrokers had “tried [...] to administer directly the pension funds of the private firms and pressed the government to make it obligatory to create those supplementary pension funds on the part of the private firms that would consequently dominate an emerging and very lucrative market.” In 1990, when the financial problems of the social security system brought its reform into the governmental agenda, the Commission on Pension funds of the Association prepared a project for privatization along the lines of the Chilean model. The project was sent to both the Bank of Mexico and the *Secretaría de Hacienda y Crédito Público*. These institutions were put in charge of the coordination of the Pension Stabilization Program, created in early 1990, and began to promote

¹⁵⁷ Heredia (1995: 202) observed that “Most of the major banks sold by the government in 1991 were bought by financial groups whose economic power at the end of the 1970s was negligible.”

the Chilean solution. The linkage between pension reform and the problem of scarcity of national internal savings was thus installed in the public debate (Bertranou 1998).

The ideological and programmatic cohesiveness developed through those networks was also a precious resource at the moment of engaging in competence for bureaucratic spaces. Beginning with de la Madrid's arrival to the Presidency in 1982, presidents themselves brought to the stage a new type of technocrat, with valuable connections at the very top of the system (Camp 1995, 2002). Still, the circulation of influence across policy domains was not automatic. In order to tighten their grip on social policy-making, the new technocrats had to progress step by step. In conjunction with the Brokers Association, the *Secretaría de Hacienda y Crédito Público* and the Bank of Mexico –explicitly supported by the presidency– promoted a new perspective on the social security system. Its difficulties were reconstructed as public problems, through new conceptual lenses. A formal redistribution of power among institutions followed once projects for structural reform gained steam and found strong resistance from top and mid-level bureaucratic sectors in the *Instituto Mexicano de Seguridad Social* (IMSS). Both the IMSS and the *Secretaría de Trabajo y Previsión Social* were withdrawn from the process of design of reforms, and displaced to the role of presidential representatives during subsequent negotiations with unions (Bertranou 1998: 90; Mesa-Lago and Muller 2002: 692). More and more, the problems of low national savings rates and the financial difficulties of the IMSS were tied in the official discourse and the public debate (Bertranou 1995).

By the end of 1990, the government had put together a preliminary proposal. The project included the creation of a privately managed complementary pension system, which would gradually absorb contributions to the IMSS up to the latter's complete privatization. The proposal was only, and very discreetly, presented to the IMSS authorities and to the *Unión Social*

de Empresarios Mexicanos (USEM). Not surprisingly, the latter gave its blessing and the former manifested frontal opposition to the privatization.

By mid-1991, the government had prepared a more elaborate version that further specified the details of its proposal. It did not make this one public either, but it presented it to the *Congreso del Trabajo*¹⁵⁸. In the best PRI tradition of corporatist negotiation, the CT's strong negative reaction was also expressed behind closed doors (Bertranou 1995, Maceira and Murillo 2001, Madrid 2003). Bertranou synthesizes the unions' approach in four points. First, the defense of the social protection network. Second, the separation of the problem of the financial viability of the IMSS from the internal savings one. Third, the linkage of the problems of social security and structural unemployment. Fourth, the centrality of the social protection system for the preservation of the corporatist arrangement on which the Mexican political system rested. In Bertranou's words, "What government and unions debate in this initial stage is a certain image of the game and its basic rules. [...] According to the government, the financial sector is part of the decision (and of the general organization of the game) [...], according to the unions, however, this sector has no legitimate part in the game (Bertranou 1995; my translation)."

The unions' veto led the Salinas administration to withdraw this second version, but not the idea of the creation of a complementary system. The new formula for it included none of the amendments the CTM had suggested. It was based on the funding of individual capitalization accounts with contributions from employers, and their management by the banking sector. It also introduced a new element in the bargain: the inclusion in the new *Sistema de Ahorro de Retiro* (SAR) of the employers' contributions to the workers' housing fund (INFONAVIT). The unions

¹⁵⁸ The *Congreso del Trabajo* was the space of coordination of all the union federations integrated in the official system of interest representation.

flatly rejected this new version. The bargain entered a stalemate that the government broke by combining the courting of some of the unions competing with the CTM with a couple of threats—namely, the incarceration of union members who were not up to date with their taxes, and the flexibilization of labor legislation (Bertranou 1995). With the votes of the PRI's tightly controlled legislative majority, the creation of the SAR was rubber-stamped in congress at the beginning of 1992. As Madrid correctly synthesizes, the creation of the SAR did not involve privatization, but neither did it solve the financial strangulation of the IMSS. During the last year of the Salinas administration, the general deterioration of the country's economic situation worsened the problems of the IMSS (Brachet-Márquez 2007a).

The technocratic cadres of the ministries of Finance and Commerce continued lobbying for a radical pension reform. According to testimonies collected by Brooks, the Zedillo administration introduced an important tactical turn. Reformist technocratic cadres concluded from the experience under Salinas that “arguments had to be made at an institutional level (Brooks 2009).” Also essential were the conclusions that, according to Brooks, the architects of the reform extracted from a failed state-level experience of replication of the strategy of the Chilean dictatorship. In the state of Nuevo León, the quick approval by the state legislature of the privatization of the state's civil servants' pension system was followed by a vigorous mobilization led by the teachers' union. The vertically well-integrated organization of the peak national federation of public employees mobilized support from outside the state for the Nueva León unions. Central among the protesters' complaints was the attempt to recognize the rights acquired by workers who had been contributing to the public system through the creation of a “recognition bond.” For the reformers working at the federal level, Brooks writes, “the lessons of this reform debacle were clear: They had to ‘leave aside technical reality’ and work within the

realm of citizens' perceptions of the issue. Regardless of the actuarial fairness of the recognition bonds, they reasoned, the perception that such a bond was politically unfair meant that pension privatization would only be viable if it rested on the perceptible protection of acquired rights (Brooks 2009).” Work on the public perception of the reform would be necessary. The goal was to present changes as imposed by the situation of the IMSS –which was actually complicated but not critical-, and necessary for the preservation of the acquired rights of contributors to the system. Also important was to detach the perception of privatization from the extremely negative image of the financial sector, accentuated by the last chapter of a chain of financial crises.

Focus was then placed on the situation of the IMSS. Particularly consequential would be the penetration of its bureaucracy by a reduced team of technocrats appointed and coordinated by a member of the presidential economic team. Several authors agree on the importance of “horizontal networks among like-minded technocrats [that] allowed the change team at the IMSS to continue to have access to information, knowledge and policy advice from the Finance Ministry (González Rossetti 2004).”¹⁵⁹ Immediately after becoming president, in December of 1994, Ernesto Zedillo required a comprehensive study evaluating the actuarial situation and perspectives of the IMSS. The results were available –but not immediately made public- in early 1995. The government then presented a series of projections –as Brooks remarks, “unverifiable for ordinary citizens”- raising concerns about the financial sustainability of the IMSS in the long term. This was in turn associated with the continuity of the nationalism and solidarity principles that were the “permanent” legacy of the Mexican Revolution. Privatization, the official argument

¹⁵⁹ The value of the assets provided by those networks in terms of political support, coordination and information became especially apparent when the IMSS director made an attempt to counter-attack by replicating the strategy through the creation of an alternative change team linked to the IMSS (the CEDESS). Lacking not only ideological and programmatic cohesiveness, but also direct linkages with the key ministries, the CEDESS team failed to transform the institution “from a think tank into a change team (González Rossetti 2004).” See also (Bertranou 1995, Madrid 2003).

went, although certainly entailing the swallowing of a “bitter pill,” was also a way to break the dependence from foreign capital that had been at the root of the peso crisis. The center of gravity of the debate was thus displaced from the intrinsic fairness of the reform itself to its soundness as a path for the restoration of a sound general macroeconomic situation. The Economic Cabinet appointed a technical committee with the task of formulating a new proposal for reform.

The presidential committee worked throughout 1995, arriving at a formula that closely followed the Chilean blueprint, and was presented to congress in November. The projected system established more stringent conditions for retirement, and mandated current contributors to the IMSS to displace their deposits to individual retirement accounts, to be administrated by the new *Administradoras de Fondos de Retiro* (AFOREs). It is important to remember, before analyzing the political dimensions of the final stage of the process, a basic condition of possibility of a sweeping privatization. The short age, limited development, modest benefits, and narrow coverage of the Mexican pension system kept the financial cost of the transition low (Madrid 2003).

The management of opposition was mainly an internal matter for the PRI, which could count on the enthusiastic support of the business community and the tacit acceptance of the PAN, whose ambiguous position responded to tactical considerations, not to disconformity with privatization. In any case, the opposition parties did not control enough seats to block approval in the legislature. The very limited coverage of the system being reformed set relatively narrow limits for the mobilization of pensioners. The most important opposition came from unions, and the government managed it with a combination of carrots, sticks, and divide-and-conquer. The essential fact was that the unions’ depended too heavily on the state, and enjoyed too comfortable an insertion in its corporatist structures, to risk it in an open confrontation (Collier

1992, Middlebrook 1995, Zapata 1993). Besides, working-class organizations in general had been since the previous decade suffering the joint consequences of economic crises and the secular transformations of the economic structure (Zapata 1995). Last but not least, we should not forget the divisions of the official labor movement itself (Murillo 2001). From the very start, the government had prudently chosen to exempt the *Instituto de la Seguridad Social al Servicio de los Trabajadores del Estado* (ISSSTE) from the reform, thus eschewing costly confrontations with the powerful unions of public employees and teachers, and with the armed forces (Madrid 2003).¹⁶⁰ A group of unions that were part of the PRI's syndical core –the *Sindicato de Trabajadores de la Seguridad Social* among them- attempted a rebellion through the constitution of a *Frente de Defensa de la Seguridad Social*. In the end, however, governmental pressure and a few concessions that did not touch the core of the reform were sufficient to turn the SSNTSS' opposition into support (Madrid 2003).

7.2.2 Pension reform in Argentina (1992-1994)

The Argentinean pension reform was considerably more arduous than the Mexican one. A priori, its feasibility was enhanced by the far more serious actuarial situation; however, a considerably more extended coverage not only entailed higher transition costs, but also a more extended potential coalition of insiders. While the Zedillo administration had to deal with the discredit of its predecessor's attempt to revise the PRI's ideological tradition, the hyperinflationary chaos that ended the Alfonsín administration gave Menem a window of opportunity to attempt a radical

¹⁶⁰ This in spite of the fact that the actuarial situation of the ISSSTE was considerably worse than the one of the IMSS (Mesa-Lago 1989).

rupture with the Peronist tradition. He thus pursued a linkage strategy that integrated the reform of the pension system in a wider, encompassing movement of privatization.

Like the PRI, the peronists in government could build on a legacy of corporatist structures providing organic connections with predominant hegemonic labor organizations. However, Peronism was internally more fragmented, and its loyal unions had maintained in the immediately previous years considerably higher levels of mobilization. Acquiescence was thus harder to obtain for the Menem administration, which could neither count on its own congressional majority. The legislative arena thus had a centrality in the Argentine case that it lacked in Mexico. The Mexican government was far more capable of containing the process within the boundaries of the bureaucracy –where, paradoxically, it faced a more challenging situation. In fact, both governments followed to a great extent parallel strategies, based on the penetration of the administrative structures of the respective social security institutions with teams of market-oriented economists directly controlled by Finance and Economy ministries. However, the discredit of the IMSS was considerably less advanced, and by-passing the established bureaucracy was more difficult for the Mexican reformers. Their Argentinean peers found that task easier, but were in turn forced to make participation in the design of the reform accessible for stakeholders to a greater extent. More important, opposition forces were far more successful in Argentina at taking the conflict from behind closed doors and making it more contentious. In the end, this led to an equation of compensations for insiders that affected the core of the reform –something that did not happen in Mexico. On the other hand, we should not forget that Mexican reformers had been more proactive, with a preemptive strategy that from the beginning segmented the part of the system targeted by reformers, to avoid confrontation with the most powerful branch of the labor movement.

The structure and actuarial situation of the pension system were in the Argentine case far more inimical to any project of full privatization. Argentina had one of the oldest systems of the region, with extended coverage and a very generous equation of benefits and conditions for retirement.¹⁶¹ But at the same time, and partially for the same reasons, it presented one of the most critical actuarial balances.¹⁶² A deep reform then was not only necessary, but also urgent, already in the 1980s; however, the costs of a hypothetical sweeping transition to a pure private system would have been astronomical.

The frontal opposition of Peronist unions that from very early on marked the limits for the Alfonsín administration minimized drastically the political viability of any structural revision of the system by the Radical president. The treatment of the problem by the Alfonsín administration thus combined growing transfers from the federal treasury and the delay of the indexation of benefits. The gigantic toll taken by hyperinflation on pensions' purchasing power stimulated a massive series of lawsuits that indebted the government to more than four million pensioners. In 1986, the president declared the system in a "state of emergency."¹⁶³

In 1991, Walter Schultness, an international expert with a solid reputation was appointed at the *Secretaría de Previsión Social* –hierarchically subordinated to the Ministry of Labor- by minister of the Economy Domingo Cavallo. Schultness' instructions included the formation of a pension reform team. Clearly inclined towards a Chilean-type solution, Schultness did not

¹⁶¹ At the moment of reform, legal retirement ages were 50 and 55 for women and men, respectively. The connection between total individual contributions and pension benefits was a relatively loose one, since only the last 10 years previous to retirement were taking into account for the calculation of benefits (Müller 2003).

¹⁶² See (Alonso 2000, Isuani and San Martino 1998, Kay 1999, Madrid 2003, Mesa-Lago 1991b, Müller 2003).

¹⁶³ See (Brooks 2009, Mesa-Lago and Müller 2002, Müller 2003).

include social security experts from the established sectorial bureaucracy in this team, monopolized by economists with preferences resembling his own. Following the finalization of multiple studies and evaluations of the situation of the system, the public debate on pension reform began in 1992.

Although the reform team was in general reluctant to share information on the march of its work, the mobilization of diverse interest groups had already begun by the time the executive presented a first draft to congress in mid-1992. At that time, the Chilean blueprint was reaching the peak of its influence in the region, and the general situation of the Argentinean economy seemed to put optimum leverage in the hands of the international financial agencies that promoted it.¹⁶⁴ From early on in the process, stakeholders made their positions clear. The financial sector and diverse voices from business organizations publicly manifested their support for privatization. When Schultness commented that compensations for previous contributions to workers below 45 did not form part of the government's plans, protest instantly erupted, and unions and pensioners organizations expressed distrust for the Chilean model.¹⁶⁵ Almost from the beginning, discussions with the participation of the government, political parties in the opposition, unions and other organizations of stakeholders, developed based on an agreement on the need to maintain the total contribution rates and the level of employers' contributions (Mesa-Lago and Müller 2002).

¹⁶⁴ Argentina signed in 1992 an Extended Fund Facility agreement with the IMF that included a commitment to legislate a structural pension reform by 1993. The inclusion of conditionality was suggested by the Menem administration as an element to increase pressure on congress to pass the necessary legislation (Müller 2003).

¹⁶⁵ See (Alonso 2000, Brooks 2009, Madrid 2003, Mesa-Lago and Müller 2002, Müller 2003).

The government initially proposed a mixed system. It would be based on a public component guaranteeing a basic pension, and a pillar based on individual capitalization funds, designed according to the Chilean pattern. At the time of submitting the project, Menem offered a “package deal” guaranteeing full paid statutory benefits for pensioners, provided that the laws on pension reform and on the privatization of the state-owned oil company were approved “without touching a comma.”¹⁶⁶ All insured under age 45 would be forced to switch to the new system.

The “package deal-strategy” did not work. The reactions of interest groups aligned consistently with the already expressed positions. The financial sector and other business groups showed enthusiasm for the signaling of a solid commitment to market-oriented reforms. Pensioners, trade unions, opposition parties, and some sections of the governing party objected to several aspects. Targets of criticism ranged from the disappearance of the principle of inter-generational solidarity, to the exclusively private administration proposed for the new tier –quite understandable during the recent record of the Argentinean banking system. Objections also focused on the loss of acquired rights and the high administrative costs of the private pillar.

The intensity of protests persuaded the government to withdraw and revise the proposal. A second one followed in August 1992 that included a compensatory to secure acquired rights, and the obligation for all active insured workers to switch to the new system. The Peronist CGT called a general strike. However, the possibility of turning trade unions into stakeholders through the creation and administration of their own pension funds entered tripartite discussions with

¹⁶⁶ See (Müller 2003, Torre and Gerchunoff 1999).

government and employers held in the meantime.¹⁶⁷ Still, the absence of several Peronist legislators from a decisive vote on this second formula put pressure to obtain the creation of a pension fund administered by *Banco Nación*. The incorporation of choice for all the insured, regardless of age, between public and mixed system, still required further pressure. The Radical party threatened blocking the law although further modifications were included. Protests were being weekly staged by dissident unions and pensioners' organizations, which also initiated the recollection of signatures to call a plebiscite on the reform –they collected 1.3 million (Müller 2003). A new round of modifications made possible the approval by congress of a new formula in June 1993. A Peronist majority guaranteed approval in the Senate in September.

The process ending in the final approval of the creation of a mixed system took 15 months. Current contributors would be free to choose among the public and the mixed system.¹⁶⁸ A “compensatory benefit” would be granted to those who chose to enter the latter, and an “additional” one to those staying in the former. Unions, cooperatives, mutual aid associations, and banks, were authorized to manage complementary pension funds (Alonso 2000, Hujo 2004).

¹⁶⁷ On the evolution of negotiations and the successive strategies, see (Alonso 1998, 2000, Müller 2003, Torre and Gerchunoff 1999). The strategy of buying support with the distribution of dividends from privatization was not completely new, since the precedent already existed of some unions' participation in the benefits of the privatization of the respective state-owned enterprises (Murillo 2001).

¹⁶⁸ However, workers failing to make a timely choice would by default be enrolled in the private system (Brooks 2009).

7.3 THE POLITICS OF STRUCTURAL EXPANSION

7.3.1 Healthcare reform in Costa Rica (1988 – 1998)

Costa Rica arrived at the 1980s with a public unified health care system. A single public institution had a monopoly of health insurance, and the state was by far the main provider of curative and preventive services. This had important consequences for the distribution of power among the usual stakeholders found in healthcare systems. In the late 1990s, over 90% of Costa Rican doctors worked for the state, although approximately a third of them had also private practices. There were also 6 small private hospitals.¹⁶⁹

The *Caja Costarricense del Seguro Social* (CCSS) is one of the multiple “semi-autonomous” entities forming part of the Costa Rican state. The status of “semi-autonomy” implies a budget independent from that of the central government –around the time of reform, the former equaled close to 25% of the latter. The CCSS has historically had a strong reputation as being an institution with a solid and highly centralized organizational structure, elevated levels of professionalization and technical expertise, and wide margins of autonomy in the definition of its policies.¹⁷⁰ Although the Ministry of Health is in charge of the regulation of medical markets and responsible for health campaigns and the monitoring of water and food quality, it lost any control on the administration of public hospitals in 1973. The separation between CCSS and

¹⁶⁹ See hospitals (Clark 2004, Martínez Franzoni 1998).

¹⁷⁰ A 2001 law guaranteed the CCSS’s independence from the budgetary supervision and control of the finance ministry. Its policies are directed by a tripartite board. Employer and worker organizations choose their representatives, while the president’s cabinet picks the government’s ones (Clark 2004).

Ministry of Health was not just institutional; they pursued independent agendas, with almost no coordination.

The problems at the root of initiatives of reform in the late 1980s and early 1990s were those typical of mature health care systems in countries having made their transition to a “developed” demographic model. Funding having fallen behind rising costs, the deterioration of installations –especially in regional hospitals–, the obsolescence of equipment, and doctors’ declining productivity, began to have an impact on the quality of services. The long waiting lists and emerging inequalities in coverage led to corrupt practices, through which users attempted to bypass the system’s bottlenecks. Tax evasion by employers and unpaid contributions from the central administration further complicated the financial situation of the CCSS. The rigidity of the organization’s bureaucratic traditions and administrative techniques added a managerial deficit that contributed to inefficiency (Clark 2004). However, the expansive wave of the reforms of the 1970s lasted well into the 1980s, and it took almost the whole decade, until the interruption of sustained economic growth and a general crisis of the model of development combined with this constellation of difficulties. During the administration of Rodrigo Carazo (1978-1982), debate on health policy would remain confined to specific aspects of the existing system (Martínez Franzoni 1998).

Criticisms gravitated around the still-ongoing accommodation of private interests to the unification of the system, focusing on the tensions between preventive and curative services and on the bureaucratic rigidities of the CCSS. According to Martínez, although the debate was basically a continuation of the one around the universalization of social security in the previous decade, the public legitimacy of the system and the solidity of its bureaucratic core precluded any formulation of open criticisms. In consequence, Carazo’s modest initiatives did not target the

CCSS, but the Ministry of Public Health and the network of community-based centers of primary care. The governing Unity Coalition attempted a deepening of grassroots participation by replacing the community organizations closely associated with the PLN with new *Unidades de Participación Popular* (McGuire 2010). The attempt to moderate top-down control by stimulating community involvement did not go too far though (Martínez Franzoni 1998). Moreover, the strategies of the most important pressure groups involved –namely, physicians with private practices and CCSS workers- aimed at accommodating and consolidating their positions within the existing system. The most striking aspect of those years, however, is the CCSS' capacity to maintain itself out of the domain of legislative innovation, successfully exercising a veto power that guaranteed that changes could only succeed if discussed and processed within its organization.

Although macroeconomic problems had kept increasing steadily by the time the PLN recovered the presidency with Luis Alberto Monge (1982-1986), the CCSS' budgetary autonomy kept it out of the reach of the reductions on the budget of the central administration that affected the Ministry. Those cuts accentuated some of the problems of the system as a whole, leading its two centers of authority to sign a coordination agreement in order to avoid duplications and services overlapping. However, priority was given by both branches to the preservation of the respective jurisdictions and autonomy, thus keeping the division of labor between them basically intact. When an in-depth revision of the system oriented to the improvement of cost-efficiency reached the agenda, still under the Monge administration, it was due to the initiative of the CCSS. Criticisms tended them to concentrate on some deficiencies of the structural design of the system –particularly, on the absence of incentives to increase cost-effectiveness and on the curative bias. So, more and more in the second half of the decade, the preventive services

maintained within the orbit of the Ministry of Health began to be perceived as part of a solution for the long-term financial sustainability of the social security component. This resulted on further transferences of services to the CCSS –an important relief for the Ministry’s strangled budget. It is in these years that Martínez’s careful reconstruction identifies a turn towards “a new language revolving around notions of productivity, efficiency, and cost-effectiveness (Martínez Franzoni 1998).”

Although a detailed analysis of the process is beyond the purposes of this section, the reactive capacity of the CCSS during these years is impressive. It was able to successfully block initiatives of reform initiated in Congress. At the same time, it had also the capacity to autonomously proceed with a series of measures that, by reducing expenditures, corrected and stabilized a delicate financial situation.¹⁷¹ In parallel, it created some limited opportunities for the accommodation of the private interests of physicians. But most striking is its preemptive capacity, expressed in a series of pilot programs. Among them were some that, although absolutely marginal in the general equation of the agency’s services, took the initiative in the introduction of a “public-private mix” in the delivery of services. Particularly consequential would be in this sense the creation of the first medical cooperatives, that began to operate between 1988 and 1990, as providers of services to be contracted by the CCSS (Marín 1990). Thus, when the discussion of formulas for the reorganization of health services started to gravitate around the paradigm of incorporation of private providers of services, a blueprint was already available that largely set the terms of the debate.

¹⁷¹ For detailed descriptions and analysis, see (Güendell 1987, Martínez Franzoni 1998, Trejos and Güendell 1994).

Experimentation and piecemeal innovation played an important role smoothing the transition into the very different environment that framed the discussion of sectorial policy reforms in the 1990s. In turn, for those experiences to work in that direction, the continuity of a cohesive technobureaucracy that made their accumulation as institutional learning possible was essential. It is in that sense remarkable that the cycle of healthcare reforms has been in Costa Rica almost totally in the hands of career functionaries, with very marginal participation of *ad-hoc* technical teams.

The independence of technobureaucratic teams did not mean political isolation. Equally important, the “political embeddedness” of the top positions of the CCSS included the two main parties. Thus, once articulated, the reforms negotiated among experts could count on a supra-partisan consensus. Notice, in this regard, that during the 1990s healthcare reform had two pivotal moments-1988-1991 and 1994-1998- that respectively correspond to administrations of the PLN and the PUSC. While the chronological proximity suggests the possibility of considering them as consecutive stages of an encompassing reform cycle, a first glance at the contents leads exactly in the opposite direction. While the first wave concentrated on strengthening the private sector through decentralization and contracts with private providers, the second one was built around the introduction of competition in the public sector.¹⁷²

Should we then speak of serial institutional replacement? Quite the contrary. In spite of their differences, the second reform ended in some relevant aspects building upon the results of the previous one. But what is puzzling is that the respective predominant orientations were inverse to the ideological profiles of the respective parties in charge. Indeed, while the pro-

¹⁷² For detailed descriptions of reform contents, see (Clark 2004, Martínez-Franzoni 1999, Mesa-Lago 2005, 2008).

market experiment took place under during the administration of the social-democratic PLN, the conservative PUC was the ruling party during the second one.

The cohesiveness of the bureaucratic structure was relevant in yet another sense. I have already mentioned the timid move towards the development of a component of private providers. It resulted from a series of diverse experiments attempting to tackle the overcrowding of clinics and to increase cost-effectiveness. In 1988, the CCSS signed a contract putting the administration of an important clinic in the suburbs of San José in the hands of a private cooperative of doctors. The new model, an initiative of the top echelons of the CCSS and the Ministry of Health, did not win homogeneous support from the former's technical cadres. The board of directors vetoed the possibility of extending it to other clinics. Although estimations of higher costs per patient were among the alleged reasons, concerns with the circumvention of established chains of command by private medical teams and loss of control over the delivery of services were central to the CCSS's negative evaluation of the new solution (Clark 2004). When the government passed to the hands of the PUSC in 1990, very positive preliminary evaluations by external consultants stimulated the creation of two new cooperatives. The bureaucracy maintained an opposition that would end leading to a project with bi-partisan support that moved things exactly in the opposite direction. In the meantime, however, the CCSS did not sabotage the projects already in place –and this is highly remarkable. The agency's experts expressed their opposition to the reform by questioning its long-term sustainability and compatibility with the system's general orientation, not by blocking or sabotaging its execution (Martínez-Franzoni 1999).

Negotiations with the IADB and the World Bank initiated in the last year of the Calderón administration would result, already under the presidency of José Figueres Olsen (1994-1998),

on a loan agreement. It is important to mention, in first place, that the rotation of parties in power did not affect the continuity of the negotiations. Second, that bi-partisan negotiating teams of experts from the social insurance agency guaranteed the continuity of the process resulting in the loans. Third, that the institutional anchorage of the technical teams was also fundamental for the selective incorporation of external models to happen.

It was the simultaneity of an outbreak of measles and employers' complaints about having to pay for private doctor visits for their employees, that moved sectorial authorities of the Calderón administration (1990-1994) to initiate the discussion of reforms with experts from the World Bank. During those days, the World Bank, strongly influenced by the Chilean experience, backed a model of health care reform that emphasized decentralization and the separation of the purchaser and provider roles. Costa Rican experts –predominantly from the CCSS- had strong reservations about this paradigm, and from the beginning frontally rejected any model based on the creation of private health insurers. The formula that finally made the loan agreement possible was a compromise one. It included the modernization of payment collection technology and the separation of roles suggested by the WB. However, separation would take place within a system entirely remaining in the hands of the CCSS, which would purchase services from its own operational units. The idea was that improvements in terms of efficiency would result from competition for contracts among public providers. Costa Rican negotiators also obtained the inclusion of a plan to drastically restructure the primary care system based on the creation of *Equipos Básicos de Atención Integral de Salud* (EBAIS). This last component aimed at correcting a territorial distribution of primary care services that did not match regional variations

in demographic density, through the creation of integral healthcare teams distributed on a capitation basis.¹⁷³

To explain such a final mixed result, entailing a very selective choice from the international agencies' menu, it is essential to observe that, by the time negotiations began, Costa Rican experts had already initiated an independent exploration of available foreign models. Indeed, institutional connections had allowed exchanges with experts from the British healthcare system in the second half of the 1980s. Previous institutional relations of cooperation with Sweden were also important when in 1991-92 the Costa Rican technical elites looked to expand the range of choices beyond the regional hegemony of the Chilean paradigm.¹⁷⁴ It is also important to consider the management by reformist teams of their connections beyond political parties. Although the process included instances of dialogue with stakeholders, this only happened once the projects were rounded up. Contacts to present the plan to unions and physicians' professional organizations did not initiate until 1993, when terms of agreement with lending institutions were fully defined.¹⁷⁵

Other sources of opposition were managed through watering the reform down in the implementation stage. According to Clark, those aspects of the reform that involved changes in

¹⁷³ The World Bank had initially rejected the idea of each EBAIS being headed by a doctor, arguing that it would make the program financially unsustainable. Costa Rican experts insisted, counting on the suppression of duplication through the absorption by the CCSS of functions provided by the Ministry of Health to compensate for the increase in costs.

¹⁷⁴ According to Martínez, experts working on plans for reform repeatedly travelled to Spain and Sweden during those years (Martínez-Franzoni 1999).

¹⁷⁵ Three were the main concerns of unions and doctors' professional organizations. First, the possibility of a split or privatization of the CCSS. Second, the modalities under which the medical personnel of the Ministry of Health would be transferred to the CCSS. Third, what doctors saw as a devaluation of their professional practice –the *Colegio de Médicos* criticized the idea of the EBAIS arguing that with them doctors would end practicing not medicine, but public health. Reassurance was provided against the possibility of privatizations, and the conditions under which employees from the Ministry of Health would be transferred were carefully negotiated with unions. Backed by the presidential candidate of the PLN, then in the opposition, the agreement then received unanimous approval in the legislature.

the administrative routines and accounting methods of the CCSS were deliberately put in very vague terms in the agreement. This in turn made it possible to considerably slow down the de-concentration of decision-making and the transition to independent management and financial accountability far more gradual and receptive to the objection of the CCSS bureaucracy.

7.3.2 Healthcare reform in Uruguay (2005 – 2007)

The Uruguayan healthcare system consists on an institutional complex that, in spite of its very transparent limitations, proved extremely difficult to reform. As a recent survey observes, most of its main components were already in place in the early decades of last century, and the scarce significant institutional changes until very recently had been introduced during periods of authoritarian rule (Fuentes 2011). Since the return of democracy, unsuccessful attempts were made by different administrations, and what makes that situation especially paradoxical is the extended consensus among circles of experts and the political elite around the need to reform the system.

To a great extent, that persistent blockade resulted from the density of a web connecting multiple private actors with veto capacity, who interacted at many levels with a state that had very limited regulatory powers in the sector. Two were from very early on the main components: a private one, made of private mutual insurance funds,¹⁷⁶ that covered upper and middle classes;

¹⁷⁶ The oldest of these non-profit *instituciones de atención médica colectiva* (IAMCs) date from the mid-19th century, and were created by communities of immigrants as funds of mutual aid. The model –which resembles the original foundations of the French one- was replicated throughout the subsequent century by new waves of immigrants, and by diverse unions, corporations, and religious entities. The resulting *sui generis* situation was that, contrary to the predominant Latin American pattern, by the late 20th century the proportion of Uruguayan population covered by the private sub-system was larger than the one using public services. Of course, what was by no means atypical was the extremely fragmentation of a system with multiple “special regimes” and crossed by inequalities.

and a public one, for those who could not afford private services. With the passing of time, the coverage of the private subsystem had extended to the point of including some sectors of the working class. Throughout the last four decades of the 20th century, the viability of the private subsystem became increasingly dependent on public subsidies. The state began subsidizing mutual funds and the health-care costs of civil servants in the 1960s; a subsequent stage entailed the extension of subsidies to employees in the private sector; finally, in the early 1980s, formal agricultural and domestic workers obtained access to mutual insurance (Filgueira and Alegre 2009).

The military dictatorship (1973-1984) introduced an important institutional innovation when it consolidated the multiple social insurance health funds to put them under the centralized authority of the *Dirección de Servicios de Salud del Estado* (DISSE, which in turn constituted a branch of new *Dirección General de la Seguridad Social* (DGSS). Administration of health insurance was put in the hands of the *Banco de Previsión Social* (BPS), using the already established structure of pension administration to collect health taxes and paying IAMCs a flat per-capita rate defined by the administrative authority. As a result of this reorganization, and particularly during times of economic crisis, transfers from the state to the private sector, based on contributions to social security, more and more become an essential condition for the financial survival of the private non-profit sector (Papadópulos 2012). The system was not only highly fragmented, but also extremely inefficient, among other things as a consequence of the combination of the poor management of IAMCs and the deficient capacity of a regulatory authority that was also a provider.

With almost 1.5 million people privately insured, and around 1 million using the public subsystem, formal coverage had become close to universal by the end of the 20th century.

However, the implementation of a regime of co-payments aiming to alleviate the burden of state contributions probably contributed to restrict effective access, by driving a section of the population formally entitled to opt-out of the insurance system and use public services. On the other hand, the massive incorporation of new categories of workers began to exceed the infrastructural and financial capacity of mutual insurance companies to an extent that subsidies only partially compensated, leading to a decline in the quality of services. These problems were, of course, exacerbated by the universal trend of sustained increase of the costs of healthcare, accentuated by the premature ageing of the Uruguayan demographic structure (Pereira, Gelber, and Monteiro 2005).

The general deterioration of the services provided by the sector of mutual insurance determined exit on both extremes. At the bottom, it began to overcrowd the installations of the public subsystem. At the top, it resulted in the development of two additional tiers. First, a number of private “medical emergency units” appeared as an alternative of the slowness and inefficiency of non-residential services provided by mutual companies. These services were mainly purchased by middle and upper classes as a complement to enrollment in one of those companies. More recently, a fourth tier began to expand at the top, made of for-profit medical insurance plans. Finally, the contraction of formal employment unavoidably narrowed the financial base of the central private component, dependent as it was on out-of-pocket payments and contributions to social security.¹⁷⁷ Thus, by the end of the century, the system was burdened by strong inequalities affecting the infrastructure, quality of services, and medical salaries across

¹⁷⁷ Membership in this component went from 1.5 million to 1.3 million between 1990 and 2004 (Pereira, Gelber, and Monteiro 2005).

sub-sectors;¹⁷⁸ high co-payments for medicines and exams; overcrowded centers of assistance; and a strong bias towards curative medicine as opposed to primary care and prevention.¹⁷⁹

There was no shortage of initiatives of reform since the return to democratic rule. During the first Sanguinetti administration (1985-1989), two projects presented to the parliament for the creation of a national unified healthcare system were rejected. A third project, approved in 1986, that attempted a modest administrative rationalization of the system, strengthened the authority of the Ministry of Public Health, and introduced some degree of centralization, had only partial implementation with the creation of the *Administración de Servicios de Salud del Estado* (ASSE). The main concrete transformation was the creation of the *Administración de Seguros de Salud del Estado* (ASS). During the Lacalle administration (1990-1994), a new initiative, in this case based on the model then promoted by the World Bank, was rejected. In 1999, Moraes and Filgueira summarized the situation after yet another failed reform in these terms: “The problem now faced by the health care system, is that the mutual aid societies system is in as deep financial trouble as before, and quality suffers as a consequence. Also the public system is said to be understaffed, inefficient and with inadequate financial resources. All this is coupled with increased expenditure. One of the major reasons why [the 1995] reform failed can be traced back to this configuration and to the type of solutions that were being sought. Health care reform was not about expanding coverage, it was about cutting costs and limiting transfers to the private system (Moraes and Filgueira 1999).”

¹⁷⁸ Differences were also important between Montevideo and the rest of the country. In 2006, while in the capital the percentages of the population using the private and public subsystems were 57.6 and 38.4, the proportion for the rest of the country was almost exactly inverse -38.3 and 59.2 % respectively. As for the composition of spending on healthcare, the private sector received 74.64 % and the public one 25.36% (Fuentes 2011).

¹⁷⁹ See (Busquets 1995, Fuentes 2011, Papadópulos 2012).

Although the focus of this section is on the successful 2005 reform, the frustration of the one attempted by the second Sanguinetti administration (1994-1999) merits a few observations on its main bottlenecks, since they suggest where to look for the keys of the 2005 success. What makes the 1995 episode especially striking, is the fact that the same administration that failed at reforming healthcare could, counting on an unusually solid and stable coalition of the two traditional parties, introduce important reforms in the pensions and public systems (Filgueira and Alegre 2009). Put in few words, the central problem was the inadequacy of the “disembedding” political strategy chosen in order to cope with a sectorial configuration of powerful veto players.

All around the world, the power of medical corporations is among the crucial bottlenecks for almost any healthcare reform.¹⁸⁰ In Uruguay, as opposed, for example, to the Costa Rican case, that power can count on a limited dependence on the state budget, and on the fact that physicians, on top of being service providers, are employers and run all components of the system.¹⁸¹ In 1995, minister of Public Health Alfredo Solari –a member of the medical elite himself- chose to challenge the interests of the corporation securing support neither from a coalition of potential winners, nor from the legislature. Since the core of the reform, as Moraes and Filgueira observe, was not an expansion of coverage, potential winners were disperse and

¹⁸⁰ On this, see, for example, (Immergut 1992).

¹⁸¹ “It is not rare to see one doctor holding leading positions in a mutual aid society, a public hospital, and a council on state health policies or the health program of social insurance (Moraes and Filgueira 1999).” The corporate interests of the medical profession are represented by three organizations. The *Sindicato Médico del Uruguay* (SMU) represents mainly physicians resident in the capital, but it also runs its own mutual aid institution, which is the country’s largest provider of medical services. The *Federación Médica del Interior* (FEMI) represents physicians from the rest of the country, and has the same double role of union and entrepreneurial organization, since it controls 23 local mutual aid institutions. Finally, the *Sociedad Anestésico-Quirúrgica* (SAQ) split from the SMU, and represents the professionals of a group of medical specialties (like anesthesiologists) with considerable pressure capacity, their reduced size notwithstanding. The representation of non-medical healthcare workers is split between two unions –the *Federación de Funcionarios de la Salud Pública* (FFSP) and the *Federación Uruguaya de la Salud* (FUS), corresponding to public and private sector respectively. See also (Fuentes 2011).

not directly identifiable.¹⁸² In that context, the minister's strategy was virtually suicidal. First, the project was articulated by an ad-hoc team of experts, without consulting or incorporating stakeholders to the process of elaboration. Second, once work in such a narrow policy environment was complete, presentation to interest groups took place, but no feed-back from those exchanges was transformed in inputs by modifying the original project. Third, no systematic attempt was made to secure parliamentary support –something that stakeholders opposing the reform actively did. Crucially, some of the proposed changes frontally clashed with the interests of the federation of the mutual aid schemes operating outside the capital, whose members had dense direct access to congressmen representing the respective areas.¹⁸³ Additionally, changes aiming to increase the efficiency of non-medical workers also alienated support from the respective unions, which had direct linkages with the left-wing opposition. Ironically, the reform introduced during the first administration by the *Frente Amplio* (FA) in 2005, would have many points of contact with the one projected by Solari, but the political strategy was completely different.

To some extent, the 2005-07 reform benefitted from the conjunctural impulse of the 2002 economic crisis, which led several providers to bankruptcy and closure, accentuated the

¹⁸² The reform aimed at the reinforcement of the coordinating and regulatory authority of the MSP; the decentralization of the system by increasing the autonomy of ASSE and of the management of hospitals; focalization of state subsidies in order to reach the neediest sections of the population; strengthening of the competitive capacity of public hospitals vi-à-vis private ones; and a gradual process of elevation of salaries of public sector physicians, in order to level them with the ones paid in private institutions. The key innovation, however, was the idea of allowing the insured population to chose between IAMCs and a system of communal hospitals resulting from the decentralization of ASSE and provided with diverse competitive advantages, like the elimination of co-payments for medicines.

¹⁸³ The main sources of opposition from private entities had to do with the reduction of public subsidies and the strengthening of competition from public hospitals. Fuentes reminds us that the medical profession has in Uruguay historically counted a non-negligible direct representation by legislators who were physicians themselves, constituting a sort of “internal lobby” that operated across partisan divisions (Fuentes 2011); see also the interviews with legislators quoted by (Pribble 2013).

migration towards the public sector, and forced an increase in co-payments. Notice how the crisis induced a process of *de facto* transformation that resembles the one Jacob Hacker identified in the case of the United States' social security system, and that he presents as an example of *policy drift* (Hacker 2005). Without any change in institutional structures, and in spite of the continuity of providers and services –or, perhaps more accurately, partly because of it- a drastic change in the environment induced displacements that altered the balance between the system's private and public components. This ended precipitating an implicit consensus around the idea that “something needed to be done” with the healthcare system. Of course, consensus about what the “something” should be was not even implicit. However, the succession of failed reforms at least had at least produced a sedimentation of ideas about what it *could not* be.

The reform created a *Sistema Integrado de Salud* (SIS) that maintained the presence of two sub-systems. Subsisting fragmentation notwithstanding, systemic institutional coherence was considerably increased by the creation of a national health board (the *Junta Nacional de Salud*, JUNASA), and of a consolidated national fund (*Fondo Nacional de Salud*, FONASA).¹⁸⁴ Also, while provision of services in the public sector was decentralized, the regulatory capacities of the MSP were considerably increased. At the same time that the role of private providers –mainly IAMCs- was consolidated, there was a reduction of out-of-pocket expenses through the increase of financial resources from general revenue and social security contributions. This made possible an important extension of coverage, to include one of the most vulnerable populations –namely,

¹⁸⁴ The fund is built with mandatory tripartite contributions collected by the social security authority, which reimburses providers for the services consumed by the respective users. Contributions are calculated based on workers' salaries. The law also mandates the gradual incorporation of pensioners, and it allows the insured to choose between public and private providers. There is also the possibility of a complementary payment based on performance, as an incentive for providers to increase some quality indicators. Management of the fund is in the hands of JUNASA, a decentralized board in the orbit of the Ministry of Public Health that includes representatives from the ministries of Health and Finance, from the BPS, and from providers, users and workers.

that of children and teen-agers, who access the system through the respective insured household heads. However, it also sets some limits –access remains contingent upon formal employment.¹⁸⁵

There are several important elements of continuity with the pre-reform system. The first and probably most consequential one, is the preservation of the non-profit institutions of collective medical attention. The idea of creating a fully public system was defeated very early on during the *Frente Amplio*'s internal programmatic discussion. It was clear for the vast majority of experts and stakeholders, that the structure was too tightly organized around the network of non-profit private providers, and that these entities enjoyed a wide legitimacy among the population (Fuentes 2013).¹⁸⁶ Second, the role of the social security system as the main entrance to the healthcare system was preserved. Third, the still clear bias toward curative attention was barely affected.¹⁸⁷ From an institutional point of view, then, there was an important degree of innovation, but not of displacement; it would not be completely accurate, however, to speak about layering.

Guillermo Fuentes' careful analysis shows that the final design was within the parameters of *Frente Amplio*'s program, but also entailed important changes resulting from the need to compromise with different stakeholders. This in turn was part of a purposive process of consensus-building that incorporated input from diverse actors to the final elaboration of the reform. The general programmatic lineages were already to a great extent in tune with proposals

¹⁸⁵ This is the reason why several policy-makers have insisted in the importance of the linkages between the healthcare reform, tax system reform, and the expansion of social security coverage by incorporating domestic and self-employed workers (Papadópulos 2012).

¹⁸⁶ Of course, the same factor operated also in the opposite direction: at no point, during any of the previous administrations, the hypothesis of a full privatization was considered. In other words, a robust policy legacy ended operating as a centripetal factor, that de facto narrows down the menu of reform options actors may consider politically feasible, despite of wider ideological differences.

¹⁸⁷ See (Papadópulos 2012, Pribble 2013).

elaborated by the peak labor unions' federation and by the SMU. This was not accidental. Fuentes clearly identified the existence of a "reformist coalition" that pre-dated the 2004 election. Including experts, representatives of non-medical workers' unions, and members of medical organizations ideologically close to the *Frente Amplio*, it participated in the definition of master lineages for a reform during the elaboration of a program to campaign on. Crucially, this team did not start from scratch, but tried to build as much as possible upon existing proposals and studies produced or ordered by diverse stakeholders. Important technical input was also provided by experts from CINVE, a think tank that had produced several sectorial studies, evaluations and proposals, and that provided an important number of the experts for the new administration.¹⁸⁸

Leaving aside substantive contents, four decisions were important for the deactivation of potential sources of opposition. First, the creation of a *Consejo Consultivo*, that provided an institutional space for the participation of private providers and diverse civil society organizations. The government avoided the presentation of a proposal with conclusive definitions, save for a few very general lines, trying to obtain a consensus to which all participants could feel to have contributed. It is important to notice, however, that such a strategy was not exempt from risks –it provided participants with a new potential veto point.¹⁸⁹ Second, there was a decision to avoid by-passing the structure of the Ministry of Public Health. The ministry became the institutional locus of the direction of the reform, and its technical teams were involved in the stages of policy-design; the new JUNASA was placed within its orbit. This

¹⁸⁸ Particularly important was that the main responsible for the articulation of the political and technical aspects of the reform was Daniel Olesker, an economist who had been director of the Instituto Cuesta Duarte, the CNT's think tank, and in that role had advised unions in the elaboration of their proposals for reform.

¹⁸⁹ Cfr. (Fuentes 2013, Pribble 2013)

not only worked as a successful preemptive strategy; it also provided a channel for the incorporation to the process of a significant capital of institutional learning accumulated through almost three decades of attempted reforms. Third, there was an analogous choice for the BPS to be in charge of the fund, and for the social security system to be the main entrance to the SIS. A different solution would have resulted in a huge drainage of resources from the BPS, most likely leading to alienate the support of the social insurance bureaucracy. Finally, exceptions were made for the private insurance companies in the mandate to allow the participation of representatives of workers and customers in the direction –companies had frontally rejected such participations as “interference in the management of private business (Fuentes 2011).”

It is important not to forget, on the other hand, that the full consequences and implications of some of those decisions would only become completely transparent through the implementation of the reform. For example, Fuentes observes that, through their participation in the *Consejo Consultivo*, private entities pressed for and obtained their inclusion in the JUNASA –that is, the agent of regulation, which periodically evaluates the fulfillment of standards of attention by providers. In other words, the actors to be regulated have direct participation in the authority meant to regulate them (Fuentes 2013). What makes this particularly important, is the fact that, critical as it is, the moment of formal approval of the legal framework that sets the parameters for the reform at a “macro” level is far from being “all” the reform. This is more complex than a simple distinction between “approval” and “execution.” Some components of the institutional transformation –typically, the decentralization of the administration and management- are effectively defined through the process of implementation. This creates opportunities for actors controlling critical resources to delay or distort the reform in the mid-term, without having to pay the price of a frontal opposition in the “foundational” conjuncture.

This in turn points at the importance of decisions about the sequencing of different components of reforms. In this case, the government's choice was to give chronological precedence to the financial dimension. This to some extent had to do with the situation of bankruptcy or acute financial emergency faced by several IAMCs, and constituted a very powerful incentive for their engagement in the process. However, it came associated with the deferring of changes in management and the provision of services. Thus, the real transformative reach of the reform remains to a great extent uncertain.¹⁹⁰

Finally, I want to point to the process through which the financial architecture was decided. It entailed friction between the team managing the reform from the Ministry of Public Health and the economic team. The crucial observation is that it could have had a different definition, had the governing party had less solid connections with unions and other social organizations. In this sense, the comparison between the Chilean and Uruguayan healthcare reforms developed by Jennifer Pribble is very revealing. In both cases, bottlenecks emerged as a result of disagreements between economic and social policy-makers. In the Chilean case, the electoral-professional organization of the Socialist Party provided social policy-makers no leverage vis-à-vis the economic team. In the Uruguayan case, the mobilizational structure of the governing party produced direct connections with grassroots organizations that ended deciding the tug of war against the preferences of the economic team (Pribble 2013).

¹⁹⁰ In this respect, see the interview to former health minister, Alfredo Solari, extensively quoted by Fuentes (Fuentes 2013).

7.3.3 Healthcare reform in Brazil

Among the three cases reviewed in this section, the Brazilian healthcare reform is the one that gets closer to what we usually describe as a bottom-up dynamics –that is, a process of change that is the direct result of mobilization of civil society groups. Precisely for that reason, however, it also confirms the centrality of bureaucratic structures and technical teams operating from within the bureaucracy –and of the paths for the penetration of those spaces from below.

The formation of a unified healthcare system in Brazil was the result of a double process of expansion of coverage and decentralization of service provision. That process, although gradual and progressing incrementally along three decades, to a great extent expanded the transformative potential of a brief conjuncture of institutional discontinuity. Indeed, the constitutional reform of 1988 represented a turning point in the foundational principles of the Brazilian welfare regime . However, that is necessarily only a part of the story. If there is something Latin America has never had reason to worry about, that is shortage of constitutional reforms including extensive declarations of foundational principles. If the 1988 reform ended crystallizing as a turning point, that resulted from subsequent political agency that put that window of opportunity to good use. The *Movimiento Sanitarista* (MS), which operated as a “subversive elite” (Falleti 2010) is the crucial actor of that story. However, not even in conjunctures of drastic institutional transformation can political agency count on a tabula rasa, and it is precisely the complexity and rigidity of the background of policy legacies with which the reform had to work that makes this story interesting. The universalization of healthcare could only happen in Brazil through important institutional ruptures, yet these ruptures were introduced in an incremental way.

That having been said, the complexity and multiplicity of layers in the policy legacies that defined the playing field for the reform also has to be underscored. If Brazil had gone through one of the most robust attempts at incorporation through a state reorganized on corporatist bases, it also subsequently had one of the military dictatorships most consistently productive in terms of institutional discontinuities. Its relationship with the legacy of *varguismo*, however, was in many areas a contradictory one, and so was, as a result, its impact on the welfare regime. What the military did pursue consistently, however, was the expansion of the coverage and penetration of the Brazilian state. They thus provided a structure that, if infiltrated by reformist forces, could constitute a powerful instrument for reform.

In Brazil, provision of health care services took place, until the 1960s, by means of three subsystems –private, public, and social security. Social security was the most important. It had consolidated, under Vargas, in the form of a typical Bismarckian structure, organized in multiple *Institutos de Aposentadorias e Pensões* (IAPs) corresponding to the fragmented incorporation of different professional categories. Funded with mandatory contributions of employers and employees, the IAPs provided diverse packages of services, either through their own networks – in the case of the richest institutes-, or through contracts with the private sector. Social security was not only marked by inequalities resulting from the highly stratified menu of special regimes; it was also very limited in coverage -7.4% of the total population in 1960 (Malloy 1979). The network managed by the Ministry of Health constituted a completely separate structure, confined to preventive and chronic care, and split in several units and programs that operated with a complete lack of coordination. The private sector consisted mainly of physicians that exercised the profession independently and collected payment directly (Falleti 2010, Lobato and Burlandy 2000).

The numerically most important categories excluded from social insurance –rural workers, urban informally-, under-, or self-employed- were also politically excluded. Until 1958, requirements of literacy precluded a vast majority among them from enjoying voting rights, which in turn made them irrelevant as potential constituencies to court through eventual expansions of coverage. The case was quite the opposite with the privileged insured minorities, integrated in powerful coalitions of interests with state-sponsored unions, politicians, and the bureaucratic cadres of the respective IAPs. Projects for the rationalization of the system by homogenizing insurance regimes –including one by Vargas, frustrated by a coalition of bureaucrats and unions in 1945- did not prosper until the law that, in 1960, introduced the standardization of benefits. Organizational and financial fragmentation, however, remained untouched until 1964.

Throughout its many years of duration, the military dictatorship introduced a series of important changes. They began in 1964, with the unification of all the social security institutes under the *Instituto Nacional de Previdência Social* (INPS), and the replacement of the politically embedded and clientelistic bureaucracies of the IAPs with cadres with a technocratic profile (Malloy 1979). In 1971, it extended healthcare and social security coverage to the unemployed, the self-employed, and rural workers, through the creation of a *Fundo de Assistência ao Trabalhador Rural* (FUNRURAL). Funding for the new program would come from taxes on agricultural wholesalers and urban firms' payrolls (Malloy 1977a). The importance of FUNRURAL, as several scholars have noticed ¹⁹¹ goes beyond its immediate political effects and the limitations of the benefits it initially granted. From the perspective of the foundational

¹⁹¹ See(Falleti 2010, Lobato and Burlandy 2000, Malloy 1979, McGuire 2010, Weyland 1996a).

principles of the welfare regime, it was the first rupture with the contributory principle on which the social security system had up to that point been built.¹⁹²

Subsequent reforms, however, introduced new forms of institutional fragmentation. In 1974, responsibility for the provision of medical care to workers covered by the social security system became competence of the new Ministry of Social Security and Social Assistance. The Ministry of Health, in turn, kept the responsibility for the development and coordination of a national health policy. It also remained in charge of preventive medicine, a network of hospitals for the treatment of chronic disease, and a network of basic health care services covering some of the poorest areas. In 1977, a new reform created the *Sistema Nacional de Previdência Médica e Assistência Social* (SINPAS), split the pensions and healthcare subsystems, and placed the latter under the direction of the *Instituto Nacional de Assistência Médica de Previdência Social* (INAMPS), created as part of the SINPAS (Lobato and Burlandy 2000).

Within that institutional frame, the healthcare system consolidated the profile that the movement of reform would aim to transform in the 1980s and 1990s. Its defining attributes, according to Lobato and Burlandy, were: centralization, institutional dualism, orientation to the transference of resources to private providers, limited coverage, and regressive financing (Lobato and Burlandy 2000). The distribution of authority, resources, and management responsibilities followed in general a trend of concentration in the hands of the central government, detrimental to the budgetary and administrative authority of state governorships and local administrations. The bi-cephalic structure progressively operated in the direction of a drainage of resources from the Ministry of Health to the one in charge of social security, resulting in an important decline of

¹⁹² Of course, the political goals behind the reforms were by no means virtuous. If the unification of the social security system had its target in the political clout of unions, the creation of FUNRURAL simultaneously attempted to co-opt movements of rural workers, and to consolidate the presence of the state apparatus in the Northeast (Malloy 1979).

the latter's investment in infrastructure and a general deterioration of its services. The system's serious limitations notwithstanding, the population it covered expanded very quickly, at the pace of the country's industrialization. The private healthcare sector was the main beneficiary of this expansion.¹⁹³ The government exercised almost no control over the quality and orientation of the services that it contracted with private providers, more and more the predominant type of medical treatment tended to be curative, specialized, costly, and hospital-based (Lobato and Burlandy 2000). According to Falleti, the new INAMPS played a central role institutionalizing a model with such characteristics, with a spatial distribution biased toward the most profitable areas, thus becoming "the main channel for the transfer of public resources to the private sector (Falleti 2010)."

The origins of the *Movimento Sanitário* (MS) are back in the days of the Goulart administration. Based on the principle of healthcare being a basic universal human right, the movement departed from the impossibility of analyzing or reforming services without a comprehensive consideration of the macro-structural socioeconomic environment in which they were provided. They thus emphasized the connections between social policy areas, and the dependence of healthcare results on decent housing, education, and employment. In more specific terms of healthcare policy in the narrow sense, their proposal had to pillars: preventive attention, and municipalization of service-provision. The 1964 military coup entailed an abrupt closure of any possibility of access to the state for the movement –which counted among its members a high proportion of militants of the Brazilian Communist Party. The *sanitaristas* then started to develop a strategy involving three parallel channels. First, in order to provide an

¹⁹³ The proportion of hospital beds belonging to the private sector went from 14% to 73 % between 1969 and 1976 (Lobato and Burlandy 2000). See also (McGuire 2010, Weyland 1995b).

environment for the discussion and diffusion of their proposals, they created the *Centro Brasileiro de Estudos de Saúde* (CEBES), and began to publish a journal (*Saúde em Debate*). Second, they decided to accept and occupy positions in the public bureaucracy whenever possible. Third, they lobbied congress.¹⁹⁴ The conclusions of the Alma-Ata conference on basic health care, held in 1978, had an important effect in the sense of expanding attention on the *sanitarista* approach, and strengthening its legitimacy (Falleti 2010).

There is general agreement on the importance of the federal organization of the Brazilian state for the success of the *sanitarista* strategy of infiltration, which proceeded from the bottom echelons of the administration, at a municipal level. The gradual *apertura* of the political game through the realization of elections, was also important, since it provided access to local administration to representatives of the opposition, who in turn facilitated the incorporation of professionals from the movement. Things were also facilitated by the fact that the movement's first initiatives targeted the poorest and most peripheral areas of the country, and, based on basic and preventive medicine as they were, had very low cost. The first aspect made it acceptable to private providers; the second one caught the interest of politicians from those geographic areas, and made it attractive to the military (Weyland 1996a). However, the first important program, articulated in 1976, found the opposition of bureaucrats in the social security administration, concerned about the use of INAMPS resources. The *Programa de Interiorização das Ações de Saúde e Saneamento* (PIASS) was co-designed by teams of *sanitarista* doctors from the Ministry

¹⁹⁴ According to Weyland's reconstruction, this strategic re-orientation was caused by the failure of the strategy of popular mobilization initially chosen by the movement. In Weyland's words "They tried to gain a massive following in society, especially among the poor, whose needs they claimed to represent. This strategy of mobilization was not, however, very successful. Poverty made many of the poor concentrate on the needs of their families or neighborhoods. Clientelism strongly reinforced their focus on small-scale demands, exacerbated divisions among them, and restricted support for a national-level movement (Weyland 1995b)."

of Health and the *Instituto de Planejamento Econômico e Social*. It consisted on the implantation of a network of small sanitary stations in areas of low population density (Falleti 2010). In three years, the program installed 1,250 posts in 700 municipalities of the Northeast and Minas Geraes, and served eight million people.

Some operative aspects of the PIASS were particularly innovative, for example, the strategy of selecting and training members of the local population –in the vast majority of cases only having elementary education- as health agents (McGuire 2010). But the program also entailed a rupture with historical limitations and established practices of the sectorial bureaucracy. According to Falleti, this impact worked in four main directions. First, it stimulated coordination among ministries. Second, it fostered vertical coordination among different levels of government (national, state, municipal), not only for funding purposes, but also in the implementation of the program. Third, it strengthened the position of state health secretaries, particularly in their recurrent tug of war with the federal social security bureaucracy. Fourth, it initiated a process that would lead to the formation of the *Conselho Nacional de Secretários de Saúde*, in 1982 (Falleti 2010).

In spite of the accentuation of the opposition from the social security administration, the continuing deterioration of the financial situation of the system opened a new window of opportunity for *sanitarismo*. Many of the recommendations made by a presidential advisory board formed to discuss an encompassing healthcare reform pointed to the need to increase vertical coordination, in the direction anticipated by the PIASS. The appointment of Eleutério Rodriguez Neto as Planning Director provided an opportunity to inject elements of the alternative healthcare model in the program resulting from the proposal of the presidential commission. Rodriguez Neto successfully articulated a coalition of state secretaries of health as a

counterweight for the opposition within the INAMPS. The result were the *Ações Integradas de Saúde*, which lead, among other changes, to an important process of decentralization.

A key element in the strategy of *sanitarismo*, as the process of transition to democracy accelerated, was the linkage between the demand for recognition of health care as a universal right and the demand for democratization –or, perhaps more accurately, the universalization of healthcare as part of democratization (Lobato and Burlandy 2000). The penetration of the national bureaucratic apparatus made notorious progress with the initiation of a civilian administration (1985-1990).¹⁹⁵ However, access of more members of the movement to positions of authority also stimulated the active opposition of the private sector. It is also important to acknowledge that the escalation of bureaucratic positions had a second, not so virtuous side. “This institutional penetration... also involved the sanitary movement in the vicissitudes of bureaucratic politics, which rages inside the Brazilian state. [...] Members of the movement gained positions in different state agencies, which were often locked in long-standing bureaucratic rivalries over influence and resources. Trying to demonstrate good job performance and thus further their career prospects the new state officials soon absorbed the organizational interests of their agencies. In this way, they were drawn into ‘bureaucratic politics.’ This wrangling created tensions inside the sanitary movement and led to competing reform efforts (Weyland 1995b).” Interestingly, one of the most divisive conflicts followed organizational cleavages inside the bureaucracy –it was about whether the INAMPS should be put under the authority of the Health Ministry or the Social Security one.

¹⁹⁵ According to Weyland, “While party politicians were appointed ministers, reform-minded experts had a strong voice in the second echelon (Weyland 1995b).” The following narrative of the conflict between reformist bureaucrats and private interests follows Weyland’s reconstruction (Weyland 1995a, b, 1996a).

Still, the deepest cleavage emerged between the new reformist authorities of the INAMPS and different sectors of the medical business. At its core was the former's intention to transform the relationship with the latter from one of contractual agreement among equals, to one of subordination of the medical establishment to planning and supervision by public sectorial authority. After a cycle of frustrated negotiations, minister de Almeida Magalhães decided to cut the gordian knot by decree. Private operators' rejection of the norm put the minister in a difficult position, since the public sector was held hostage by its need of private infrastructure to fulfill its obligations. In the context of a conflict that had escalated in political visibility, the realization in Brasilia of the 8th *Conferência Nacional de Saúde*, in 1986 represented a substantial step forward in the consolidation of the project of a single national health care system. With the participation of professional associations, political parties, and diverse organized sectors of civil society, the conference was organized by the Ministry of Health as a forum for the generation of inputs for public policy. Attendance to the conference and the activity of the multiple working teams revealed the density of the network weaved by the *sanitaristas* based on the extension of the PIASS and other programs. This did not discourage opposition from medical business, though – actually, quite the contrary. It also made clear that support from reformist civil society organizations was not likely to alter the balance of power in any significant sense. Some members of the reformist movement began considering that dismantling the blockade required some agreement contingent upon them somehow scaling-down their goals. Magalhães then turned to state- and municipal-level bureaucracies for support, and introduced an unexpected turn in the conflict by abruptly deciding to start the decentralization of healthcare in 1987.

Weyland's hypothesis is that political conflicts among the left and the right wing of the governing PMDB need to be considered to make sense of this sudden turn. He contends that,

from Magalhães perspective, the transference of INAMPS to state governments was preferable to their placement under control by a Ministry of Health controlled by conservative PMDB politicians. The creation of the *Sistema Unificado e Decentralizado de Saúde* represented a threat for many powerful actors. It was, of course, resisted from within the INAMPS bureaucracy, but also by medical businesses enjoying a favorable position in the structure in place. Decentralization would also impact on the operation of patronage networks benefitting conservative politicians, and directly affect president Sarney's loyal partisans in the Ministry of Health. Caught by surprise by the ministerial decision, its adversaries were nevertheless quick to recover. With presidential support, patronage-controlling politicians from the governing coalition pressed for the removal of several reformist leaders from top positions in the bureaucratic hierarchy –Magalhães himself resigned in mid-1987, and Sarney removed the reformist president of the INAMPS a few months later. The conservative counter-strike did not completely reverse the decentralization process, but certainly precluded it from developing into the drastic restructure intended by its promoters. It also diffused the political initiative of *sanitaristas* operating from within the government.

The next round took place in the constitutional assembly. In a certain way, it very closely paralleled the previous one. The goals of the *sanitaristas* were advanced by their allies in the relevant constitutional committees, who obtained two things. First, the declaration of health a universal right. Second, the inclusion of a mandate for the integration of a decentralized unified healthcare system, which “would give priority to public facilities and contract private medical providers only as a last resort (Weyland 1995b).” That sufficed to trigger a conservative reaction that resulted in the watering-down of the projected mandate. Once again, the attempt to secure the most radical version of the reform by calling for popular support proved sterile: the gathering

of signatures to make a “people’s amendment” possible only collected 54,133. Also once again, bureaucratic politics divided reformist forces, since *sanitaristas* holding positions in MPAS and INAMPS aligned with their respective agencies. Declaration of a universal citizen right to healthcare finally made its way into the new constitution, but definitions on the master lines of the future system meant to materialize the right were kept vague -although the role of the private sector was characterized as “supplementary.” The considerable latitude allowed by this final formula made it clear that at least one more decisive round would take place, around the content of a new health system law.

If the scenario was new, the actors were exactly the same, although some of them had been further weakened. Neither the “pure” *sanitaristas*, nor the conservative legislative block representing business interests could craft a decisive majority. Reformist bureaucratic cadres were divided and efforts to mobilize popular support were sterile. The executive produced a draft meant to partially meet everybody’s aspirations. Although the formula resulting from negotiations among legislators had already diluted the transformative potential of the law, president Collor and his minister of health still found it threatening for their control of patronage resources, thus deciding to further dilute the law with a partial veto.¹⁹⁶ Crucially, the law strangled the financial viability of the reform, by keeping its dependence on contributions to social security. By 1998, 51% of the population were buying healthcare services out of their pockets, 80% of doctors had their own practices, and 50% of hospitals served privately insured patients (Arretche 2004). A big part of the next round would take place inside the Executive.

¹⁹⁶ The presidential veto affected 25 articles, mainly dealing with the closing of INAMPS, ear-marked resources for the *Sistema Único de Saúde*, and automatic transfers to municipalities. Instead, he fostered individually negotiated agreements with municipalities (Arretche 2004).

The main forces driving the evolution of the healthcare system during most of the 1990s was demand for services from middle and upper classes, from the employees of state-owned enterprises, and from the fractions of the working class that could count on well-organized unions. Fed by dissatisfaction with the quality of services provided by the public sector, that demand led the numbers of health insurance providers and of their clients to triple and double, respectively, between 1987 and 1998 (Arretche 2004). Regulation remained clearly underdeveloped during most of the same period. The Collor administration (1990-1992) successfully slowed decentralization, reinforcing to some extent federal control over municipalities, and significantly cut down federal health transfers. Defenders of the reform could only resort to the constitutional mandate, and for a while the debate tended to spin around the constitutionality of presidential decisions (Carvalho 2001).

President Itamar Franco (1992-1994) restored some of the *sanitaristas*' by picking one of them (Jamil Haddad) as his health minister. An important reversal towards decentralization then took place thanks to the active participation of experts from the Health Ministry and local health authorities in the *Grupo Especial de Descentralização* (GED). The GED had considerable impact through the production of a series of norms that secured the participation of local governments in the health policy-making process. The new norms diversified the options for states and municipalities to choose the conditions under which their responsibilities regarding healthcare would expand. This restored the dynamism of the decentralization process. Still, two powerful forces continued operating in the opposite direction. First, the limitations on the flux of financial resources favored by the subordination of the Ministry of Health to its Finance and Planning peers (Arretche 2004). Second, the administrative obstacles put by former officials of the INAMPS now operating from the Ministry of Health on the way of funds transfers. An

additional factor, which could operate in either direction, was the state governors' position toward the decentralization process (Arretche 2004).

Things turned more favorable for reform under Cardoso (1995-2002). First, minister Adib Jatene, working with stakeholders and municipal authorities, obtained a consensus around a new *Norma Operativa Básica* that consolidated a more participative policy-making process. Jatene's margins for maneuvering, however, were decisively limited by his weakness vis-à-vis his colleague at the Ministry of Finance. The second fundamental change was the arrival, following Jatene's resignation, of a successor with more political clout –José Serra. Serra had the occasion to test his muscle in 1998, when the creation of an *Agência Nacional de Saúde Suplementar* (ANS) triggered a struggle for its control between the Health and Finance ministries that ended with a victory for the former. The best indicator of the magnitude of the change was the increase in the participation of transferences to municipalities in the total budget of the Ministry of Health: from 1.7 to 24 % between 1993 and 1998. In 2000, a constitutional amendment consolidated the trend by specifying percentages of the respective budgets mandated to be spent on health care for all levels of government.¹⁹⁷

¹⁹⁷ Initiative of a legislator from the PT, the amendment was backed by a wide legislative coalition (McGuire 2010).

7.4 A QUICK GLANCE AT SOME ANCILLARY CASES

7.4.1 Pension reform in Uruguay

With origins going back to the 19th century, and being among the countries of the region that got closer to reaching universal coverage, the problems of the Uruguayan pension system were already apparent in the early 1970s. Although it was less fragmented than, for example, its Chilean equivalent, it suffered from very early on from the least favorable demographic dynamics of the region. As in the Argentinean case, the effects of an early demographic transition were compounded by extremely generous benefits and access conditions.¹⁹⁸ Although funded with contributions from workers and employers, the system started to require transfers from the state treasury very early on. By 1983, 52.2 % of total public expenditure went to social security, and pensions constituted 90 % of total expenditure on social security.¹⁹⁹ Still, structural pension reform only came after a decade of frustrated attempts. The accumulation of frustrated attempts during the two administrations immediately following the end of the dictatorship resembles what occurred with healthcare during the same period. However, blockage was in this case the accomplishment of a coalition of the left-wing opposition, the labor movement, and

¹⁹⁸ Retirement benefits were calculated on the basis of the average income of the last three active years. Minimum retirement age was 55 and 60 for women and men respectively (Papadópulos 1992).

¹⁹⁹ See (Brooks 2009, Mesa-Lago 1978, Müller 2003, Papadópulos 1992, 2001).

pensioners' organizations, in which the latter's mobilization and sheer number played the most determinant role.²⁰⁰

This quick revision only considers two aspects of the chain of frustrated attempts that finally ended with the 1994 reform that created a mixed system. The first one is the recurrence of strategies of blame-avoidance of the three main parties alternating in the opposition, all reluctant to participate in a reform with a potentially very high electoral cost, given the size of the constituency formed by insiders.²⁰¹ The two traditional parties, *Blancos* and *Colorados*, had historically co-participated in the expansion of a system to whose problems both contributed through the inflation of benefits and clientelistic manipulation. In turn, the *Frente Amplio* was too dependent on the mobilizing capacity of the unions' movement to risk frictions with some of the most powerful groups enjoying benefits from the system, which could compromise a steady process of electoral expansion. Significantly, although none of the parties was initially enthusiastic about the referendum proposed by pensioners' organizations to incorporate the indexation of their pensions to the constitutional text, the three of them ended supporting it.²⁰²

Pensioners' mobilization consolidated during the first Sanguinetti administration (1985-1989). In 1987, the government was able, after several concessions, to put together a minimal congressional coalition to pass a very modest parametric adjustment aiming to reduce the

²⁰⁰ Both the *Frente Amplio* and the peak unions' federation initially opposed the universal indexation of retirement benefits demanded by pensioners' organizations, but finally supported the referendum initiative that ended incorporating it to the constitution in 1989 (Filgueira and Papadópulos 1997).

²⁰¹ The social security system covers 700.000 people, in a country with a total population of 3 million. (Moraes and Filgueira 1999).

²⁰² The amendment mandates the automatic increase of social security benefits, by the average raise of salaries in the national economy, each time public salaries are increased.

incidence of transfers to social security on fiscal deficit. The reform, however, included a new mechanism of indexation that triggered the initial efforts towards the organization of pensioners, that continued through the campaign of recollection of signatures to force a referendum. The referendum took place simultaneously with the 1989 national election, when the new indexation regime was approved with 82 % of the total vote. Such result triggered a fiscal crisis that pushed pension reform to the top of the agenda of the Lacalle administration (1990-1994). After a first frustrated project of parametric reform, two commissions –one political and the other technical– were formed, with participation of the four parties holding parliamentary representation. The two groups spent several months accumulating information and discussing multiple alternatives. However, when their work materialized in a governmental project that picked the alternative of a state-managed, defined-contribution system of individual accounts, sent to congress for consideration in early 1992, both the *Colorados* and the *Frente Amplio* denied their support.²⁰³ The government then changed its strategy, and a few months later passed, counting of votes from the traditional party in the opposition, a parametric reform as part of the annual budget law. Pensioners' associations and the peak unions' federation called for a new plebiscite to declare the procedure unconstitutional. The initiative, supported by presidential candidates from all parties, collected 74 % of votes in the 1994 election. The Lacalle administration still accumulated two more failed attempts at parametric reform.²⁰⁴

In the meantime, a consultancy agreed between the Ministry of Economy and Finance and the IADB analyzed different possible scenarios, concluding that the actuarial imbalances of

²⁰³ See (Filgueira and Papadópulos 1997, Müller 2003, Papadópulos 2001).

²⁰⁴ (Kay 1999, Müller 2003, Papadópulos 2001).

the system made any possible parametric reform insufficient. The results were available in 1994, and had restricted circulation. Shortly afterwards, the results of the presidential election led Julio Sanguinetti to his second presidency, but also showed an electorate almost evenly split in thirds between the two traditional parties and the *Frente Amplio*. The challenge from the left provided a powerful incentive for cooperation between *Blancos* and *Colorados*, who agreed on a coalition that would guarantee a two-third's majority in both chambers. Sanguinetti formed a new committee to study a pension reform in advance to the inauguration of his presidency, in March 1995. Initially invited to join the group, the *Frente Amplio* divided internally around the issue and ended abandoning the committee. The project for the creation of a mixed system resulted from the three-month work of a bi-partisan commission of experts that did not open consultations with any organization of stakeholders. Some of them were given the opportunity of a hearing once the project was submitted by the executive for parliamentary consideration. With only marginal alterations, the legislative coalition of *Colorados* and *Blancos* transformed it into law in September (Papadópulos 2001).

The design of the reform pre-emptively deactivated some potential sources of resistance, and aimed at fragmenting the opposition. Significantly, it not only maintained the mechanism of indexation introduced through the 1989 plebiscite, but extended it to the newly created second tier. It also preserved five privileged “special regimes.” Finally, it split the insured population in different sub-groups, according to age and income, and mandated the creation of a public administrator of pension funds, that would compete with private ones.²⁰⁵

²⁰⁵ For a detailed description, see (Brooks 2009, Kay 1999, Müller 2003, Papadópulos 2001).

The second important question is why the same coalition that was able to make a pension reform failed to produce a healthcare one. Filgueira and Moraes have emphasized two aspects. First, the enabling importance of a “linkage strategy” that made the reform of social security the acid-test for the bi-partisan coalition as a new approach to the country’s governability problems. Second, the segmentation of losers, in order to make an encompassing coalition less likely (Moraes and Filgueira 1999). There is also a component of political craftsmanship that is highly contingent and resists modelling. The main broker operating behind the health care reform underestimated the role of political factors, believing in the absolute persuasive power of technically sound expertise. He made no attempt to engage stakeholders in the design of the reform, and took the legislative coalition for granted, ignoring the channels of access that members of the medical elite had to political parties.

At a more general level, there are also processes of political learning that, if on the one hand take place embedded in concrete policy environments, are also to some extent generalizable. Veto coalitions only can manifest themselves through veto actions. It is always possible, of course, to identify in an institutional map certain points where legal attributions put those placed in the respective institutional position in position to exercise a veto. However, it is not possible to directly read the disposition to veto of a concrete player benefitting from that placement on the institutional map. In the end, effective exercise even of formally defined capacities to veto is an outcome of political entrepreneurship. Even more important –and interesting- is the fact that very often the most effective veto capacities are not built in the institutional structure, but produced through purposeful political action. If that is the case, if veto coalitions only fully manifest themselves through the actual exercise of their veto power, overcoming that power may to some extent contingent upon processes of political learning. The

reform of social security, has we have seen, arrived after a decade entailing multiple rounds of trial and error. Finally, we have factors of a structural nature, determining differences between both policy sectors. In first place, the old problem of the difficulties of to build coalitions of those potentially accessing future diffuse benefits against those confronting immediate concentrated and clearly identifiable losses.

7.4.2 Pension reform in Costa Rica

The parallelisms between the Uruguayan and Costa Rican welfare regimes have been remarked more than once. Even if considerably more recent in its development, by 1990 the latter also had wide coverage, enjoyed extended and robust legitimacy among the citizenry, and was fragmented in multiple special regimes corresponding to specific professional and occupational categories.²⁰⁶ Other attributes are more idiosyncratic. First, the system of social protection more comprehensively developed under democratic conditions in the region. Second, a tradition of consensual policy-making. Third, a technically solid and autonomous sectorial bureaucracy enjoying high levels of legitimacy.

The most recent cycle of pension reform included a structural one, that introduced a mixed system in 2000, and its adjustment in 2005.²⁰⁷ As we will immediately see, there are good reasons to consider both episodes as stages of a comprehensive reform process that actually

²⁰⁶ As a whole, the public pension system covered 64.5 % of all salaried workers and 5 % of non-salaried workers in the early 1990s: the respective fractions were 56.8% and 21.7 % in 2004 (Martínez Franzoni 2008a). At the beginning of the 1990s, the system included 19 special regimes that covered diverse privileged occupational categories. See (Martínez Franzoni 1998, 2008a, Mesa-Lago 2004, Mesa-Lago and Müller 2002, Sánchez-Ancochea and Martínez Franzoni 2013).

²⁰⁷ The narrative that follows is based on (Mesa-Lago and Müller 2002).

began in 1996. The most striking aspect of the cycle, is the inclusiveness of the painstaking and protracted negotiations that lead to consensual solutions. These negotiations marked a very different pattern from the one followed by the healthcare reform of the 1990s. They were a direct result of an intense reaction from civil society organizations to the top-down strategy chosen by the authorities of the CCSS. As a result, the cadres of the CCSS lost political initiative during most of the phase of design. The other remarkable aspect of the process is the participation of the ILO, which not only played a role lubricating frictions between the CCSS and the concertation forum, but also assisted social organizations by filling the gap of expertise vis-à-vis the technical governmental cadres.

During the Figueres Olsen administration of the PLN (1994-1998), and after a cycle of parametric reforms introduced between 1991 and 1995, in 1996 the CCSS abruptly introduced, after consultations restricted to employers, a set of important changes.²⁰⁸ The reaction from civil society was probably a joint result of the substance of the reform and the rupture with the consensual tradition through which it was introduced (Mesa-Lago and Müller 2002). In any case, organizations representative of diverse interests occupied the offices of the CCSS' Board of Directors, and obtained the *sine die* suspension of the reform. An encompassing debate around the problems of the social security system followed throughout 1997. The debate revealed an important consensus on diagnostic and divergence around the desirable solutions. According to Mesa-Lago and Müller, seven proposals for a reform, ranging from parametric adjustment to substitution of a private system, were presented between late 1995 and mid-1998. Interestingly, the substitutive one, backed by experts from the World Bank, was flatly rejected on a

²⁰⁸ The package included an elevation of retirement age, changes in the formula for the calculation of benefits, and an increase in workers' contributions.

combination of technical and political arguments (Weyland 2006). The suggested parametric adjustment, supported by some social organizations, was insufficient to tackle the system's main problems. An impasse followed, that the new administration of Miguel Ángel Rodríguez (1998-2002) broke with the establishment of a *Foro Nacional de Concertación* and the inclusion of the pension system among the issues it should consider. The commission formed with that purpose included 30 members representing a wide spectrum of interests, which studied and evaluated a proposal for the creation of a mixed system elaborated by the government, presenting it to public opinion afterwards. By the end of 1998, the commission reached a consensus. Its report passed to the legislature, which took almost a year to draft a law that re-introduced several of the parametric changes opposed by social organizations, in spite of the long preceding negotiations. Finally, unions, cooperatives, women's movements, and other organizations, obtained the inclusion of a series of measures aiming at the improvement of the system's administrative efficiency. In exchange, they agreed to the creation of the pillar of individual capitalization defended by the government and business organizations, who also accepted the possibility of public pension fund administrators. The reform became effective in May 2001 (Martínez Franzoni 2008a).²⁰⁹

Oxygen did not last too long. A report made public by the CCSS at the beginning of 2004 predicted the insufficiency of contributions to finance pensions on 2005, and of interests from reserves to cover them by 2015; the fund, it added, should be expected to collapse 2022. The

²⁰⁹ The reform reorganized the pension regime in three complementary pillars. The first one, with defined benefits, is mandatory for salaried and self-employed workers. The second pillar is complementary, with defined contributions and mandatory for salaried workers. The third one is complementary, voluntary, and available for any contributor. The first one is funded by contributions from the government, workers and employers; the second one by workers and employers, and the third one only by workers. The second and third pillars are managed by different administrators, created by public and private entities, competing under conditions regulated by the state. A number of administrative changes were also introduced with the goal of reducing evasion and income underreporting.

projections were corroborated by an independent study of the ILO, excepting for the collapse, which it predicted for 2007. Following a suggestion from unions and cooperatives, the Board of Directors of the CCSS formed a *Comisión Técnica Institucional* that incorporated representatives of multiple social organizations and was meant to provide input previous to any decision to be made by the CCSS. During the subsequent discussion of different alternatives, the ILO had an important participation, assisting the CTI with technical input that convinced of the need for a parametric adjustment. An agreement was difficult to reach, and it was finally the result of the acceptance, by all participants, of an alternative suggested by the representatives of the ILO.²¹⁰ The core of the proposal was the scaling-down of pension replacement rates according to the earnings of the insured. A new technical group was formed afterwards, in which the ILO assisted negotiators from the public sector and social organizations to consolidate all the agreed points in a consistent draft. The CCSS approved the proposal in 2005.²¹¹

7.4.3 Pension reform in Brazil

The process of pension reform was also an arduous one in Brazil. Brazilian society shows a consensus around the idea of state responsibility as the central provider of social insurance that is no less intense than the ones found in Costa Rica or Uruguay. However, equally extended is acceptance of the inequalities in the distribution of benefits determined by the Bismarckian route

²¹⁰ For a detailed presentation of the alternatives supported by the different participants in the negotiations, see (Martínez Franzoni 2008a).

²¹¹ It was a parametric reform basically aiming at balancing contributions and expenses. Although the legal retirement age remained unchanged (65), the number of required contributions was increased from 240 to 300. The main innovation was the mentioned scaling-down of replacement rates depending on salary –previous to the reform, there was a flat replacement rate of 52.2 % of real salary.

of development (Brooks 2009). We have already seen the importance of the 1988 constitutional reform for the consolidation of universal social rights as a constitutional mandate.²¹² I will not go through the history of the pension system as in depth as I did with healthcare. I will just remark that, in the case of the former, recognition of the universal right in principle came associated with the acceptance and consolidation of deep inequalities in practice.²¹³ The core of the problem are the privileges granted by the civil servants' pension regime, which by 2002 covered 13 % of the beneficiaries of the pension system as a whole with 42 % of its total resources, and accounted for 72% of the system's total deficit.²¹⁴ Despite the creation of new sources of benefits, the growing gap between revenue and benefits paid, put the need for some severe adjustment –thus for constitutional amendment- at the top of the agenda the day after the approval of the constitution.

With the support of some business organizations and direct input from neoliberal think tanks, the economic team of the Collor administration (1990-1992) accumulated a couple of aborted attempts.²¹⁵ First, the Ministry of the Economy elaborated a project of constitutional

²¹² The 1988 constitution determined that pensions should be adjusted monthly according to inflation, and equalized the minimum pension to the minimum wage –up to that moment, it had been half of the minimum wage. The average benefit rose 78 % in real terms between 1988 and 1996; benefit expenditures of the pension system rose by 136% between 1990 and 1996 (Madrid 2003).

²¹³ Among the professional and occupational groups benefitting from privileged retirement schemes counted some with considerable political influence, like the judiciary, the military, the employees of the social security system, and congressmen themselves. Although pensioners' associations did not mobilize very effectively, public sector labor unions were among the strongest and most active (Madrid 2003, Weyland 1996b).

²¹⁴ See (Brooks 2009, Caetano 2009).

²¹⁵ Partial privatization of pensions was advocated by several business organizations, some of them very powerful, as was the case of the *Federação Industrial do Estado de São Paulo*. However, the highly fragmented structure of business interests representation in Brazil, by making speaking with a single voice extremely difficult, reduced drastically their influence on public policy (Schneider 2004, Weyland 1995a, 1996a). On the other hand, however, some of them supported think tanks or technical teams through which they could articulate their own proposals. Some of them found a receptive audience in the Collor administration (Kay 1999, Madrid 2003). Although liberal economists clearly consolidated, from the early 1990s on, some solid positions among the Finance and Planning Ministries, as well as the Central Bank, the bureaucracy of the social security system was considerably harder to penetrate (Madrid 2003). Other conditions were

amendment aiming to scale back privileged benefits and to privatize social insurance above an income level of three to five times the minimum wage. The project faced strong opposition in Congress –including parliamentarians aligned with the government- and the executive finally eliminated this component from the package of constitutional amendments it submitted to Congress in October 1991 (Weyland 1995a). The following year, Collor appointed in the direction of the social security administration a team of new officials coming from the private insurance business, with instructions to elaborate a new project to partially privatize pension insurance. The initiative found fierce resistance at all levels –civil society, parliament, and the state apparatus (especially from bureaucrats at the MPAS). The government never even submitted it to congress (Weyland 1995a).

The social security deficit came back to the table as hyperinflation was finally tamed by the Plan Real (1993-1995), which ended the possibility of patching structural fiscal deficit through inflationary means. However, stabilization did not come in Brazil associated with a radical neoliberal offensive. An important process of privatization notwithstanding, the Brazilian developmentalist state was not dismantled, but rather refurbished, under the two consecutive Cardoso administrations. That having been said, it is also true that projected constitutional amendments aiming to reform the pension system count among Cardoso's most recurrent frustrations.²¹⁶ The first attempt came when he was still Itamar Franco's Minister of Finance, as part of a package of amendment proposals submitted to congress in 1993. The idea was to

also less favorable in Brazil for privatization projects to prosper. The country not only had in common with Argentina and Uruguay a level of pension obligations that would have made the fiscal cost of a structural transition extremely high, but also was considerably less affected than Mexico or Argentina by problems low saving rates and shortage of capital.

²¹⁶ The fact that several specifications are detailed in the articles through which social rights were constitutionalized makes the reform of multiple aspects of the pension regime contingent upon special majorities. Constitutional amendments require separate votes in both federal chambers, each one of them with at least a 3/5 majority.

maximize the window of opportunity provided by the constitutional revision. The package combined restrictions on length-of-service pensions and reductions of entitlements for privileged sectors -like the military and public employees²¹⁷- with the redefinition of social insurance as social welfare. The initiative found strong opposition from unions, left-leaning parties, and even centrist and conservative legislators concerned about a reduction of patronage shortly before a congressional election. The executive did not push too hard either (Weyland 1995a, 1996a).

A new attempt took place shortly after the inauguration of the first Cardoso administration, in 1995. Once again, the amendment aiming to remove specifications on pension provision from the constitutional text was bundled with other proposed changes –concerning tax and administrative reform. It also insisted with the 1993 proposals for the tightening of public employees’ retirement conditions. This second attempt was as unpopular as the previous one. It found its main opponents among the CUT –which had 40% of its members among civil servants-, and from the *Associação Nacional dos Fiscais de Contribuições Previdenciárias* (ANFIP). The latter is the national association of social security auditors, which counted on a solid technical reputation and rejected the governmental diagnostic of the pension reform as facing an actuarial crisis. The CUT’s organic connections with the PT guaranteed the former’s rejection of the reform. According to Brooks, the 1998 currency crisis introduced a turning point in the public perception of the reform, finally making it possible for it to pass through congress.²¹⁸ Its impact

²¹⁷ The main changes in this sense –which made the reform highly unpopular-, were the switch from time-of-service to time-of-contribution requirements, and a ceiling on the pensions of former public employees (Brooks 2009).

²¹⁸ See (Brooks 2009, Pinheiro 2004). The main changes introduced by constitutional amendment No 20, are the following: 1) benefits for public employees hired after the reform would be based on contribution time; 2) mandatory retirement after 70 for both men and women; 3) minimum retirement ages of 60 (men) and 55 (women), depending on minimum contribution time of 35 or 30 years, respectively; 4) suppression of the rule establishing 36 best months out of the last 48 previous to retirement for the calculation of benefits; 5) suppression of special pensions, excepting professions entailing particular health risks; 6) cap on the amount received as pension (R\$ 1,200.00, and in no case more

on the country's huge fiscal imbalances, however, fell short of what the government considered necessary. Evaluation of the political costs that a second constitutional amendment in less than a year might have, convinced the second Cardoso government to pursue the only relevant aspect that could be modified without touching the constitution. Law 9.876, approved in 1999, tightened the formula for the calculation of the benefits of private sector retirees, and introduced an element of modest through the social security factor. However, no further changes affected the scheme for public employees (Caetano 2009).

As in other social policy matters, an important degree of continuity endured the replacement of the PSDB by the PT as the governing party. Thus, Lula da Silva obtained, before the conclusion of his first mandate, the passing of the amendment required to redefine the parameters of the civil servants' pension regime. Interestingly, the new president's rhetoric to justify his proposal of amendment virtually replicated the one of his predecessor –defending its redistributive fairness by emphasizing the connection between extended poverty and the privileges contained in some privileged pension schemes. As expected, the government's initiative brought a frontal clash with one of the PT's core constituencies. Public sector unions mobilized against the reform –a violent strike of three days took place in front of the national congress during a crucial voting (Brooks 2009)– and got support from opposition parties to the left of the government. The reforms introduced under Lula's presidencies aimed at two main goals: 1) securing the long-term financial sustainability of the system of retirement benefits for employees of federal, state- and municipal governments; 2) initiating a process of gradual

than the salary during active life); 7) participation of government, employers, contributors and retirees in the management of the system.

convergence of benefits and conditions for retirement between private- and public-sector employees.²¹⁹

7.5 CONCLUSION

This chapter had two main goals. First, the understanding of causal mechanisms eventually explaining the associations that resulted from the QCA practiced in chapter 5. Second, the exploration of explanatory factors or mechanisms that might have been disregarded in the initial hypotheses.

The first conclusion refers to the endurance of policy constituencies. They may be shared by co-participants in the development of social security, predominantly benefit parties emerged after incorporation junctures, or be mainly controlled by hegemonic parties benefitting from corporatist forms of interest intermediation. In any case, they represent the main obstacle for any reform entailing some homogenization of benefits and burdens, either between insiders and outsiders, or across categories of insiders. Whatever the case, the partisan actors benefitting from privileged connections with them, if in the opposition, will never risk future electoral growth by

²¹⁹ Constitutional amendment No 41, approved in 2003, introduced the following alterations: 1) harmonization of contributions, set at 11% for all public servants; 2) an 11% deduction for those retirees receiving benefits 11% above the cap or higher; 3) cap for new entrants to public service in entities having complementary pension funds; 4) minimum retirement ages of 55 and 60 for women and men, respectively (professors of primary and secondary education exempted); 5) a 5% annual deduction on the benefits of those who chose to retire at an age between the minimum previous to the reform and the new one; 6) modification of formula for the calculation of benefits; 7) unification of administration of special regimes at the federal level. Constitutional amendment was approved in 2005. It created a special inclusionary regime for low-income workers and housewives; restored some benefits suppressed by the previous amendment; modified the rules for transition from pre- to post-reform regimes; and introduced a minimum requisite of 25 years of contribution to qualify for retirement benefits.

detaching themselves from the protection of their interests. However, the exhaustion of the financial sustainability of existing social protection schemes may force those same parties, once in government, to push for reforms similar to the ones they opposed before.

Second, some aspects of the configuration of party systems may alter both the timing of those hard choices, and the competitive strategies through which they are implemented. The Uruguayan case suggests that traditional parties partially sharing a constituency of insiders may need the push provided by the threatening growth of a third force, in order to switch from non-cooperative blame avoidance to cooperation in the blaming of share. The case of Costa Rica may suggest a qualification of this conclusion, however. Could it be that, under certain circumstances, cooperation can occur even in the absence of that threat? Of course, the rarity of the Costa Rican case recommends cautiousness in the generalization of any conclusions from its experience. Still, three elements of that experience may be worth retaining as guidance in future explorations. First, the existence of systems with an extended coverage, resting on the legitimacy coming from an equally extended supportive consensus, may be regarded by partisan actors as a “public good” worth preserving through cooperation. Second, the accumulation of processes of political learning developed through the reiteration of cooperation may have a facilitating effect, even in the absence of formally institutionalized environments of coordination and cooperation. Third, the configuration of civil society may also be relevant for the feasibility of that type of consensus-building behavior. I am concretely thinking of the relatively even organizational topography of the Costa Rican civil society, lacking hegemonic or clearly predominant actors with privileged access to some political party. This creates the possibility of the type of process

underlying the 2000-05 pension reform, where an extended coalition of social forces pressed from the outside on the political establishment.²²⁰

The cases analyzed in this chapter, however, suggest that the “political convertibility” of pressure from below, from a reactive defensive force, into a proactive, constructive one, is very limited. This, of course, leads into the importance of existing policies for the articulation of collective action. Once again, we confirm the asymmetry between coalitions of outsiders and insiders, and the opposition between the feasibility of protective coalitions of potential losers with tangible immediate losses, and prospective winners from diffuse future gains.

That structuring power of existing policies operates across several types of actors. My initial theoretical model, however, only elaborated explicitly on one type –namely, the forms of collective organization of recipients of social benefits. Most of the cases reviewed here recommend further elaboration in order to model the impact of diverse configurations of business interests. Evidence in this direction is diverse, and crosses policy areas. In healthcare, we have the differential impacts of a policy legacy involving an overwhelmingly predominant public sector (Costa Rica), and another with a more equilibrated balance between a still important public sector and a highly fragmented private one, with a heavy presence of non-profit entities (Uruguay). Based on Pribble’s recent work, we could add, on the pole opposing the Costa Rican configuration, the case of Chile, where a radical process of privatization led to the consolidation of a powerful sector of medical business.

On the other hand, comparison between the cases of pension reform in Mexico, on one side, and Argentina and Brazil, on the other one, confirms that there is nothing automatic in the

²²⁰ Of course, an additional requisite for this type of result to be possible, is that the political establishment is inclusive and legitimate enough not to be questioned in its role as such –otherwise, there is a short step to an Argentine-type “*Que se vayan todos*” situation.

process of conversion of benefits from public policies into effective capacity for political agency. It is interesting, in this regard, to observe how the combination of capital crisis and liberalization of financial markets, created opportunities for an important restructuring of the Mexican financial sector. Those opportunities, however, only crystallized with the contribution of a new frame of social policies. Moreover, in order to transition from successful business entrepreneurship to successful political entrepreneurship, they benefited from a structure of business representation that, as Ben Ross Schneider has shown (Schneider 2004, 2005), is in turn a partial result of state initiative. With much more fragmented regimes of business-interests representation, neither the Brazilian financial sector, nor the Argentinean one, were capable of developing comparable political clout.²²¹

Schneider has also convincingly shown, in a very recent book, that fragmentation is a pervasive attribute of capitalist structures throughout the region (Schneider 2013). Interestingly, although that attribute is to a great extent shared by Latin American states, it may be the case that the latter continue to be necessary substitutes for the organizational limitations of collective actors –at least in the realm of social policy reform. Most cases considered in this chapter have confirmed the relevance of the role that in that sense sectorial technical bureaucracies play. Three general observations may be extracted about it. 1) Technical cadres placed in power positions in sectorial bureaucratic structures have been key actors in the articulation of every process of structural expansion. This does not mean that the impulse for reform necessarily has to come from inside the established bureaucracy –actually, that is another aspect in which the Costa Rican healthcare reform of the 1990s is pretty unique. But it means that no project of

²²¹ This organizational fragmentation of business representation may also be relevant to explain the rarity of durable frames of interest concertation and policy coordination, with important consequences, among others, for the development of welfare regimes.

systemic expansion has made significant progress by either working against established bureaucracies or bypassing them. 2) Bureaucracies have very often been the central arenas where political struggles around contents of reform have taken place. 3) Those intra-bureaucratic dynamics tend to occur along two lines of cleavage. One, internal to sectorial bureaucracies in social policy areas, between reformist teams and established ones; the other one, between social policy experts and economic teams with headquarters in ministries of finance, central banks, and planning agencies. In both types of conflicts, but very especially in the second, the success of reformist teams of social policy experts is highly dependent on direct support from political parties with the capacity to articulate coalitions of interests favorable to reform.

The Brazilian and Costa Rican experiences reveal potentially consequential difference across social policy sectors. In the case of healthcare, the emphasis on the decentralization on service provision opens the possibility for piecemeal transformation through the gradual scaling-up of pilot experiences of innovation initially introduced at the municipal or state level.

Finally, multiple episodes remind us of something that should be obvious, but of which political scientists seem to be in need of periodical reminding. That is, the importance – admittedly variable, and never self-sufficient- of a component of political craftsmanship that seems very resistant to theoretical modeling.

8.0 TARGETED PROGRAMS AND THE NEW POLITICS OF DUALIZATION

This chapter is on the contemporary politics of social assistance in Argentina, Bolivia, Ecuador, and Venezuela. Its goal is not to explain the emergence or expansion of social assistance *per se* –which, as I intend to show in the initial section, has been virtually universal across the region. My intention here is to get a better understanding and suggest some preliminary hypotheses around the political use of social assistance for purposes of political mobilization. My main contention is that the organizational structures of governing parties interact with historical legacies from processes of state formation to determine cross-national variation in the political logic according to which programs of this type are organized and implemented.

It is a hypothesis that, in the most general terms, has been explored and tested by Juan Pablo Luna and Rodrigo Mardones. However, these authors have so far concentrated on the differences resulting from the presence of machine parties in government, focusing their empirical analysis on the cases of Argentina and Chile. In their typology, there is a category corresponding to what is frequently labeled as “populist left,” that has remained to a great extent residual. My impression, however, is that important variation can be identified among the cases usually included in it, which suggests the need to further develop Luna and Mardones’s potentially very rewarding initial intuition.

The chapter includes five sections. The first section quickly reviews the role of social assistance in the foundational configuration of contemporary systems of social protection. The second section contains a descriptive analysis of the expansion of social assistance in Latin America during the three decades covered by this study. Its focus is on its most innovative aspect –namely, programs based in conditional cash transfers. In the third section, I present and discuss Luna and Mardones’s theory, and suggest a possible direction for its extension. Section four consists of narratives tracing the processes leading to the recent emergence and growth of such types of programs in Bolivia, Ecuador, and Venezuela. The final section presents some preliminary conclusions.

8.1 BISMARCKIAN WELFARE REGIMES AND THEIR BUILT-IN DUALISM

Non-contributive policies of social assistance are not in themselves new –actually, they probably constitute the component of current social protection systems with the most ancient genealogy²²². Relegated to a residual position by the development of social security systems, assistance programs for the “deserving poor” (Castel 2003, Barrientos and Hulme 2010) remained a component of variable importance in most welfare regimes throughout the 20th century. The persistence of a dual structure of social protection is in fact inherent to the very nature of liberal and corporatist regimes. It results from the *de facto* exclusion of a part of society by the dependence of access to social

²²² A brief classic and still valid analysis of the English poor-law tradition and its overflowing by the tensions emerging from the transition to an industrial society, in the second chapter of *The Great Transformation* (Polanyi 1985). A masterful and far more detailed account of the emergence of the idea of “social property” as a response to the new social risks in (Castel 2003); also for an abridged but still comprehensive presentation of the thesis, see (Castel 2002). A fascinating exploration on the mutations of the idea of poverty throughout the Middle Ages and the early modernity in (Geremek 1994); on the situation of the poor in early modern European societies see Wolff.

security on a contributive capacity based on formal employment. During the prosperous “golden years” of the postwar, the visibility of that “social residual” was minimized in most continental European welfare systems, which seemed to be “moving towards Beveridge through Bismarck.”

That possibility looked pretty unrealistic in most of Latin America, in spite of the unmistakably Bismarckian pedigree of social security systems in the region. Even during the brief golden days of the pioneering social security systems of the Southern Cone, at the peak of the import-substitution-led prosperity, the magnitude of the respective “social residuals” was far from negligible²²³. As we have already seen, the results of industrialization and urbanization were here more modest; many areas stayed confined to the possibilities of a subsistence economy; urban economic activities showed high levels of informality. The resulting limitations of the development of social security itself made the truncation and hierarchical segmentation of welfare regimes far more apparent. As is well known, it took several decades until the massive presence of sub-populations in situations of poverty or indigence produced the emergence of some anti-poverty programs of a more than testimonial magnitude. Actually, what is most striking about the recent wave of conditional cash transfers is not the amount of resources they receive²²⁴, but the suddenness and extension of the consensus that surrounds them.

The contention that most systems of social protection in the region have tended to expand, if to different degrees and at varying speed, following a shared pattern of fragmentation has been a *leitmotiv* throughout this dissertation. Indeed, in a majority of cases, a process of

²²³ Even in the context of what Tulio Halperin Donghi once described as “the modest miracle of the ‘Uruguay Batllista,’” someone with a dark sense of humor could observe that “*Uruguay se preocupa tanto por los pobres, que hasta les da un carnet,*” [“The poor received so much consideration in Uruguay, that they were even granted a carnet”]. The joke referred to the equivalent of today’s “welfare assistance cards,” popularly known as “*carnet de pobre.*”

²²⁴ See Table 18.

institutional layering –building up on existing cores of social protection that were already internally fragmented themselves- has split most societies in the region in three categories. At the top, we find a privileged minority with the means to access high-quality insurance from private providers operating in markets with diverse levels of regulation. A resilient core in the middle includes those categories that have been able to remain, through their regular participation in the formal labor market, covered by the corporatist social security systems developed under the decades of ISI-based development. The third category includes those who, as a result of diverse circumstances, lack the means to purchase services from the private tier, and the contributive capacity to participate in the middle stratum.

I have already pointed out that, excepting a few successful cases of almost universal, citizenship-based coverage, we could find this basic architecture of stratification not only everywhere in Latin America, but also in most of the developed world. From a comprehensive point of view, and in spite of non-negligible differences in terms of benefits, quality of resources, effective coverage, etc., the differences have to do less with the tripartite architecture itself, than with the relative magnitude of its components and with the internal fragmentation of the central one. To the extent that risk-pooling remains confined to the latter, we can say that its boundaries express and contribute to solidify, in first place, the upper and lower limits²²⁵ and fragmented

²²⁵ Actually, the image of a vertical accumulation of layers may lead to a serious misunderstanding of the underlying dynamics, since there is no symmetry between upper and lower boundaries. Although the middle section is in many cases closer to the bottom than to the top –both in terms of status and of material quality of life-, relative distances may be reversed in qualitative terms. Regardless of the considerable socioeconomic inequalities separating them, strata at the top and middle are interconnected –particularly by relationships linking them to state and market- to an extent that an important section of those at the bottom are not. That is, in the end, the fulcrum of what, not always in a conceptually precise way, is referred to as marginalization, exclusion, or disaffiliation. The essential phenomenon is, more than the creation of a stratum *below*, the emergence of a sort of parallel society *aside*. Thus, the image of a *lateral displacement* may be more accurate than that of a vertical descending mobility –among other things because the former seems to be far more difficult to reverse. It is for that reason that, instead of middle *classes*, I refer to a middle *section*, that includes a working-class component that, regardless of its low placement in the distribution of income, has a definite insertion in the structures of the formal economy –the frequent precariousness of that insertion notwithstanding. In the end, that is the reason why, as a perceptive historian suggested some time ago, the social realities emerging in Latin America from the

nature of the processes of political incorporation of the first two thirds of the 20th century. Those boundaries, however, were not static during the remainder of that century and the first decade of the current one. Their current fluidity is the consequence of the subsequent accumulation of the attempt of conservative incorporation through the creation of a market society, and of the backlash triggered by its frustration.

The next section aims to make sense of the forces shaping the configuration and expansion of this expanded and “refurbished” residual component of welfare regimes. If residual, non-contributory, means-tested assistance is not new, some forms of providing it are –at least partially.. Or maybe after all not so much.

8.2 THE “THIRD WAVE” OF SOCIAL ASSISTANCE PROGRAMS: POSSIBLE EXPLANATIONS

As Table V.2 shows, a wave of conditional cash-transfer programs²²⁶ (CCTs) has literally covered the area during the last 10 or 15 years. The trend is striking in several ways. In first place, because of its

cycle of neoliberal reforms show a closer resemblance with the region’s pre-industrial past than with the post-industrial configurations of Western European societies (Halperin Donghi 1992). (Kenneth Roberts points in the same direction through the distinction between proletarianization –resulting from the “trickling-down” of membership in the middle classes- and *sub*-proletarianization (Roberts 2002).)

²²⁶ Clustering all CCTs in a single category is common practice, and fits the purpose of the current chapter, but it is not free from risks. In all cases, they constitute attempts at reducing critical poverty levels. They attempt to do so through designs that find a common denominator in three constant attributes: a monetary transfer, criteria of conditionality, and targeting (Bastagli 2009). However, some additional goals make in occasions a significant component –for example, the formation of human capital among the target populations. Variation is important regarding the amounts of transfers, the type of conditionality, the variables determining eligibility, the precision of focalization, and the size of the target population. Besides, targeting includes in some cases additional secondary criteria that further discriminate diverse sub-populations among the poor. Other schemes –among my cases, *Bolsa Familia*- approximate the goal of guaranteeing a basic income to all those in extreme poverty (Cecchini and Madariaga 2011, Valencia Lomelí 2008).

pervasiveness –the eleven countries considered here have had at least one CCT program within the last two decades.²²⁷ Second, because of the wide consensus that seems to exist around them in multiple spheres. In fact, not only from expert teams of international financial agencies have these programs received enthusiastic support and funding, but also from governmental techno-bureaucratic cadres, as well as from quite a few academics. More importantly, support among political elites crosses the ideological spectrum. Third, and associated with acceptance across parties, are the programs' continuity in spite of partisan alternation in government, in those cases in which incumbents lost elections after having initiated them²²⁸. True, none of the referred alternations left the respective CCTs untouched, but continuity in the general conception prevailed over adjustments in coverage, funding, the delivery of services, or the quality of bureaucratic controls. It is also true that, in those cases in which there has not been replacement of governing parties, opposition forces have frequently criticized what they see as essentially electoral strategies, distorted in their instrumentation by clientelism and political manipulation. But even in these cases, critiques have been less a matter of principle than of practical implementation. Of course, this reluctance of opposition forces to present a frontal attack to CCTs may itself be a matter of electoral calculation, but in that case it betrays an implicit acknowledgment of their popularity among voters –or at least among some of them.

²²⁷ Just for the sake of remarking the magnitude of pervasiveness, it is worth mentioning, in addition to the cases included in this study, the following programs: *Red de Protección Social* (Nicaragua); *Red de Oportunidades* (Panama); *Tekoporá* (Paraguay); *Solidaridad* (Dominican Republic). For a brief descriptive survey and general analysis, see (ECLAC 2010); more analytical are (Barrientos and Hulme 2010, Bastagli 2009, Hanlon, Barrientos, and Hulme 2010, Valencia Lomelí 2008); some interesting ideas, although in the context of more general analyses in (Mares and Carnes 2009, McGuire 2011).

²²⁸ This has been the case of the two programs with widest coverage, which have also provided a blueprint for replication –namely, *Bolsa Familia*, initiated in Brazil under Cardoso and expanded by the subsequent PT administrations, and *Progresá*, initiated by the PRI and continued by the PAN under a new name (*Oportunidades*). Perhaps more striking, because of the ideological distance between the parties alternating, is the willingness of the Piñera administration to preserve the programs initiated by the Socialists.

Such extended acceptance is in itself revealing. To a great extent it is the result of making virtue out of necessity. Regardless of important variation in their efficacy and the quality of their design and implementation, CCTs have an immediate and tangible impact on the everyday difficulties of some poor or indigent populations. In many cases, they further concentrate on particularly vulnerable sub-populations –children, single mothers, elderly. Moreover, they do so within the parameters recommended by international financial agencies for social policies. They are focused, administered in a decentralized way, and occasionally involve private and non-profit sectors in the implementation and delivery of services –and this is in turn associated with the introduction of supply-side transfers. Especially, they are “cost-effective”, and can count on financial cooperation from the agencies. The fact that they involve only marginal increases in public spending and can be covered within the limits of existing taxation systems, make them also palatable –or at least tolerable- to right-wing parties. Last but not least, they do not represent “free lunches.” Thanks to diverse forms of conditionality, they require the fulfillment of certain responsibilities by recipients –which, at least in principle, reassures their effective concentration on the “deserving poor,” in the best tradition of the poor-laws. Given that the responsibilities in most cases relate to the obligation to keep children in school and have their health regularly monitored and protected, they have also been defended as “investments in human capital” that should weaken the chains of inter-generational transmission of poverty.

The extreme heterogeneity across their respective specific circumstances of emergence defies any easy generalization. Their omnipresence excludes any direct connection with structural or institutional configurations. They have been initiated or consolidated by parties in diverse positions of the ideological spectrum, ranging from the PRI after the consolidation of its neoliberal turn under Salinas and Uribe’s “right-wing populism” in Colombia, to the left in both

its “institutional” (Brazil, Chile, Uruguay), and “radical” (Bolivia, Ecuador, Venezuela) incarnations. In between, Cardoso’s center-left PSDB, the brief experience of the Argentine *Alianza*, and the Kirchnerist version of Peronism also form part of the list. In some cases – typically *Progres*a in Mexico, there was a direct connection between the initiation of the program and quickly mounting electoral challenges,²²⁹ but that was not the predominant situation. In other cases, like Argentina, recent research has identified a connection with contentious popular mobilization,²³⁰ but that has been more a source of pressure for preservation and expansion than for initiation –and in any case, a top-down technocratic logic has been overwhelmingly predominant across cases (McGuire 2011, Pribble 2013).

Table 18: Budget and coverage of CCTs (several years)

| COUNTRY | CCT/TOTAL ¹ | CCT/POOR ² | CCT/GDP ³ | CCT/SPS ⁴ | SPS/GDP07 |
|------------|------------------------|-----------------------|----------------------|----------------------|-----------|
| Argentina | 8.7 | 36 | 0.8 (2003) | 0.9 | 23.2 |
| Bolivia | 18.5 | 35.3 | 0.35 | 2.2 | 16.2 |
| Brazil | 26 | 83.3 | 0.41 (2006) | 1.7 | 24.8 |
| Chile | 6.8 | 51.7 | 0.11 (2005) | 0.8 | 12.4 |
| Colombia | 17.8 | 41.6 | 0.2 | 1.3 | 14.9 |
| Costa Rica | 2.9 | 17.4 | 0.3 | 1.6 | 17.4 |
| Ecuador | 37.1 | 83.9 | 0.84 | 13.1 | 6.4 |
| Mexico | 23.3 | 71.2 | 0.43 | 3.7 | 11.6 |
| Peru | 8 | 22.2 | 0.16 | 1.8 | 8.7 |
| Uruguay | 10.1 | 54.7 | 0.6 (2006) | 2 | 22 |
| Venezuela | N/A | N/A | N/A | N/A | 13.4 |

Source: ECLAC (2010); Valencia Lomeli (2008).

Notes:

¹ Coverage of CCTs as percentage of total population, last year available.

² Coverage of CCTs as percentage of population under poverty line, last year available.

³ Spending on CCTs, as percentage of GDP, last year available.

⁴ Spending on CCTs, as percentage of total social public spending, last year available (2006-2009).

²²⁹ On this, see (Dion 2010, Garay 2010, Luccisano and Macdonald 2012, Belasco 2012, Hawkins 2010).

²³⁰ See (Garay 2007, 2010, Patroni and Felder 2012, Svampa and Pereira 2003).

More convincing is the hypothesis of an intersection between three factors. First, a long-process of deterioration in the situation of popular sectors. Second, its accentuation by the conjunctural impact of recessive situations that suddenly brought a combined sense of emergency and anxiety about the potential for a radical backlash. Third, familiarity with the previous experience of temporary safety nets designed to moderate the impact of some programs of stabilization and adjustment²³¹. Table V.8 shows that the initiations of CCT programs were immediately preceded by situations of economic recession in 10 of 14 cases.

However, even if the social consequences of recessions may contribute to explain the emergence of some of the programs, the magnitude of those consequences varies considerably across countries. More important, they can explain neither the persistence of some CCTs spanning several years beyond the dissipation of those hypothetical causes, nor the sudden generalization of this particular design. Even if the itineraries of their diffusion has still to be systematically reconstructed, there is evidence of intense cross-fertilization. It is also clear that the international agencies' willingness to lend their support and direct involvement has been growing over time –something that may have probably facilitated and stimulated the diffusion of experiences and model (Valencia Lomelí 2008).

The novelty in terms of the substantive underlying approach should not be exaggerated. As a matter of fact, as we have noticed, it fits the general parameters of the cycle of neoliberal reforms pretty well. A quick glance back to the days in which shock therapies were profusely recommended and applied reveals several points of contact with the safety nets extended to “shield the poor” (Lustig 2001) from the secondary effects of the “bitter pill” (Weyland 1998) of

²³¹ Between 1985 and 1997, temporary safety nets were implemented in Argentina, Bolivia, Mexico, Peru, and Venezuela (see Table V.2, *supra*).

orthodox stabilization.²³² In the end, the string aligning all those beads is, at a structural level, the accumulation of the successive impacts of debt crisis and stabilization in the 1980s, structural reforms in the early 1990s, and the oscillations of unstable patterns of growth in the late 1990s. Under that light, the recessions of the late 1990s and early 2000s contiguous to many CCTs appear as just another bead. And the changes in levels of poverty and indigence presented on Table 18 become misleading indicators of the real magnitude of the “social emergency” accumulated by the beginning of the last decade.

Table 19: Conjunctures of economic recession preceding CCTs

| COUNTRY | CCT PROGRAM | Initiation of Program | Recession ¹ | Per Capita Income | Poverty ¹ | Indigence ¹ |
|------------|-----------------------------------------|-----------------------|------------------------|-------------------|----------------------|------------------------|
| Argentina | <i>Plan Jefes y Jefas Desocupados</i> | 2002 | 1999-02 | -14 | 7.2 | 0 |
| | <i>Familias por la Inclusión social</i> | 2005 | | | | 4.8 |
| Bolivia | <i>Bono Juancito Pinto</i> | 2008 | ----- | | | |
| Brazil | <i>Bolsa Familia</i> | 1995 | 1996-99 | -1.9 | 0.6 | -0.3 |
| Chile | <i>Chile Solidario</i> | 2002 | ----- | | | |
| Colombia | <i>Familias en Acción</i> | 2001 | 1997-99 | -3.3 | 2 | 1.7 |
| Costa Rica | <i>Superémonos</i> | 2001 | 1999-02 | 2.8 | 0 | 0.1 |
| | <i>Avancemos</i> | 2006 | ----- | | | |
| Ecuador | <i>Bono Solidario</i> | 1998 | 1997-99 | -2.3 | 3.7 | 4.6 |
| Ecuador | <i>Bono de Desarrollo Humano</i> | 2003 | ----- | | | |
| Mexico | <i>Progresá</i> | 1997 | 1994-96 | -6.7 | 3.9 | 2.6 |
| | <i>Oportunidades</i> | 2001 | 2000-02 | -0.8 | -0.9 | -1.3 |
| Peru | <i>Juntos</i> | 2005 | 1997-99 | -1.2 | 0.5 | -1.4 |
| Uruguay | <i>PANES</i> | 2005 | 1999-02 | -6.8 | 2 | 0.2 |

Source: ECLAC (2010).

Notes:

¹Porcentual change resulting from recession.

²³² For more in-depth analyses of concrete experiences during the 80s and early 90s, see also (Graham 1994, Lustig 1995, Mesa-Lago 1994).

A parallel chain aligns the escalation of the problem with the narrowing of the space of possible solutions. This second chain has a very concrete, material dimension defined by a context of “permanent austerity” (Pierson 2001, 2011). Such context is accentuated in the first place by the decline imposed on social spending by the prevalence of fiscal considerations. Also contributing to it, are the rigidities imposed on the internal composition of social budgets by the financial imbalances of social security systems that have the core of their beneficiaries among the middle sectors. But there is still a third dimension of continuity, that actually is essential for the consolidation of the ones operating at the structural and policy levels: the persistent success, in spite of that background, of the displacement of the focus of debates on social policy from inequality to poverty.

8.3 THE POLITICAL INSTRUMENTALIZATION OF SOCIAL ASSISTANCE: PATTERNS AND DETERMINANTS

Under the light of this dissertation’s central concern with institutional change, the modalities of the resolution (or not) of the problems of political incorporation, and its general consequences in terms of patterns of democratic governance, I would like to point to two aspects of the development of this generation of poor-targeting programs. The first one is the extent to which the decision to split and deal separately with the risks of “insiders” and “outsiders” to established social security systems has received institutional confirmation. Indeed, from very early on in some cases, governments tended to place the administration and expansion of the new “pro-poor” policies in the orbit of new “ministries of social development” created for that specific purpose. In the cases in which such institutional innovation did not take place, programs developed under the control of offices directly

attached to the presidency –which is also in itself significant. In other words, efforts of incorporation of anti-poverty programs into integrated and coordinated webs of social policies, assembling them in a coordinated way with established structures of social protection, have been rare.

Table 20: Institutional changes associated with development of CCTs

| COUNTRY | YEAR | ADMINISTRATION | NEW MINISTRY |
|------------------|------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Argentina | 1999 | De La Rúa | <i>Ministerio de Desarrollo Social</i> |
| Brazil | 2004 | Lula | <i>Ministério do Desenvolvimento Social e Combate à Fome</i> |
| Chile | 2011 | Piñera | <i>Ministerio de Desarrollo Social (replaces MIDEPLAN)</i> |
| Colombia | 2003 | | <i>Agencia Internacional para la Accion Social y la Cooperacion Internacional¹</i> |
| Ecuador | | Correa | <i>Ministerio de Inclusión Económica y Social (replaces Ministerio de Bienestar Social)</i> <i>Ministerio Coordinador de Desarrollo Social</i> |
| Mexico | 1992 | | <i>Secretaría de Desarrollo Social</i> |
| Peru | 2011 | Humala | <i>Ministerio de Desarrollo e Inclusión Social</i> |
| Uruguay | 2005 | Vázquez | <i>Ministerio de Desarrollo Social</i> |
| Venezuela | 1993 | Caldera | <i>Ministerio de la Familia (dismantled by Chavez in 2000)</i> |
| | 2000 | Chávez | <i>Ministerio de Salud y Desarrollo Social</i> |
| | 2005 | Chávez | <i>Ministerio de Desarrollo Social y Participación Popular (later re-baptized as Ministerio del Poder Popular para la Participación y Protección Social).</i> |

Notes:

¹ A Ministry of Social Protection was also created in 2002, but *Familias en Accion* was put under control of the presidential agency.

The second aspect is the form in which the political use of targeted programs and their possibilities as incorporation tools are limited and shaped by bureaucratic resources and party structures. The overwhelming majority of research on the topic has been concentrated on identifying the forms of strategic allocation of funds and programs by politicians, and the magnitude of the electoral returns of this type of operation. What I find most suggesting and worth exploring in future investigation, is the implications of the hypothesis suggested by Luna and Mardones, and indirectly supported by diverse case studies. These authors’ point of departure is the contention that “mechanically translating investment rationales from one

institutional context to another is misleading.” The “investment rationales” guiding the allocation of targeted social funds by incumbents are constrained by factors other than observed electoral returns (Luna and Mardones 2010). The alternative model they propose predicts three “political investment scenarios,” produced by the interaction of two factors –the presence or not of an incumbent machine-party, and the state bureaucracy’s capacity to target and oversee the allocation of funds.

The first distinction, depending on whether a machine-party controls government, follows an extended finding of the literature on clientelism and on bureaucratic politics –namely, that machine clientelism undermines the technical bureaucratic capacity of the state. “In machine party systems, national incumbents build-up their government coalitions by benefiting regional or provincial bosses that form their support base. [...] In short, in these cases, policy allocations should disproportionately favor the core constituencies of quasi-hegemonic and incumbent partisan machines, along with marginal investments in swing-vote constituencies (Luna and Mardones 2010).” Abundant research confirms that the predicted scenario of clientelistic distribution has actually been the case with two of the paradigmatic machines of the region in government –the Mexican PRI and Argentine Peronism.²³³

Table 21: Machines, state capacity, and three scenarios for political investment

| | | Incumbent Partisan Machine | |
|----------------------------------------------------|-------------|---------------------------------|----------------------------|
| | | No | Yes |
| Bureaucratic Capacity to Target and Oversee | High | Selective distributive politics | Clientelistic distribution |
| | Low | Massive distributive politics | |

Source: (Luna and Mardones 2010)

²³³ On Argentina, see (Auyero 2001, Calvo and Murillo 2004, Gibson and Calvo 2001, Levitsky 2003, Stokes 2005); on Mexico (Greene 2008, Magaloni 2008, Rocha Menocal 2001).

Since the machine is what makes it possible for incumbents to monitor the compliance of recipients of social policy in their electoral behavior, in the absence of this type of partisan structures “targeted social funds might be simply deployed as electoral campaign gifts to enable credit-claiming [by candidates].” In these circumstances, Luna and Mardones reason, “these funds do not provide the material incentives for crafting quid pro quo clientelistic pacts, because those pacts cannot be enforced.” This provides incumbents with more maneuvering space to develop alternative strategies, targeting beyond core partisan constituencies. However, that space may be constrained in a different way by the availability of alternative instruments allowing the fine-tuning of investments. A qualified autonomous technical bureaucracy has in this sense, the argument goes, decisive yet mixed effects. On the one hand, “greater state capacity shrinks the available budget for political targeting;” on the other hand, it also facilitates “much needed information for designing and fine-tuning a complex portfolio to allocate marginal discretionary spending.” In other words, efficient public targeting systems provide a functional substitute of party machines, but at the same time preclude the development of pervasive clientelism. The effects are reversed in the absence of sufficient state capacity. On the one hand, reduced overseeing capacity expands the possibilities of discretionary distribution; on the other hand, it limits the possibilities for a precise targeting, leading to a pattern in which clientelism is replaced by massive distributive politics. Luna and Mardones associate Brazil, Chile, Mexico under the PAN, and Uruguay, with the pattern of selective distributive politics.²³⁴ As examples of massive

²³⁴ On Brazil, see (Belasco 2012, Hunter and Power 2007, Zucco 2008); on Chile (Calvo and Murillo 2010, Luna and Mardones 2010); on the changes resulting from the transition from *Progresas* to *Oportunidades* in Mexico (Luccisano and Macdonald 2012); on Uruguay (Luna 2007). From a comparative perspective, see (Ansell and Mitchell 2011, Sewall 2008) for comparisons between *Bolsa Familia* and *Progresas*; (Belasco 2012) compares *Bolsa Familia* with Venezuelan *Misiones*.

distributional politics, they point to the FONCODES experience in Peru under Fujimori²³⁵, and insinuate the possibility of including Bolivia and Venezuela.

8.4 A CLOSER LOOK AT “MOBILIZATIONAL SOCIAL POLICY”

The last mentioned cases merit further discussion, since their recent experiences bring additional elements to the repertoire of uses of social policy for purposes of political incorporation. Samuel Handlin has introduced the distinction between “technocratic” and “mobilizational” social policies (Handlin 2012). This opposition to a great extent parallels the one introduced by Sebastián Etchemendy, between a “social policy-based” left (*izquierda de política social*), that privileges inclusion through social policies; and an “actors-based left” (*izquierda de actores*) that gives priority to political mobilization (Etchemendy 20012). In both cases, they constitute attempts to identify emergent replacements of the role played by labor unions both in the transmission of popular demands to labor-parties and in the political encapsulation of those constituencies by parties. Ruth Collier and Handlin have presented the problem, in more general terms, as one of transition between successive “popular interest regimes”, and Kenneth Roberts, in turn, has referred to the “crisis of labor politics.”²³⁶

Regardless of semantic variation, there is one recurrent underlying dilemma. As a result of combined effects of changes in socioeconomic structures and changes in public policy, the comprehensiveness and solidity of unions as vehicles for the articulation of popular interests was

²³⁵ See (Kay 1996, Roberts and Arce 1998, Schady 2000).

²³⁶ See (Collier and Handlin 2009b, a, Roberts 2007c).

drastically reduced during the period under study. This not only created an atomization of interests resulting in serious collective action problems; effects also passed, through the crisis of the parties historically based on those constituencies, to party systems, which experienced variable doses of increased volatility and diminished participation. The transformations of welfare regimes are not alien to those dynamics. They had contributed significantly to facilitate interest-aggregation and popular collective action, consolidate constituencies, solidify partisan identities and loyalties, structure party-competition along programmatic cleavages, and to integrate societies in general. Not surprisingly, then, the crisis and contraction of social protection and the crisis of labor politics were components of a single process in which they multiplied each other. As we have already seen, the effects of the contraction of systems of social protection that had never been fully inclusive were magnified by a series of demographic changes and migratory displacements that further expanded the populations beyond their coverage.

The reasons to worry relate not only to considerations of social justice, but also to repercussions in terms of democratic governability and social integration in general. It is not accidental that the countries in the region with more consolidated party systems also exhibit the most solid and comprehensive systems of social protection. Conversely, we find on the other pole of a continuum with shades of grey, situations combining collapse of formulas of political representation from the ISI days and very precarious systems of social protection. Those configurations not only fed a higher propensity to social conflict and political volatility; the deficit of partisan representation and the presence of massive populations exposed to a combination of old and new social risks also provided opportunities for creative political entrepreneurship. This is the part of the context that explains the frequent combination of the

pattern of massive distributional politics predicted by Luna and Mardones, and the type of mobilizational social policy identified by Handlin.

8.4.1 The political sources of social assistance diversity (I): organizations and strategies

The clustering of Morales' Bolivia, Correa's Ecuador, and Chavez's Venezuela in this sub-universe – sometimes, but not always, in the company of the Kirchners' Argentina- provided a tempting easy and relatively straightforward classificatory device for the early literature on the “left turn.” More and more, however, the accumulation of scholarship has demanded a more nuanced image, in which the analysis of how they differ from each other has become analytically more rewarding.²³⁷ Although the available evidence is still fragmentary and not always easy to compare, I believe it is possible to suggest some basic hypothesis as direction for future research. I will present a very simple preliminary argument. Where the post-neoliberal backlash consolidated new political forces that emerged as external challengers of the respective political establishments, mobilizational social policy has been a central component of repertoires oriented to consolidate political hegemonies. Those policies have reached diverse degrees of institutional consolidation, and their implementation entails variable combinations of effective autonomous popular participation, co-optation, and top-down manipulation.

The mix of those ingredients has essentially depended on the form of development of the new hegemonic political forces *previous to their access to power*, and to the magnitude and type of

²³⁷ See (Luna 2010a, Levitsky and Roberts 2011, Roberts 2007b, 2009).

reaction from challenged elites²³⁸. This factor has also been consequential for the substantive contents and design of social policies.

Perhaps the most striking common aspect of the recent experiences in Bolivia, Ecuador, and Venezuela, is the fact that, radical rhetoric notwithstanding, innovations in social policy have been predominantly introduced under the form of short-term projects of focalized assistance. In other words, the main strategy looks like a collage of attempts to overcome the “truncated” (Barrientos 2004) nature of previously existing systems of social protection by consolidating their fragmented nature, through the expansion and thickening of their assistential layers.²³⁹

Put to look for the political rationality, one can think of two types of hypotheses. First, it can be read as part of a more general strategy of minimization of potential frictions and blockades by circumventing existing institutional structures and organized interests. This type of consideration fits the impatience with the slowness of democratic bargains that has characterized these administrations. It is less consistent, however, with the confrontational, hyper-presidentialist style that their leaders have repeatedly chosen to increase the expediency of their governmental action. Why by-passing the existing social security administrations when one has enough power to obtain a tailor-made constitutional reform? One argument could be that, since permanent confrontation involves costs and risks even for the most overwhelming plebiscitarian hegemonies, picking one’s battles makes good political sense. In this perspective, it seems only

²³⁸ The reasoning behind the argument to a great extent parallels –and has been inspired by– the one developed by Kenneth Roberts to explain the variation of organizational forms among populist movements (Roberts 2006).

²³⁹ Comprehensive analyses of the respective social policy mixes are not abundant, and their quality is very heterogeneous. On Bolivia, see (Durán Valverde and Pacheco 2012, Monterrey Arce 2013, Müller 2009, Riggiozzi 2010, Wanderley 2009, Marco Navarro 2010); on Ecuador (Minteguiaga 2012, Nehring 2012, Ruiz Chiriboga 2009); on Venezuela (Briggs and Mantini-Briggs 2009, De Venanzi 2010, D'Elía 2006, Handlin 2012, Jones 2008, Maingon 2006, Muntaner, Guerra Salazar, Benach, et al. 2006, Muntaner, Guerra Salazar, Rueda, et al. 2006, Vera 2008).

logical, if one intends to confront foreign investors in the mining sector, or regional oligarchies around re-centralization, to try to minimize the irritation of middle sectors. Distrust on the technical capacity and political loyalty of established bureaucracies might add to this line of thinking. In the three cases of Bolivia, Ecuador, and –to a lesser extent- Venezuela, the new leftist governments took control of weak states, with limited coercive capacity in important parts of the territory, low levels of geographic and functional internal coordination, and bureaucracies of poor technical quality, often colonized by clientelistic networks controlled by local oligarchies. This also fits these governments’ preference for revenue from the exploitation of natural resources as the main instrument to increase their financial leverage –in itself, a way of bypassing the need to negotiate and build consensus around new fiscal pacts.

The second type of explanation does not necessarily contradict the first one. Chávez, Correa and Morales reached the presidency on the shoulders of vast majorities. However, if conclusive, those majorities were also fragile. They were more the result of frustration and anger toward existing political establishments than of any programmatic coincidence –their heterogeneity was the other side of their extension. With the partial exception of Bolivia, they had been the result of sudden eruptions, not of steady growth, thus poorly organized and not encapsulated by party structures. On the other hand, the antagonizing political style of the three leaders could not work with less than plebiscitarian majorities. In that context, the chosen type of social program simultaneously minimized intra-coalitional distributive conflicts, and allowed for much higher degrees of political discretion in the administration of rewards.

However, the most interesting aspect is that, similarities between the three processes notwithstanding, the available political instruments were in some aspects very different –and that

may have been consequential, I suggest, for the design of social policies.²⁴⁰ Evo Morales' *Movimiento al Socialismo* (MAS) emerged as the "political instrument" of an original core of autonomous peasant movements, frequently developed around communities with long traditions of deliberative self-government, and only much later extended to incorporate urban constituencies. Rafael Correa gained political visibility from a ministerial position, detached himself from a disintegrating government with a very clever sense of timing, and built his independent leadership on a mediatic presence and circumstantial support from indigenous groups to whom, once in the presidency, he did not believe to owe much loyalty. Hugo Chávez came from the military, which constituted his more reliable connection with a state apparatus permeated by corruption, historically colonized by AD and COPEI, and penetrated by diverse corporate interests tightly connected to partisan elites.

Such diversity of original conditions was heavily consequential for the subsequent trajectories of the respective administrations. Correa was quick to detach himself from the indigenous movements that had supported him during his presidential campaign, as well as from the beginning showed his preference for a project of centralized "re-foundation" of the Ecuadorian state²⁴¹. Chávez oscillated between unsuccessful attempts to co-opt some corporate forces, using the army to penetrate the state apparatus, and using it to circumvent bureaucratic structures and build the logistics his social campaigns. This novel format of social policy entailed

²⁴⁰ Regarding the specific political circumstances of emergence of each of the three movements, their processes of electoral growth and the resulting organizational transformations, see for Bolivia (Anria 2010, Barr 2005, Crabtree 2009, Crabtree and Whitehead 2001, Laserna 2007, 2010, Madrid 2011, Mayorga 2005b, Mayorga 2002, Tsolakis 2010); for Ecuador (Conaghan 1995, 2011, De La Torre 2000, Ospina 2008); for Venezuela (Coppedge 1994, 2005, Corrales and Penfold-Becerra 2011, Crisp 1998, Hawkins 2010, López Maya 2011, López Maya and Panzarelli 2009). Some useful comparisons focusing on more specific aspects, and including at least one of the three cases are (Conaghan and Malloy 1994, De La Torre 2013b, Luna 2010a, Madrid 2012, Mayorga 2006, Philip and Panizza 2011, Morgan 2012, Sánchez 2008, Seawright 2012, Segura and Bejarano 2004, Silva 2009, Van Cott 2005).

²⁴¹ To the extent that one analyst characterized his leadership style as "technopopulism" (De La Torre 2013a).

a project of encapsulation of constituencies through their participation in social programs –which does not mean, as we will see, that they were necessarily incompatible with genuine concerns about encouraging direct participation. Morales could count on more solidly organized constituencies, which made them less volatile, but also less deferential.

The electoral expansion of Evo Morales' *Movimiento al Socialismo* (MAS) looks certainly fast, if compared with the far more gradual processes of political accumulation experienced, for example, by the PT in Brazil or the Uruguayan *Frente Amplio*. It lacks, however, the abruptness characteristic of the eruption of the majorities that put Chávez and, especially, Correa, in the presidency. As a matter of fact, already in 2002 MAS performed quite impressively in the election that resulted in Sánchez de Losada's second presidency. The foundations of the party, however, lie even farther back in the past. It is well known that its initial organizational building blocks, and core social bases and constituency, emerged with the *cocalero* movement of the Chapare and other peasant organizations. Those movements were a direct result not only of the policies directly aiming at the eradication of the cultivation of coca in the area, but more generally of a pervasive process of "ruralization of politics (Anria 2010)." Such process was decisively stimulated by the political decentralization mandated by the 1994 Popular Participation Law and the 1995 Law of Administrative Decentralization. So when the MAS formally emerged, in the early 2000s, it was as an umbrella organization aiming to project at a national level a coalition of already consolidated peasant organizations.

The escalation of social mobilization that would find its first peak in the Water War constituted a decisive turning point for the MAS to gain visibility at a national level. The movement's capacity to go beyond the specific vindications of the *cocaleros* and articulate a more comprehensive anti-neoliberal identity was a key component of the scaling-up process; so

would be the party's capacity to articulate in a Janus-faced strategy electoral and contentious mobilization²⁴². But that "supra-class" (Anria 2010), coalitional strategy, also required organizational adjustments and a diversification of linkage strategies, particularly in order to develop urban constituencies. If the MAS did undoubtedly adjust in creative ways, it also showed a remarkable capacity to appropriate for its own purpose part of the political capital built by other actors. The capture of networks and political operators previously developed by *Conciencia de Patria* (CONDEPA), once this party began its decline, was an essential part of the process.²⁴³ Indeed, according to Anria, the urban penetration of MAS cannot be understood without referring to the dealignment that resulted in CONDEPA's electoral evaporation. "MAS did not simply fill the vacant space; [A]long with CONDEPA's evanescence, there was a transfer of their political practices to MAS. This occurred as ex-CONDEPA operators and leaders quickly became *masistas* (Anria 2010)."

The point I want to emphasize is that, as the contentious escalation of the early 2000s led to a clustering of the forces released by the backlash of neoliberal reforms around MAS, the party's electoral growth went hand in hand with the diversification of its constituencies. This process entailed a series of challenges that would only become more acute with the passage from opposition to government. First, the compatibilization of the only partially complementary demands of the different pieces of such a diverse coalition, and the administration of the friction eventually occurring among them. Second, the development of levels of coordination and

²⁴² See (Anria 2013, Laserna 2010, Madrid 2011, 2012).

²⁴³ "This party was built around the charismatic leadership of [Carlos] Palenque, and its political practices combined the extensive use of clientelism, paternalism, plebiscitary appeals to the masses, unmediated relationships to constituents, and a strong antisystemic discourse. In part because CONDEPA failed to consolidate party structure and to forge organic linkages with its constituency, once the charismatic leader died in 1997 the party practically died along with its founder (Anria 2010)."

professionalization of partisan elites necessary to guarantee at least a minimum of governing capacity. Third, also aiming at this last goal, the moderation of the use of the party's contentious repertoire.

Once in government, those problems would dovetail with the ones already alluded that result from the diminished capacities of a state fragmented by capture by socioeconomic elites and clientelistic colonization by the parties now in opposition. Those dilemmas were by no means Evo Morales' exclusive ones; specific modulations of time and space notwithstanding, both Chávez and Correa had to suffer through them too. Throughout the remainder of this section, I intend to show two things. First, that the respective attempted solutions were decisively constrained by the specific trajectories that led each one of them to power. Second, that, being in all cases central components of those attempted solutions, the respective social policy mixes exhibit differences that are themselves product of those specific paths. Third, without exception, the solutions were developed by complicated processes of trial and error, with results chronically precarious and uncertain.

The strategy of the MAS combined four elements. First, the incorporation, usually by invitation, of public intellectuals, and of candidates, political operators and militants, who had in the past been enlisted in diverse leftist parties and brought organizational expertise, familiarity with electoral campaigning, and parliamentary experience. Second, an impulse towards the "oligarchization" of decision-making processes. Third, a strident emphasis on nationalist rhetoric as the only possible ideological common denominator. Fourth, growing reliance on Morales' leadership as the most solid unifying factor, and as final arbiter in situations of internal stalemate. As we will immediately see, all four elements can easily be identified in the cases of Ecuador and Venezuela. The distinctive element of the Bolivian situation was the solidity of the

foundational coalitional fulcrum, which made the blending of new partners and procedures very imperfect and incomplete. As a result, Roberto Laserna could identify the persistent fragmentation of the Morales administration in three factions with different ideological orientations, political priorities, and preferred areas of activity.²⁴⁴

Neither Chávez's *Revolución Bolivariana*, nor Correa's *Revolución Ciudadana*, had any comparable foundational core of autonomous popular mobilization; actually, they were both born out of very different elite organizations. In the first case, the embryo was a clandestine civil-military conspiratorial organization initiated by young officers in the 1980s with the explicit goal of overthrowing the *puntofijista* regime. The activities of the *Movimiento Bolivariano Revolucionario 200* (MBR 200) were decisively intensified by the cycle of popular riots triggered by the neoliberal reforms of the Pérez administration in 1989. A direct result, three years later, was an aborted military coup that ended with Chávez and some of his colleagues in prison. Once pardoned by president Caldera, Chávez oriented his activities to the formation of study groups and "Bolivarian committees," mixing civilians and former military with purposes the elaboration and diffusion of the movement's doctrine and political strategy.²⁴⁵ The MBR 200

²⁴⁴ See (Laserna 2007, 2010). This author identifies in first place an *indigenista* current, represented by Minister of Foreign Affairs David Choquehuanca, that includes most of the aymara leaders, and that prioritizes the "cultural and democratic revolution," emphasizing the process of "internal decolonization" and the recognition of indigenous identities. Second, a "socialist" current, under the intellectual leadership of vice-president Álvaro García Linera and predominantly formed by militants of "the old statist left," technocrats aiming to re-edit the developmentalist formulas of the 1960s, and hardcore marxist *ideologues*. Third, a "populist" orientation, incarnated in president Morales himself, that sees the administration as a "government of social movements," organized around the demands and direct participation of unions, peasant movements, and diverse community-based organizations. According to Laserna, each one of the three orientation has its own preferred area of activity and predominance within the government. The mark of the *indigenistas* is particularly apparent in the official rhetoric, the symbolic dimension of governmental action, and the external image of the country, reaching high visibility in the media and the Constituent Assembly. The formulation and development of public policies –particularly in the economic realm– constitutes a jurisdiction that tends to be controlled by the socialists. In spite of an important participation in the cabinet, the Constituent Assembly, and the legislative, the populists have their preferred stronghold in the administration of the movement's presence and contentious activity in the streets.

²⁴⁵ See (Corrales and Penfold-Becerra 2011, López Maya and Panzarelli 2009, Roberts 2006).

thus entered into a stage of expansion that, according to López Maya, quickly led it to a point when, leaving aside its peculiar military-civilian origins, it closely began to resemble other contemporary Venezuelan mass parties. The same author notices, however, that it could never contain all those that “through the most diverse social and ideological paths,” had come to sympathize with its leader. Already in the mid-1990s, *bolivarianismo* was fed by heterogeneous mosaic of popular organizations, leftist parties, and other more informal groups (López Maya and Panzarelli 2009). The decision to abandon electoral abstention, in 1997, seemed to require a drastic organizational re-orientation. However, the *Movimiento Quinta República* (MVR) was initially conceived as a parallel structure with exclusive purposes of electoral campaigning. The subsequent recurrence of elections and plebiscites would end leading it to replace the MRB 200. However, what did not change was Chávez’s reluctance to move it beyond a very primary level of organizational development, keeping it a pure instrument of almost permanent electoral mobilization, with a vertical and highly centralized structure of command with him at his top.

Rafael Correa’s campaigning instrument and administration also developed from an elite organization, but of a completely different nature. The *Foro Ecuador Alternativo* (FEA) was created by a group of economists, academics, and entrepreneurs, aiming to develop programmatic alternatives to then hegemonic neoliberal orthodoxy.²⁴⁶ The FEA gained visibility and credentials of intellectual respectability through a series of studies, publications and seminars that may have contributed to place Correa in Alfredo Palacio’s cabinet, as Finance Minister, in 2005 (Ospina 2008). Correa only lasted three months as a member of an administration in accelerated decline, and the FEA and a group of personal acquaintances would

²⁴⁶ “Unlike Evo Morales, whose political career and MAS party began in the grassroots struggle over coca eradication policies, the Correa Project was hatched inside the heads of a small group of intellectuals, technocrats, and political operatives (Conaghan 2011).”

provide the initial nucleus for the creation of the *Movimiento PAIS (Patria Activa y Soberana)*, with the purpose of organizing his presidential campaign. PAIS was little more than an electoral campaign command organization, an attribute accentuated by Correa's decision not to present candidates to congress. Moreover, the results obtained in the first round of the presidential election were quite modest –Correa gained access to the runoff with 22.84% of the vote, and most of support that ended making him president was completely external to his organization. Actually, that support did not even fully come from the center and left; according to Conaghan, the combined forces of left and center-left were insufficient to form a pro-Correa majority. That majority could only be completed thanks to many local political bosses who, having “left open to freelance” by Lucio Gutiérrez's reluctance to endorse any candidate, chose to back Correa (Conaghan 2011).

8.4.2 The political sources of social assistance diversity (II): strategies of hegemonic governance

The three new elected administrations initiated with very similar priorities and strategies. In all cases, efforts were oriented in first place to accumulate governmental power and increase state autonomy with respect to traditional socio-economic, political and bureaucratic elites. The process of power accumulation operated along three axis. First, a vertical one, that linked states to different coalitions of interests and corporate interests –what the Correa administration would call *des-corporativización* (“de-corporatization”) of the administration.²⁴⁷ Second, a horizontal, spatial one, that involved the relationship between central governments and regional and local authorities –frequently captured by,

²⁴⁷ See (Ospina 2008, 2009, Ramírez Gallegos 2010).

or at least clearly aligned with, local oligarchies (Eaton 2011, 2013). Third, a horizontal one defining the distribution of power among the different branches of the central government.

These parallel movements were handled through diverse strategies, but two instruments were central pieces in all cases: constitutional reforms and the expansion of rents from the exploitation of mineral resources. The effects of constitutional reforms operated at several levels. They accentuated the foundational auto-assigned character of the respective administrations, crystallized their ideological and programmatic orientations in the new constitutional texts, strengthened presidential authority, opened the legal viability of extended mandates, and strengthened governments' plebiscitarian legitimacy. The expansion of rents from mineral resources were legitimized, quite in tune with the nationalistic rhetoric of the three regimes, as initiatives toward the restoration of "national sovereignty." They also provided fiscal space for the fulfillment of electoral promises without facing the complexities of significant re-definitions of taxation systems (Mazzuca 2013, Weyland 2009a, b).

Social policies were a central concern of the three administrations from the beginning, which immediately increased the resources assigned to the alleviation of situations of poverty. What is striking, however, is the extent to which the new post-neoliberal mixes of social policy resembled –in some cases even continued– their neoliberal predecessors. True, efforts were clear in the three countries not only to increase levels of expenditure, but also to improve the design and implementation of some policies; and some relevant initiatives were introduced, for example, in the area of primary health care for pregnant mothers and infants. Yet, the big picture of segmented welfare regimes with very limited risk-pooling remained basically untouched. Of course, the argument could be made that initiating in-depth structural reforms required the creation of minimal political conditions by developing basic state capacities, and that doing

otherwise would have equaled putting the cart before the ox. As a matter of fact, the recognition of universal social rights to social protection and health care was made an essential chapter of the new constitutions without exception. However, advances in the direction of the effective materialization of those rights through public policy remained modest. Interestingly, in spite of the remarkable concentration of executive authority brought by some institutional reforms, coordination across ministries, policies and programs has remained very poor. Still, attempts at innovation have not been completely absent, and the analysis of frustrations and blockades is telling.

8.4.2.1 Bolivia

The most significant novelties introduced by the Morales administration came under the form of cash transfers and a basic health care program for pregnant mothers and children.²⁴⁸

The only initiative against the established targeting paradigm, a universal, non-contributory old age-pension scheme (*Renta Dignidad*), continued in important aspects the *BONOSOL* introduced ten years before by Sánchez de Losada's first administration.²⁴⁹

²⁴⁸ The *Bono Madre-Niño* and the *Bono Juana Azurduy*, administered by the Ministry of Health, were introduced in 2009, with the goal of reducing rates of infant and maternal mortality, and chronic malnutrition amongst children below 2 years of age.

²⁴⁹ The predominant concerns at the root of the creation of *BONOSOL* were not social, but political. Presented as part of an experiment in “popular capitalism,” the initiative was instrumental to the legitimization of pervasive privatization. The transfer was supposed to be funded through the “capitalization” of dividends from the privatization of public assets –dividends that, significantly, were put in the hands of administrators of private pension funds for their management. With such shaky financial foundations, the experiment lasted ten years. After abolishing it, the MAS government resurrected it with a new name and fresh funding, this time from the Direct Hydrocarbons Tax. The new scheme introduced some modifications in terms of coverage, by extending eligibility to citizens above the age of 60, and dropping its restriction to the elderly born before 1975; the amount of the transfer was increased by 25% (from US\$ 235 to US\$ 314). The new financial formula found strong resistance from opposition parties, since it initially entailed a reduction of tax shares received by regions, municipalities, and universities –municipalities would finally be granted a compensation, and universities exempted. Strongest opposition came from regions controlled by the opposition, where

The constitutional reform brought more drastic changes, since public administration of social security was introduced as a mandate in the new constitution, approved in 2008 -the mandate became effective after the approval of Law 065, in 2011. The law reunifies the social protection system under public administration and creates a new pension pillar guaranteeing a minimum universal benefit, but maintains the principle of contributions-based individual capitalization. It also 1) increases pension benefits; lowers the minimum retirement age; reinstates employers' contribution (3%); 2) integrates *Renta Dignidad* as a basic non-contributory benefit; 3) expands the system's financial base through additional contributions from general revenue; and 4) defines special retirement conditions for workers in the mining sector.

Although we lack in-depth investigation on the political process through which this reform was designed, two aspects of the story seem remarkable. First, the opposition of the *Central Obrera Boliviana* (COB), an important component of the government's initial support coalition, to the creation of a solidarity fund to subsidize the lowest pensions through part of the employers' and employees' contributions (CEDLA 2010). Second, the fact that only one of the three administrations considered here took a step in the direction of universalization that entailed reductions in the benefits of "insiders" of the existing social protection regime. In spite of rhetoric similarities and of the common recognition of social rights in the respective reformed constitutions, only the party that could rely on its own solidly organized massive constituencies apparently felt strong enough to challenge the organized workers of the formal sector. In fact, after more than two weeks of protests of salaried urban workers and road blockades, the government's strategy was the mobilization into the cities of the *cocaleros* and other peasant organizations, in order to "defend the process of

strikes and marches took place. The pensioners' federation, trade unions and peasant organizations supported the redistribution of resources, that was implemented through a law promulgated in November 2007 (Müller 2009).

transformation” from “bad” union leaders and “trotskyite” radicals, in the words of vice-president García Linera (País 2013).

8.4.2.2 Ecuador

The situation of the Correa administration is in that respect, pretty much the opposite. Not only because, as we have already seen, the president lacks anything resembling an organized partisan based, but also because of his consistent insistence in detaching his administration from any social movement or other sort of organized aggregation of interests (Conaghan 2011, Ospina 2009). On the one hand, in spite of having picked up, during the electoral campaign, the banners and vindications of several social movements and left-wing organizations, once in the government he has successively entered into acute confrontations with many of them.²⁵⁰ On the other hand, the social extraction of the leading cadres of the government looks indeed consistent with what appears as an effort to build a sort of autonomous, collective “philosopher king” –a platonic entity in more than one sense.²⁵¹ The inauguration of this administration may still be too close to evaluate the extent to which Rafael Correa may have overestimated the possibilities of a direct, highly personalized connection between government and citizenry. The new institutional design and distribution of functions inside the state structure reveals a clear inclination toward the expansion of governmental intervention in multiple aspects of social life, with a particularly

²⁵⁰ Among others, the leftist parties *Pachakutik* and *Movimiento Popular Democrático*, the *Confederación de Comunidades Indígenas de Ecuador* (CONAIE), environmentalist movements, the unions of teachers and public employees, and some students’ organizations (De La Torre 2013a). In a Rousseauian vein that actually has points of contact with some neoliberal technocratic litanies, the official discourse maintains that a state can represent truly national interests only the extent that its action is kept uncontaminated by corporations and other organizations representing sectorial interests (Ospina 2009).

²⁵¹ According to De La Torre, out of a total of thirty-seven officials filling the top positions of Correa’s government, twenty-nine did graduate studies, twelve did doctoral studies, and eight (including the president) own doctoral degrees – in a country, this author observes, where the total number of university professors with doctoral degrees was 358 in 2010 (De La Torre 2013a).

strong emphasis on centralized planning (Ramírez Gallegos 2010). This last aspect is especially apparent in the case of the assignation of jurisdictions on social policies (Naranjo Bonilla 2013). So far, however, the most remarkable initiatives in this realm, apart from the non-negligible increase in public social expenditure, include the duplication of the amounts corresponding to the *Bono de Desarrollo Humano* and the *Bono de Vivienda* (CCTs), the reduction of utilities tariffs for poor households, and the suppression of some fees charged by public hospitals.²⁵²

8.4.2.3 Venezuela

The Venezuelan *Revolución Bolivariana* is the most prolonged among the experiments here considered. Even if we limit our analysis to the years ranging between Hugo Chávez's first presidential election and his death, it is possible to identify sub-periods in the general dynamics and self-definition of his political project. The main turning point defining those stages are also relevant to the analysis of the development of social policies.

The initial approach to social policy (1990-2002). The first period runs until the frustrated coup attempt of 2002. During these initial years, social policy was framed by two documents -the normative definitions of the "Bolivarian" constitution, and the *Plan Bolívar 2000-* and perhaps the main aspect requiring an explanation is the gap between the ambitious ideological and programmatic statements of the former, and the scarcely innovative approach of the latter. It is not that innovation was completely absent. First, because there was increase in public spending.²⁵³ Second, because

²⁵² See (Mintegiuga 2012, Nehring 2012, Ospina 2008, Ramírez Gallegos and Mintegiuga 2007).

²⁵³ The curve of public social expenditure experienced between 1999 and 2012, important oscillations that reflect the extreme volatility and fragility determined by its close dependence from the ups and downs of oil prices. As a percentage of GDP, public social spending grew from 9% in 1999 to 11% in 2000, remaining stagnated until 2002. As a percentage of total public spending, it remained stable (40%) between 1999 and 2002, growing up to 41% in 2003. 2003 marks the beginning of a significant and steady increase, that peaks in 2007 and immediately starts a decline that lasts until 2010,

institutional transformations were considerable. The constitution not only expanded the list of rights defining the profile of social citizenship, but also introduced a new emphasis on the participatory dimensions of citizenship. The second aspect not only entailed diverse mechanisms of direct democracy, but also direct involvement in the management of social services. However, at the same time, and in spite of defining Venezuela as a federal republic, some aspects of the re-concentration of executive authority in the presidency partially reversed the progress made by decentralization during the previous decade.²⁵⁴ After the approval of the reformed constitution, additional changes were introduced in the organization of the executive, like the suppression of the Ministry of the Family –up to that point in charge of most targeted programs- to merge it in a *Ministerio de Salud y Desarrollo Social* (MSDS). The funding of the multiple focalized programs was centralized in a *Fondo Único Social* (FUS). This initial centralization of the design and coordination of social policy would be partially reversed in 2005, with the creation of a *Ministerio del Poder Popular para la Participación y Protección Social*, and a *Ministerio para la Economía Popular*, both of which took control of some of the programs assigned to the MSDS.

The new strategic framework for social programs was initially provided by the *Plan Bolívar 2000*, which would be followed by a *Plan Nacional de Desarrollo Económico y Social 2001-2007*. Regardless of the profusion of documents, the most important innovation was the implementation of the new constitutional mandate for the armed forces to participate in national development. The plan was presented as a “civic-military” initiative, coordinated by the Defense Ministry (Aponte Blank 2012). The armed forces are supposed to lend their infrastructure, organization and resources,

recovering up to a point close to the high levels of 2007 between 2011 and 2012. Even during periods of decline, however, the level of expenditure remained clearly high for Latin American standards. Its distribution by sub-sectors shows education with the biggest share, followed by social security, health care, and housing (Aponte Blank 2010, 2012).

²⁵⁴ See (Contreras Natera 2003, González and Lacruz 2007).

to facilitate the attention of the most urgent situations of social exclusion. In concrete terms, this meant their involvement in the implementation of social programs. That involvement has tended to take place without using the established institutional channels of the public administration - something that creates multiple problems regarding the lack of coordination, continuity and consistency with programs managed by civilian entities. The programs themselves, however, exhibited a marked continuity with the ones of the previous decades, maintaining their focalized, temporary, and compensatory nature.²⁵⁵ The dual nature of the structure of social protection as a whole, based on the parallel functioning of these programs and the highly fragmented social security system covering formally employed urban workers, was left untouched.²⁵⁶

Venezuela had arrived to the 1990s with a social security system that limited its coverage to urban workers, was segmented in multiple “special regimes,” lacked internal coordination, and was inefficient and regressive. After several frustrated reformist attempts, a new *Ley Orgánica del Sistema de Seguridad Social* and a *Ley del Subsistema de Salud de la Seguridad Social*, were approved in 1998, close to the end of the Caldera administration. Both laws were basically an attempt to expand the coverage and restore the financial viability of the social security system by transferring the administration of pension funds expand and the administration of health services to the private sector.²⁵⁷ Both laws were derogated as soon as the new administration took office. Chávez accepted the proposal of

²⁵⁵ Moreover, 9 of the 14 programs initiated under the Caldera administration were ratified and extended in 1999 (Patruyo 2008).

²⁵⁶ The narrative that follows is based on (D'Elía, Lacruz, and Maingon 2006, Díaz Polanco 2006, González and Lacruz 2007, Gutiérrez Briceño 2008).

²⁵⁷ By 1997, 76% of aggregated health expenditure was already private, in a country with two thirds of its population in situation of poverty. The reform included the privatization of several medical services and the suppression of governmental controls over the prices of several basic pharmaceutical products. There was also an important decentralization of public services that were transferred to regional governments with the main goal of reducing the financial burden and obligations of the central administration. What in the end ended being a transference of serious financial deficit stimulated further privatization of services (Brading 2013).

separation of the administration of social security and health care, and a presidential committee was formed and placed within the orbit of the Ministry of Finance, with the goal of defining the main lines for the creation of a national healthcare system. The initiative resulted in a round of negotiations, with participation of more than 40 actors from the sector and international experts, which ended with a series of recommendations. These recommendations, however, were not taken into consideration for the elaboration of the *Ley de Salud* approved in 2004. Surprisingly, this law not only reversed the few changes that had increased the system's efficiency during the 1990s, but also ignored the constitutional mandate for decentralization.²⁵⁸

The social security component experienced an important expansion of access to old-age pensions, climbing from 400.000 people in 1998 to 2.300.000 in October 2012, and in the amounts paid. Still, access remains very limited –by 2009, only 43% of the 60-years and older population received a pension (Aponte Blank 2012). Its significance notwithstanding, on the other hand, that expansion was not the result of any reorganization of the financial bases of the system, but of a series of *ad hoc*, one-time injections of funds from oil rents established by presidential decrees. According to Salcedo, since no financial planning was associated with those successive incorporations, no regular budgetary resources were assigned to their funding, creating the recurrent need for additional injections (Salcedo 2013). What did not suffer any modification was the extreme fragmentation of the social security system in multiple “special regimes.”²⁵⁹

²⁵⁸ According to Díaz Polanco, although the transfer of competences in healthcare administrations to the states brought positive results, the fact that such transformation took place in the context of a strongly market-oriented reformist wave has made it difficult to separate the experience of decentralization from the general perception of that framework (Díaz Polanco 2006); see also (Aponte Blank 2012).

²⁵⁹ In 2012, the list included, apart from the *Instituto Venezolano de los Seguros Sociales*, the following organisms for specific sub-categories of public employees: *Instituto de Previsión Social de las Fuerzas Armadas*; *Instituto de Previsión y Asistencia Social del Personal del Ministerio de Educación*; *Instituto Autónomo de Previsión Social del Cuerpo de Investigaciones Científicas, Penales y*

By 2002, both the PB 2000 and the FUS –which had both initially received important financial resources- had lost visibility, to the extent of disappearing from the governments’ own reports of its achievements. Such a discreet dismissal can probably be at least partially explained by the chain of episodes of administrative corruption in which their administrators were involved (Aponte Blank 2012).

The vicissitudes of social protection in those initial years of the Chávez administration cannot be adequately understood without taking into consideration the general context of escalation in the intensity of political conflict, on the one hand, and the frictions with some of the actors operating in the healthcare sector. The first aspect had effects at several levels. In first place, it put friction with the opposition and the need to engage in an almost permanent electoral campaign at the top of governmental priorities. Second, the oil strike initiated by state-owned PDVSA, on top of affecting the economic climate in general, had also a direct impact on the budget, narrowing the government’s fiscal space. Finally, the temporarily successful coup confirmed the importance of a more solid encapsulation of militants loyal to the government, and at the same time revealed the existence of important deficits in terms of legitimacy.

The frictions with the medical corporation and other interests in the healthcare sector were going to have convergent effects. According to Brading, Chávez initially appointed his health ministers with the project of a reorganization of healthcare based on the paradigm known as Latin

Criminalísticas; Fondo de Inversión y Previsión Socioeconómica para el Personal, Empleados y Obreros de las Fuerzas Armadas Nacionales; Servicio Autónomo de Prestaciones Sociales de los Organismos de la Administración Central; Fundación para los Servicios de Salud y Previsión Social de la Contraloría General de la República; and the Institutos de Previsión Social de las Universidades Nacionales e Institutos Experimentales (Salcedo 2013).

American Social Medicine (LASM) in mind.²⁶⁰ The project, generated in a top-down fashion, met a frontal resistance from the *Federación Médica Venezolana* (FMV), and a more oblique, but not less effective one, from the ministerial bureaucracy.²⁶¹ Resistance was not just a matter of institutional inertia (although that was an important factor), but also of defense of corporate interests. And it was part of the more general political confrontation, given that the medical infrastructure was one of the last areas still controlled by the opposition (Brading 2013). Besides, the appointment of military personnel on the top positions of the bureaucracy not only introduced the problem of the integration in a civilian administration, but also created additional sources of friction resulting from cases of corruption and the manipulation of programs for political purpose governmental routines, which frequently undermined the very same planning that the presidency aimed to implant from the top.

The final resolution of the political crisis created by the oil strike and the coup gave Chávez the resources to by-pass the healthcare structure, opening the cycle of governmental experimentation with the organization of *Misiones* (missions) for the delivery of diverse social services. The organizational basis of the experiment were not completely new. From the very beginning, the government had encouraged and supported the formation of a network of political organizations, external to the rudimentary structures of the MVR, and directly committed to the defense of the president, ideological dissemination, and campaigning activities. It also encouraged a second type of organization in poor neighborhoods and rural areas, oriented to cooperation with the state in the identification of deficits in the provision of public services, and the administration of

²⁶⁰ This is an approach that strongly opposes the privatization of health, advocates for a strong role for the state in guaranteeing access to services as a social right, stresses the importance of considering the socio-economic determinants of disease, and emphasizes the importance of primary preventive healthcare (Briggs and Mantini-Briggs 2009).

²⁶¹ See (D'Elía, Lacruz, and Maingon 2006, Maingon 2004, 2006).

solutions.²⁶² As a result, *chavismo* was from very early on constituted as a mosaic of “a large number of organizations of varying size, degrees of autonomy from the government, and trajectories of organization. [...] Typically, the largest organizations are the newest and most dependent on the state for financing and leadership, although many smaller organizations (such as the Bolivarian labor unions and producer associations) are relatively new and vie for the attention and recognition of the government. At the intersection of these different organizations are the Bolivarian Circles (Hawkins 2010).”

After 2002: the experience of the Misiones. Kirk Hawkins has carefully reconstructed the curve of ascent and decay of the Circles. They were born in the late nineties, as part of the already mentioned effort to organize like-minded citizens in order to reach out and expand the MRB 200 among the civilian population. The effort was to a great extent abandoned as a result of the tactical switch to electoral competition, resulting in the creation of *Círculos Patrióticos* that would end constituting the embryo of the MVR apparatus. In 2001, Chávez called for a resurrection of the Bolivarian Circles as part of his effort to reorganize the MRB 200, and they would end playing a central role in the demonstrations following his temporary removal from office in early 2002.²⁶³ Although they would afterwards end being replaced by other forms of organization specifically focused on more concrete areas of action, they provided an important foundation for the subsequent development of the Missions.

(Maingon 2004).

²⁶² Among the first, we find círculos bolivarianos (Bolivarian circles), unidades de batalla electoral (electoral battle units), and batallones electorales (electoral battalions); in the second category, mesas técnicas de agua (related to the provision of drinkable water to communities), comités de tierra (land committees), and comités de salud (health committees) (Hawkins 2010, Hawkins and Hansen 2006, López Maya and Panzarelli 2009).

²⁶³ See (D'Elía 2006, Hawkins and Hansen 2006).

The development of the Missions found an initial trigger in the food and fuel shortages produced by the 2002 general strike, which led the government to mobilize volunteers and community organizations, building on the popular markets already created by the Plan Bolívar (Hawkins 2010). A second, direct political incentive came from the displacement, in 2003, of the scenarios of political conflict –now reconfigured under the form of a recall referendum aiming to discontinue Chávez’s presidential mandate. That being the case, they translated a certain sense of urgency for the production of policy results, and they fundamentally aimed at strengthening the connection between the president and his supporters. The main goal was the accelerated and massive increase in the attention of the poorest population regarding basic needs like alimentation, healthcare and education. That sense of urgency to a great extent explains their extra-institutional character –which on the other hand allowed to present them as a sort of prefiguration of a future type of state, free from bureaucratic inertias and more attentive at the concrete demands of its citizens (Patruyo 2008). They thus were, D’Elía observes, coordinated through *ad hoc* mechanisms. There was always a direct involvement of the presidency, and they were all organized and implemented through the participation of different public entities –including the armed forces. The urgency to expedite the delivery of services also resulted, however, in high levels of improvisation, leading to duplication of costs and deficits in the production and processing of information with evaluation purposes (Aponte Blank 2012). The tightening of the executive’s control over PDVSA after the oil strike brought a flux of extraordinary resources that made the experiment financially viable. At the same time, it made its financial accountability very difficult, given that its functioning not only by-passes established institutional policy-making channels, but also the regular budget (D’Elía 2006).

As D'Elía has noticed, missions' substantive contents are not very different from the policies and programs that the Chávez administration had been developing since 1999-2000 –and, in some cases, neither from some of the programs initiated by previous administrations (D'Elía 2006). Moreover, some of their aspects accentuate the erratic nature and poor coordination already noticed. Part of the novelty, at least in theory, comes from the modifications introduced in patterns of governance. In Hawkins's words, “from one emphasizing atomistic participation in the market to one relying on cooperatives, state coordination, and local know-how, a system the government calls ‘endogenous development’ (Hawkins 2010).”²⁶⁴ The quantitative aspect, on the other hand, should not be underestimated: according to some estimations, the Missions represented in 2004-2005 almost 2.5% of GDP and 20% of the central government's social expenditure (Aponte Blank 2008).²⁶⁵

The case of Misión Barrio Adentro. I don't intend to analyze here the totality of Missions, since most of them do not directly deal with the policy areas this dissertation concentrates on. I will however provide a short analysis of the development of *Barrio Adentro*, not only because it deals with health care, but also because, being one of the first set in many aspects a blueprint for the following ones. The first Mission was the unexpected by-product of an initiative of community-level organization aiming to integrate different social policy areas. Within that project, several health

²⁶⁴ The concept of “endogenous development” as an alternative to neoclassical models of development has its intellectual roots in neostructuralist formulations of ECLAC economists in the late 1980s and early 1990s. Antonio Vázquez Barquero elaborated it as a strategy more adequate to the conditions of “late development” areas of Southern Spain than the model based on urban “poles” of industrial development. It is based on the mobilization of local resources by communities, organized through cooperative and small-scale cooperative forms of entrepreneurial organization oriented to the creation of “endogenous technological nuclei”. On the model, see (Sunkel 1995, Vázquez Barquero 1999); on its adaptation to Venezuela (Alvarado Chacín 2013).

²⁶⁵ That is, an expert notices, a fundamental difference with the social programs of the previous decade, with which they share a focalized design: spending on those programs between 1989 and 1998 rarely went beyond 15%, remained around 1.5% of GDP (Aponte Blank 2008, 2010).

committees formed in some *barrios* of Caracas produced in April of 2003 a project called *Casas de la Salud y de la Vida*. The goal was the construction of 734 attention centers that could provide integral health care for 250,000 families of the poor neighborhoods of the municipality of Libertador. However, the recruitment of Venezuelan doctors willing to work in the barrios became an obstacle that forced the Mayor to explore other alternatives.

Venezuela had received in 1999, after a massive disaster, the cooperation of Cuban medical brigades including doctors, nurses, and hygienist technicians. After the emergency, the governments subscribed a cooperation agreement that included the possibility of future medical assistance by Cuban brigades. Based on the existence of that precedent, a new agreement was signed by Cuba and the Municipality in order to provide the doctors for the latter's project.²⁶⁶ Adopted as a model by a presidential commission, what had become the *Plan Barrio Adentro* was first extended to the states of Zulia, Lara, Carabobo and Apure, and then became the blueprint for a primary health care program to be extended to the whole country. The *Misión Barrio Adentro* was formally created in December 2003 by a new presidential commission that combined the health care project with other activities to stimulate the transformation of the socioeconomic and environmental conditions in poor neighborhoods. Coordination was initially assigned to a commission integrated by a team of doctors, independent from the Ministry of Health and Social Development, and presided by the Minister of the Secretary of the Presidency. Before the end of the year, however, a new presidential commission of 12 members, with a more diverse composition, would be appointed²⁶⁷. In spite of the initial adoption of the original profile of a program aiming to articulate diverse social policies, this

²⁶⁶ Only in 2003, a total of 10,169 Cuban doctors were distributed across the country (Patruyo 2008).

²⁶⁷ See (Brading 2013, González and Lacruz 2007, Patruyo 2008).

approach was very soon replaced by the idea of an alternative health plan designed to cover the limitations of the existing healthcare system.

Table 22: Missions, areas of activity and dates of initiation

Table 22: Missions, areas of activity and dates of initiation

| Mission | Date of decree | Main area of activity |
|---------------------------|----------------|---------------------------------------------------------------------|
| Barrio Adentro | April 2003 | Health Care |
| Robinson | May 2003 | Remedial education (literacy) |
| Robinson II | October 2003 | Remedial education (primary) |
| Sucre | July 2003 | Decentralized university education |
| Ribas | November 2003 | Remedial education (secondary) |
| Guaicaipuro | October 2003 | Communal land titles and indigenous groups' rights |
| Miranda | October 2003 | Military militias created as a military reserve |
| Piar | October 2003 | Assistance to environmentally-sustainable small-scale mining |
| Mercal | April 2003 | Subsidized food |
| Identidad | February 2004 | Distribution of new national identity cards and record keeping of |
| Vuelvan Caras/Che Guevara | March 2004 | Vocational training and cooperatives |
| I. Habitat | II. August | Housing |
| Zamora | January 2005 | Land redistribution |
| Cultura | July 2005 | Sponsorship and dissemination of popular culture and arts |
| Negra Hipólita | January 2006 | Assistance for diverse marginalized groups (drug addicts, homeless) |
| Ciencia | February 2006 | Collaborative networks for local scientific research |
| Madres del Barrio | March 2006 | Social assistance for indigent mothers and female household heads |
| Árbol | May 2006 | Reforestation and environmental education |

Sources: (D'Elia 2006, Hawkins 2010)

The organization of the extended experiment met two important bottlenecks. The first one appeared with the modification of the general goals of the program, which led the government to change its strategy. The presidential commission then put the coordination in the hands of the *Coordinación Nacional de Atención Primaria*, of the MSDS. The Cuban Medical Mission was reluctant to sacrificing any part of its autonomy, and resisted the inclusion in the Venezuelan institutional

apparatus. According to some analysts, this decision created additional difficulties for the coordination of MBA.²⁶⁸

The second bottleneck emerged as a result of the addition of three subsequent stages to the projected development of the Mission (named *Barrio Adentro II, III, and IV*).²⁶⁹ Although the IVSS had initially lent its support to the project, divergences of the union of IVSS doctors with the modalities used to hire personal for the Mission paralyzed the remodeling of facilities in 2005. BAII aimed at the addition of eventually necessary para-clinical diagnostic examinations and more complex procedures to the initial menu of preventive and basic curative care. The goal of BAIII was the modernization of 299 existing public hospitals that belonged to the MSDS, governorships, the *Instituto Venezolano de la Seguridad Social* (IVSS), and the armed forces. BA IV consisted on the construction of 15 new general hospitals, each with a specific area of hyper-specialization (Brading 2013).

Neither the IVSS, nor the governorships controlled by the opposition, showed disposition to allow the incorporation of installations from their respective jurisdictions to a program completely beyond their control.²⁷⁰ In the end, this last episode forms part of a repeatedly emphasized more general problem –namely, the government’s lack of inclination to organizational innovation (Patruyo 2008). In a certain way, this is paradoxical, considering that institutional rigidities and bureaucratic inertia had been one of the motivations for the alternative organization leading to the missions.

²⁶⁸ See (Aponte Blank 2008, D'Elía 2006, Patruyo 2008).

²⁶⁹ See (Patruyo 2008) for an exhaustive description and evaluation of each component.

²⁷⁰ Interestingly, there is some evidence, however, that the lack of coordination and functional integration between the Mission and the institutionalized public healthcare network is to some extent bridged by the patients themselves. Some studies have found that the same patients that make MBA their preferred option to access emergency services, choose the established network for preventive care (Díaz Polanco 2008).

However, the response to the problem was, from very early on, circumvention, not a serious attempt to create the political conditions of viability for a reform of state structures. But perhaps even more significant is that, once the new, parallel structure began gaining in complexity to the extent of becoming unmanageable, the almost automatic reaction is in the direction of re-centralization.²⁷¹

8.5 CONCLUSIONS

This chapter provided a preliminary analysis of the political dynamics behind the expansion of social assistance in Bolivia, Ecuador, and Venezuela. These are the countries where social assistance has recently had its most impressive expansion in terms both of spending and coverage. They are also the ones in which the institutional factors found to determine patterns of reform in social protection are weaker, less articulated, or directly absent. The respective political systems have experienced deep institutional crises -in Venezuela associated with a collapse of the entire party system; the other two cases having an extended legacy of systemic instability. Their systems of social insurance are among the least developed of the region. Finally, they are also among the most notorious examples of serial institutional replacement. This is a convergence of factors *a priori* suggesting wider margins

²⁷¹ The other dimension of the problem that has become more and more acute with the expansion of the problem, is the availability and management of human resources –which is also somehow surprising, considering the abundance of financial resources, and the ideological orientation of the government. Although the personnel initially participating in the mission did it as volunteers, the program quickly reached the point of demanding more permanent solutions. Particularly health care professionals began to demand regular contracts around mid-2004. Although a movement started in the direction of the replacement of volunteers with workers with fixed-term contracts, the union of healthcare workers (*Sindicato de Trabajadores de la Salud*) began to demand, in 2006, the regularization under permanent contracts of 20.000 workers that had become stable personal of the Mission. Working conditions have been precarious also for the first 1,024 professionals that in 2007 graduated from the graduate program in Integral General Medicine, specifically designed to train specialists for the MBA (Patruyo 2008).

for institutional innovation than found in other cases, and the possibility of a distinctive pattern of institutional change perhaps associated with recurrent institutional volatility.

Since they also share the absence of party machines and significant bureaucratic capacity, all cases also belong to a common category in the typology built by Luna and Mardones to explain variation among strategies of electoral manipulation of the distribution of social assistance. This would predict a common pattern of massive distributive politics. The hypothesis I explored considered the possibility that, the commonalities observed by Luna and Mardones notwithstanding, significant differences among the organization of recently emerging partisan forces would lead to important differences in the political manipulation of social assistance.

Although information is still incomplete and research unevenly distributed across cases, the available information seems to support –or at least not to disconfirm- the conclusion that such is indeed the case. The central finding is that the organizational structure of incumbent political forces previous to their access to governing positions may shape the implementation of social assistance for social mobilization.

9.0 PRELIMINARY FINDINGS ON SOCIAL POLICY AND GOVERNANCE

This chapter is fully exploratory. The in-depth analysis required to build the narratives that provide the core of chapter 7 revealed the persistence of certain patterns of interaction between state and society through public policy-making –of governance, in other words. Those patterns, I hypothesize, may be directly connected with the pattern of chronic institutional stability and serial replacement that characterizes the countries considered in that chapter. What follows are some insights suggested by the analysis of that evidence.

I have divided the chapter in three sections. The first one reconsiders the processes analyzed in Chapter VII under a different perspective –that is, focusing on what they reveal about eventually emerging patterns of governance. The second expands the comparative range by adding a fourth case –that of Argentina- that, while sharing with the other three the “serial replacement syndrome,” also presents a radical difference in the presence of a robust machine party. The final part extracts some tentative comparative conclusions.

9.1 SOCIAL ASSISTANCE PROGRAMS AS INDICATORS OF EMERGENT PATTERNS OF GOVERNANCE

9.1.1 The Venezuelan pattern

There are two aspects of the experience of *Misión Barrio Adentro* that I find worth commenting on, in the light of the problems analyzed here. The first question is about the extent to which we are in the presence of significant alterations in the pattern of governance. In theory, this should be expected to result mainly from two processes. One is the facilitation, from the state, of the formation of diverse associational entities that are subsequently incorporated to processes of implementation, evaluation and correction of some public policies. The second one is the subtraction from the operation of the market of an important number of goods and services.

Recent evaluations suggest that the most substantial levels of effective and autonomous participation occurred around the formation of Water and Urban Land Committees (*Mesas Técnicas de Agua* and *Comités de Tierra Urbana*). However, the same very specific nature that in some ways made participation more tangible simultaneously limited its incidence to a very basic operative level, without significant strategic repercussions (Aponte Blank 2008). More generally, one of the main limitations is that, to the extent that it happens, genuine participation takes place at a micro-level of interaction, and there are no mechanisms designed to scale-up through the integration of those fragmented experiences. There is certainly abundant evidence

that not all the motivations behind these governmental initiatives are virtuous ones. The Missions pursue, among other goals, the cultivation of electoral support and the dissemination of the official ideology.²⁷² This has produced a combination of strategic targeting of resources from the top, and self-selection bias at the bottom. Perhaps more consequentially, factionalism has led to marginalize NGOs with valuable expertise but not politically aligned with the government from the execution of some programs (Aponte Blank 2008).

Those caveats notwithstanding, even analysts who are not particularly sympathetic to the “Bolivarian revolution” acknowledge that, regardless of governmental rhetorical magnification, the Missions have effectively reached the poorest sectors, among which they raised genuine support.²⁷³ That having been said, it is also true that, because of their very extra-institutional nature, their impact rests to a great extent on levels of enthusiasm that have been difficult to maintain.²⁷⁴ In the specific case of MBA, the most recent evaluations show that routinization and exhaustion may be taking their toll, for example, in terms of decreasing availability of doctors and intensity of communitarian activity (Díaz Polanco 2008). In any case, there is an undeniable increase in the density of community-level organization, but its unevenness seems to be directly related to the variation of politico-ideological commitment to the Bolivarian project.²⁷⁵

²⁷² See (Corrales and Penfold-Becerra 2011, Hawkins 2010, López Maya 2011, Penfold-Becerra 2007).

²⁷³ (Aponte Blank 2008, D'Elía 2006, Hawkins 2010).

²⁷⁴ Paradoxically, however, the informality and organizational volatility of the Missions does not necessary equal shortage of institutional construction. Quite the contrary, we assist a process of institutional proliferation at the ministerial level. Five new ministries associated with the launching of new missions were created in 2005. The creation of a Ministry of Alimentation was associated with *Misión Mercal*; the Ministry of Popular Economy, with *Misión Vuelvan Caras*; the Ministry of Participation and Social Development, with *Misión Negra Hipólita*; and the Ministry of Housing and Habitat, with *Misión Habitat*. These new ministries added to the ones already existing in the areas of Education, Health, University Education, Labor and Social Security, Communes and Social Protection, Youth, and Woman and Gender Equity.

²⁷⁵ See (Aponte Blank 2008, D'Elía 2006, Hawkins 2010).

The consequences of such unevenness are accentuated by two connected sorts of dualization, respectively affecting the dynamics of integration at the level of civil society and the structure of the state. Within the former sphere, the problem is that, to the extent that community-level organization and participation happens, and regardless of whether its dynamic forces operate from the top or bottom-up, the resulting networks of interactions tend to end encapsulated within themselves. By definition, the Missions target communities that experience a deficit of integration in the general social macro-dynamics. In spite of all their inefficiencies and limitations, their sheer number and complementarity favor a reciprocal reinforcement, leading to the formation of networks that are very dense, but also self-contained. To the extent that those networks strengthen cooperation and cohesiveness, there is a proportional perverse effect that accentuates the self-sufficiency and insularity with respect to extra-community social life.²⁷⁶

The frequent intensely partisan coloration of missions' activities cannot but reinforce their insularity. Needless to say that the structural conditions at the root of the phenomenon were by no means created by the *chavista* regime –spatial segregation and social exclusion were certainly part of the general crisis of Venezuelan society that made the irruption of *chavismo* possible (Roberts 2003). But in any case the point is that the political response to that situation has the potential to accentuate the very structural foundations of the exclusion and segregation it

²⁷⁶ The situation may have some resemblance with the experience of the main working-class parties consolidated in Western Europe between the late 19th and early 20th centuries (see, for example, (Roth 1963). But the differences are in themselves revealing. In first place, because the encompassing expansion of capitalist markets was in itself a force of integration –integration can also happen through conflict, and the one between working classes and bourgeoisies was solidly anchored in structural interdependence. In early 21st century Latin America we have trends of structural change going precisely in the opposite direction –that of the fracture between a formal and an informal economy. In second place, the typical development of state structures in those decades –of which welfare regimes and national public education systems were essential components- was precisely in the direction of forms of integration aiming to contain conflict within the limits of a “democratic class struggle (Korpi 1983).”

intended to correct. And of course, the general confrontational tone and reciprocal denial of legitimacy between government and opposition cannot but consolidate their translation into a political cleavage.

I have already pointed at the dual structure of the emergent system of social protection of which the missions form part. But the pattern goes beyond those specific policy areas. The general structure of the Venezuelan executive that has emerged from an extensive process of institutional change combining layering and serial replacement multiplies dualization at a larger scale. Indeed, many of the ministries of recent creation are strongly biased in their goal and actions towards constituencies defined by a combination of socioeconomic status and partisan loyalty. The result in terms of governance is a fractured state that steers a fractured society by connecting specific branches to specific fragments.²⁷⁷

The second force behind change in patterns of governance is an important process of decommodification. The missions have provided an alternative to the market for the satisfaction of several important needs. But is not decommodification the key of the egalitarian effects of universalistic welfare regimes? The obvious difference is, of course, universalism. While citizenship-based decommodification is a powerful integrative force, *residual* decommodification produced as a remedial second-best for the poor is stigmatizing. Leaving issues of status, self-perception and identity-formation aside –although those are components of governance too- we find once again a fracture in the operation of a governance mechanism. In

²⁷⁷ Once again, this is not completely new in itself –someone could remind us, for example, that Luxembourg has a Ministry of the Middle Classes, Tourism and Housing. As Julian Marias once wrote, everything happens everywhere, the significant differences being frequently a matter of proportion: the problem with the Venezuelan state is, on the one hand, the pervasiveness of that structural fragmentation, and on the other the limited mechanisms of intra-governmental coordination.

this case the market, that forms part of the forces structuring the lives of middle and high classes to an extent that it does not for the majority involved in the informal economy.

Would it be correct to maintain that, as a compensation, the unevenness of access runs in the opposite direction for political participation? Does it provide popular sectors with opportunities for engagement in network-based governance that are precluded to those at the top of social stratification? Two aspects need to be considered here. One is the extent to which the notion of “network” has application to the experience of the missions. Even acknowledging that no network including a governmental component is, strictly speaking and by definition, horizontal properly, the notion of governance through networks implies some important degree of moderation in the operation of hierarchy (Pierre and Peters 2005). As we have seen, this does not seem to have been the predominant case. The basic missing aspect, in this sense, is that element of joint exploration and definition of priorities that characterizes policy networks (Pierre and Peters 2005).²⁷⁸

The second aspect are the consequences of the uneven distribution of access. I do not intend to ignore the universality of that attribute of actually-existing political systems.²⁷⁹ But,

²⁷⁸ Perhaps the best illustration of this point is the contradictory, back-and-forth, pattern of policy production and institutional transformation that has been so characteristic of the Bolivarian revolution in government. The essential element there is not the element of trial and error per se –which is has actually become a pretty much omnipresent attribute of governance in times of uncertainty and global instability, when policy-making has everywhere become more “messy”. The expansion of network-based governance is, among other things, a response to uncertain policy environments, and part of its benefits come precisely under the form of a certain buffering of the consequences of uncertainty through joint exploration. In the Venezuelan case, on the other hand, we have a government that, to the extent that it learns, does it on its own, with adjustments that show a marked preference for institutional proliferation and (re)centralization. As a result, we have a style of governing that not only seems to develop through chains of ad-hoc interventions, but also in which precisely the isolation in which those interventions are decided makes their precariousness more likely.

²⁷⁹ Putting things in almost too-simple terms, the current bias in access to policy-making can be seen as simply a dramatic reversion of the biases that defined the dynamics of the previous bipartisan system –and led, by excess of rigidity, to its final demise.

once again, differences are a matter of degree, and in this case they directly affect what I have called the integrative capacity of the system. Any game that may be perceived as systematically biased against some players creates in the long term the temptation of kicking the chess-board. It is too soon to evaluate consequences in the Venezuelan case, but the consequences of diminished political integration for institutional stability constitutes a direction for further exploration in the future.

9.1.2 Social policy and governance in Bolivia and Ecuador

Do we find the same articulation of social assistance and political mobilization in the other two cases that in theory offer the conditions for massive distributive politics? Available in-depth research on social policy in those countries is considerably less developed than for Venezuela –among other reasons because the former are much more recent, especially in the Ecuadorean case. There seems to be enough evidence, however, to suggest that, despite obvious similarities among leadership styles, what is emerging in Bolivia and Ecuador in terms of governance does not fit the Venezuelan pattern very closely. Neither do they resemble each other any closer, however. As a matter of fact, the types of relationships that the Morales and Correa administrations are respectively developing seem to point in opposite directions. Would it be too Manichean to say that, while the latter's project seems to be autonomy without embeddedness, the former attempts to preserve a situation of embeddedness with very little autonomy? The first part of the statement may be actually more accurate than the second one, but the dichotomy provides a good introduction for the analysis.

9.1.3 Ecuador: autonomy without embeddedness?

I have already pointed to Correa's agenda of "de-corporativization" and to his efforts not only to "rescue" a state historically captured by the Ecuadorean oligarchy, but also to avoid granting institutionalized access to any alternative interest organization or social movement. It is not possible to identify in the design of the social policies implemented so far, any component clearly aiming at the organization and mobilization of mass constituencies. Instead, the organization of the delivery of benefits tends to emphasize the centrality of the presidential figure. That is consistent with Correa's preferred type of electoral strategy, which privileges carefully planned campaigns based on marketing expertise and point to the direct connection of the president with the individual voter. The new constitution certainly introduces new mechanisms to stimulate political participation, but those do not include any stimulus for the development of collective political mediations between citizen and state. On the other hand, some of the most important governmental initiatives so far are directly oriented to the strengthening of state autonomy. In first place because this is, so far, the only case in which a proposal for an ambitious re-distributional tax reform has been introduced –the initiative is still being discussed, as is the organization of a universal health care system. This is also the case in which the institutional framework for the design and implementation of social policies has been designed with a clear concern for coordination and planning.

9.1.3.1 Bolivia: embeddedness without autonomy?

In turn, the MAS administration shows three distinctive attributes that I find tempting to combine in hypotheses in future research. First, a governing coalition that has its core constituency in a group of

autonomous social movements mainly formed by outsiders to the formal labor market. Second, a governing political party that operates beyond mere electioneering and plays an effective role in governance. Third the effort to advance in the direction of universal social policy through a reform of the established social security system against the preferences of its insiders.

Of the three cases under consideration, Bolivia is certainly the one with the highest degree of “horizontality” in its governance mechanisms. This is, of course, a direct consequence of the organizational robustness of the social movements and grassroots organizations that form the electoral core of the MAS. The phenomenon is not a mere matter of electoral mobilization: the incorporation of new actors has reached governmental dynamics.²⁸⁰ Not surprisingly, another consequence is that Bolivia is also the case with the most complex pattern of governance. The need for coordination presented by the heterogeneity of the governing coalition is only partially satisfied by the MAS, particularly as a space for the creation of consensus within the governing coalition and as a vehicle for the transmission of “inputs” to the government.²⁸¹

In this last aspect, however, the main channel is provided, for the main partners in the coalition, by the presence of their members in the cabinet and legislature. This contributes to the alluded horizontality, but also entails a serious challenge for the cohesiveness of governmental action

²⁸⁰ See (Laserna 2010, Mayorga 2007).

²⁸¹ The peculiarities of its birth, as the “political instrument” of the peasant unions, has left its mark on the procedures of decision-making, which follow the assembly-like pattern that forms part of the historical memory of Bolivian unions of mining workers. At the same time, however, Morales’ personal directives have usually an important effect by setting the limits and general orientation among the member syndical organizations. The result is a curious hybrid that, incorporating a series of peasant traditions that had not historically been those of the urban Bolivian left, has not been completely immune to Michels’ “iron law”, developing some routines that resemble a familiar pattern of “democratic centralism.” This combination of an original legitimacy based on the permanent *consulta a las bases* and an ongoing process of institutionalization results in contradictory impulses whose collision is not easy to solve. It has an obvious correlate in terms of political action, in the oscillation between parliamentary work and extra-parliamentary pressure (Anria 2013, Madrid 2011, Mayorga 2005a).

—particularly considering the already mentioned fragmentation of the cabinet in “jurisdictions” controlled by different factions. Here the main mechanism is a fragile and, by definition, temporary one —Evo Morales’ arbitral authority.²⁸² The most important aggregate result is the constitution of two parallel —though not independent- spheres of political accountability, perhaps best represented by the president’s delivery of separate annual reports to legislators in congress and to social movements in the public square (Mayorga 2007).

However, the need to navigate between the heterogeneous demands and interests of its multiple associates has also had important costs for the effectiveness of governmental action. It has in first place resulted in high instability in the integration of the executive —the Morales administration is the one with more changes at that level (78) in Bolivia’s recent democratic history (Mendoza-Botelho 2013). Second, it has occasionally constituted an important obstacle for the development of the governmental agenda of public policy, in particular regarding the administrative reform of the state.²⁸³ Third, there has been an inclination to resolve conflicts by direct consultation with the citizenry through referenda —which, virtues of direct democracy notwithstanding, also has a dichotomous logic that alienates minorities.²⁸⁴

²⁸² See (Anria 2010, Mayorga 2007).

²⁸³ In this sense, two recent revealing episodes are, first, the reversal of an attempt to reorganize the public health sector that was met by the unions with an almost two months-long strike. Second, the revision of the Supreme Decree distributing the rights to exploit the “Rosario” tin load, in Colquiri, which led to violent confrontations between mining cooperatives and the miners of the *Corporación Minera de Bolivia*. See (Mendoza-Botelho 2013), for detailed descriptions of both conflicts.

²⁸⁴ The most recent case was the consultation of the indigenous communities affected by the construction of a highway crossing the *Territorio Indígena y Parque Nacional Isiboro Séure*, whose result has been objected by indigenous organizations opposing the project (Mendoza-Botelho 2013).

There are two aspects on which I want to comment. One has to do with the relationship between social policy and political mobilization. Although we have evidence, already mentioned, of the incorporation by the MAS of some important urban clientelist networks, I have not found any study reporting evidence of systematic electoral targeting of social assistance. That possibility, of course, is reduced in first place by the universal character of the most important program (*Renta Dignidad*). We know that rural communities participate in the implementation of the distribution of CCTs, but have no evidence that they discriminate based on partisanship. However, even if partisanship-based distribution took place, it would be through communities largely pre-existing the programs in their organization, rather than mobilized through the implementation of social policy. What we have is a study that analyzes the possible electoral targeting of aggregated transfers to municipalities that include some social funds. The evidence is clearly against the hypothesis of preferential targeting of municipalities with higher levels of support for Evo Morales. There is, however, one suggestive finding: increases in average total transfers show a significant relationship to voter turnout and to the presence of NGOs. It could be then the case that we actually had the inverse relationship, where higher levels of community organization and electoral participation result in higher transfers. In any case, further exploration is required (Nimz 2011).

The second aspect to which I want to call attention is the integration of contentious politics not only as a relatively stable feature of the political system, but more specifically as an element of state power. It is the problem of what Javier Auyero, in his studies on the political instrumentalization of collective violence and the integration of contentious action and routine politics through patronage, has accurately called the “grey area” of state power.²⁸⁵ Auyero’s point of

²⁸⁵ See (Auyero 2005, 2007, 2008, Auyero, Lapegna, and Page Poma 2009).

departure is a critique of the conventional wisdom that has “traditionally understood political clientelism as separate from and antagonistic to most forms of collective action.” Instead, it is his contention that “routine patronage politics and nonroutine collective action should be examined not as opposite and conflicting political phenomena but as dynamic processes that often establish recursive relationships (Auyero, Lapegna, and Page Poma 2009).” The Bolivian situation presents, I will later show, important differences with the Argentine one, but the central theoretical problem is the same.

At the root of the situation we have the disintegration of the logic of parliamentary inter-party agreements that marked the dynamics of the Bolivian *democracia pactada* between 1982 and 2002 (Mayorga 2005a). The dissolution took place during a period of three years that run between the Water Wars and the election of Evo Morales for the presidency, in which the political center of gravity was displaced from parliament to the streets. The election of an indigenous president of peasant extraction backed by an absolute majority closed a period of social and political marginalization older than the Bolivian republic itself. As is usually the case with this type of process, it was through contentious action taking place in the streets that the new political actors forced their inclusion. The crystallization of the process in the formation of a government and a legislative majority, however, did not fully bring politics from the streets. Instead, it consolidated, to use Auyero’s words, an important “grey area” in the practice of governance. This is the result, on the one hand, of the continuing contentious mobilization of social forces *both* from the opposition and from within the governing coalition itself; and on the other hand, and decisively, of the government’s decision to counteract it through the mobilization of loyal forces. The result is a singular situation of “mass praetorianism,” in which the government resorts to the collective violence of loyal social forces as a sort of substitutive form of repression. This choice is probably to

be explained by a combination of factors. First, the sincere reluctance to resort to the established repressive forces of the state by a government that legitimately sees itself as the direct representative of those who were suffering it until very recently. Second, a more calculated concern about the impact that using such a solution would have on its legitimacy and on the support of its core constituencies. Third, doubts about the institutional loyalty of the coercive apparatus. In any case, the situation is still very fluid, among other reasons because there are some indications that the government may at times have felt like the apprentice wizard scared by the very forces he had released.

The situation is in itself by no means new –neither for Bolivia, nor for other Latin American countries. But it has particular theoretical relevance, to the extent that it reveals one of the blind spots both of institutionalism and of the mainstream of theories of governance –mainly produced with the Western European experience in mind. To a variable extent depending on the version, those theories are in first place attempts of account for forms of governmental action that cannot be understood from a purely weberian conceptualization of the state. Not surprisingly, however, the case is not that they deny the reality of the coercive dimension of governance, but that they take it for granted –that is, the implicit assumption is that the Hobbesian problem of the production of order is solved. That is not the case in many areas of contemporary Latin America, where the nude exercise of coercive power still takes place only too often. This does not mean, of course, that the “developed” concern with the eventual democratic deficits of “last generation” forms of governance becomes irrelevant. It just makes it more complex, to the extent that, in the “mausoleum of modernities,” it overlaps with interrogations about whether governance *tout court* happens at all, and about how its most developed forms may imbricate with the most primary ones.

It also sends us back to a basic problem that even reflections on Latin American political systems have recently tended to leave aside –namely, that of the relations between civilian and military power. We have already seen the problem emerge in Venezuela, where the armed forces –or at least fractions of them- have formed part of Chávez’s core constituency, and openly participate as semi-autonomous actor in a process that explicitly defines itself as civic-military. In Bolivia, with higher levels of contentious mobilization and a government that is at the same time organically connected to social movements and totally alien to the armed forces, the problem necessarily manifests itself differently. However, I find significant some recent initiatives of the Morales administration, aiming to incorporate the Bolivian armed forces as active, ideologically engaged components of the governing coalition. Declarations of intentions and official rhetoric aside, the initiative has had its first concrete materializations in the realization of strategic exercises with joint participation of the armed forces and peasant communities. Once again, hardly a complete novelty: the *Pacto militar-campesino* of the 1960s will immediately come to the mind of anybody minimally familiar with contemporary Bolivian history. But it constitutes a neglected dimension of most contemporary reflections on democratic governance in Latin America.

9.2 YET ANOTHER PATTERN: SOCIAL ASSISTANCE AND MACHINE POLITICS. AN EXPLORATION OF THE ARGENTINEAN CASE

The pattern of governance has yet a different modulation where the relationship between social assistance and popular organization and contentious mobilization has been mediated by a party machine.

The fact that the deep 2000-2002 crisis entailed, among other things, a turning point in the political economy of social protection in Argentina has been repeatedly acknowledged. This intuition drove an extensive academic production and in turn was confirmed by it. Such production focused on three novelties that seemed to be tightly connected. First, the irruption of *kirchnerismo* and its accelerated consolidation as the new hegemonic fraction of peronism, resulting in the end of the neoliberal interregnum represented by *menemismo* and in a “left turn” that would have restored the party’s fidelity to its historical sources. Second, the emergence of the *piquetero* movement. Third, the creation or drastic expansion of a set of programs of social assistance aiming to cope with the formidable raise in unemployment, informality, and poverty brought by the crisis.

The wide consensus around the importance of those three elements, however, was wider than the one regarding the integrated conceptualization of their connections and their implications for the dynamics of Argentinean democracy. This was in part a consequence that, the novelty of the general situation notwithstanding, the force that quickly consolidated as its central actor –namely, peronism- was by no means new and certainly very controversial. The immediate consequence was that the debate on the new political economy of social protection

very often got caught and framed within the terms of more traditional debates on the “true” nature of peronism in particular and populism in general. Naturally concerned with institutional weakness and the puzzling survival of Argentinean democracy, political scientists tended to turn to the peculiarities of its puzzling unstable anchor. As a matter of fact, its capacity for resurrection and accommodation was less a revelation than a confirmation, as was the combination of fragility and endurance of the political equilibrium it was capable of guaranteeing.

During the previous decade, an important academic production of high quality had increasingly tended to organize research and reflection on peronism around the operation of particularist exchanges, the targeted distribution of patronage, and the recurrent rearticulation of provincial clientelist machines.²⁸⁶ The quick decline of the *piquetero* movement, and the undisputable evidence of the co-optation of some of its components by the peronist government only reinforced the continuity of that perspective.

A common emphasis on clientelism, however, does not necessarily entail convergent perspectives on the phenomenon itself. An important part of the alluded literature added more sophisticated and nuanced images to the traditional vision of clientelism as the very mirror of political underdevelopment, for whose perpetuation it provided a pervasive mechanism guaranteeing massive obedience. If not replaced, that approach has been partially displaced by others that, by concentrating on the rationality of this type of exchange from the perspective of its clients, go beyond what has been accurately called an “almost pavlovian” (Alonso 2007) perspective that saw them as passive victims of political manipulation. Thus, ethnographic

²⁸⁶ See, for a sample of an extensive literature that continues growing, (Auyero 2001, 2007, Auyero, Lapegna, and Page Poma 2009, Calvo and Murillo 2004, 2006, Calvo and Murillo 2010, Eaton 2004, 2006, Jones and Hwang 2006, Lodola 2005, Stokes 2005, Brusco, Nazareno, and Stokes 2004).

fieldwork has revealed, for example, the value as problem-solving resources that these networks acquire in poor people's lives under certain circumstances, and their role in processes of construction and preservation of collective identities (Auyero 2001, Torres 2002). And of course, there is also the development of the potential this type of approach carries for a "romanticization" of clientelism.

Now, if such diverse perspectives have developed, it is, among other reasons, because such contradictory ambiguity is, to some extent, in reality itself. What I want to explore and emphasize in this section, based on the abundant information accumulated on the largest program of social assistance developed in the context of the Argentine crisis, is the multiplicity and fluidity of its implications and consequences in terms of governance.

9.2.1 Anti-poverty programs during the cycle of neoliberal reforms

Although the expansion of a new profile of structural poverty was already apparent in the 1990s, the Menem administrations did not put together anything deserving the label of anti-poverty strategy. After discontinuing all the programs introduced by the Radical government that preceded them, it developed by trial and error a sequence of erratic programs with wide variation in coverage, resources, and administrative efficiency.²⁸⁷ It was only after four years, and at the threshold of a new campaign for the presidency, that Menem felt the need to create a *Secretaría de Desarrollo Social* directly

²⁸⁷ Interestingly, the one that acquired most relevance (the *Bono Nacional de Emergencia*), already suffering from a poor design and an incompetent administration, was terminated in the middle of a scandal when the clientelistic distribution of the bonos by officials of the ruling party became public. Low bureaucratic capacity and erratic administration led the *Programa Federal de Solidaridad* to become a source of discretionary and inefficient distribution of subsidies to projects favored by municipal and provincial administrations. More efficient but with limited resources, the *Programa Alimentario Integral y Solidario* was confined to the province of Buenos Aires (Chiara 1996, Prévot-Schapira 1996, Repetto 2000).

dependent from the presidency. In spite of absorbing some functions of the Ministry of Health, the *Secretaría* was never capable of providing an efficient coordination for the 26 programs of social assistance in existence by 1996. Its relevance and visibility tended to oscillate with the president's electoral priorities, and in spite of a non-negligible endowment of financial resources, it never stabilized bureaucratic cadres long enough to allow for any institutional learning to accumulate. As a result, the teams with valuable expertise occasionally hired tended to act isolated from each other, frequently ending duplicating activities and overlapping jurisdictions (Repetto 2000).

Meantime, the explosive potential of the situations of marginality expanding in the Buenos Aires periphery had briefly revealed itself through lootings taking place at the peak of hyperinflation. Eduardo Duhalde was well aware of it when he accepted to resign the vice-presidency he had obtained as Menem's formula partner to compete for the Buenos Aires governorship. He then pressed for the inclusion in his agreement with Menem of massive transferences of federal funds for anti-poverty programs. Those resources gave birth to the *Fondo de Reparación Histórica del Conurbano Bonaerense* (FRHCB), which Governor Duhalde chose to keep under direct personal control, by-passing the bureaucracy of the provincial *Ministerio de Acción Social* (Danani, Chiara, and Filc 1996). The financial transfers to the province of Buenos Aires were beyond comparison with any previous program of social assistance, and became central to the construction of Duhalde's leadership. The main two avenues of distribution were an extensive program of public works –outsourced to private contractors–, and the activities of the *Consejo Provincial de la Mujer* –skillfully managed by Duhalde's wife. Under her direction, not only the budget managed by the Consejo climbed to

180 million dollars in 1996, but also ended absorbing the *Ministerio de Acción Social*, and many functions of the *Ministerio del Menor y la Familia* (Danani, Chiara, and Filc 1996).

But perhaps the most relevant part of the story for our current purpose was the development of the *Plan Vida*, its flagship program. *Plan Vida* was oriented to the provision of nutritional support for pregnant women and children of age below 5, and it operated through a network of *Trabajadoras Vecinales por la Vida* –popularly known as *manzaneras*.²⁸⁸ Each *manzanera* covered a very limited space and reported directly to Mrs. Hilda González de Duhalde. In practice, Repetto explains, “they operate as intermediaries between the president of the *Consejo* and Buenos Aires’ poor population. [...] social participation was limited to the simultaneously atomized and collective practice of these women, detrimental to any form of community organization that could go beyond immediate demands: atomized, to the extent that each volunteer operated within her assigned space; collective to the extent that they all were subjected to the political will of the governor’s wife (Repetto 2000).”

The formal existence of the FRHCB ended abruptly in 1995, victim of the reorganization of taxation policy. Competition from other governors and struggles among peronist factions notwithstanding, Duhalde managed to secure an important flux of funds up to the end of the decade.

In 1996, however, two-digit unemployment figures finally led the second Menem administration to initiate *Plan Trabajar*. This was a program that incorporated NGOs and municipal governments by assigning them the task of organizing community-service, labor-

²⁸⁸ The denomination refers to the fact that each of these “social workers” was assigned a jurisdiction of one block (*manzana*), within which she managed the distribution of the program’s benefits.

intensive infrastructure projects that were supposed to hire unemployed workers. The program would pay their salaries for a limited term. Community associations and municipalities would contribute to finance the materials and decide who to hire and the type of workfare activity to be assigned (Garay 2007, 2010).

In spite –or precisely because of- its relatively modest magnitude, the *Plan Trabajar* was relevant for the development of organizations that would participate in the future configuration and administration of some workfare programs. The relevance of the experience for the current analysis of governance has to do with the consolidation of a new collective actor as an unintended consequence of policy design. Based on an extensive survey, Candelaria Garay has concluded that three aspects of the program were directly consequential. First, the fact that resources were very limited (it initially covered only 8% of the total unemployed population); second, it did not include precise rules for the selection of beneficiaries; third, it made the communities responsible for the distribution of benefits within the respective projects (Garay 2007).²⁸⁹ Steady worsening of the economic situation and growing unemployment increased the movement's size and the frequency of protest. Coordination across neighborhoods and the proximity of elections made the costs of repression increasingly high, and participation in negotiations opened by the government further strengthened the cohesiveness of the different groups and the incentives for participation. The number of beneficiaries from national workfare programs went from 62.000 to more than 200.000 during 1997 (Garay 2007).

²⁸⁹ The availability of resources not only worked as an incentive for new members to incorporate, but also facilitated the collection of membership dues. The need to make choices on the distribution of very scarce benefits forced the communities to develop rules for the management of conflict. The dynamics of participation in these activities in turn favored the strengthening of a collective identity of the unemployed, which was further strengthened through the confrontation of the government for the continuity or increase of the flux of resources. For this purpose, groups of unemployed began to coordinate actions across neighborhoods.

9.2.2 The crisis of 2001-2002

Although the *Alianza FREPASO-País Solidario*, winner of the 2009 presidential election, had prioritized unemployment among its concerns while campaigning, the beginning of the De La Rúa administration brought diverse measures that disrupted the flux of resources for workfare programs. Partly, those measures were part of an austerity policy aiming to tackle fiscal difficulties resulting from the worsening recession; but they also had a more directly political logic, since the *Plan Trabajar* was perceived by the new government as a resource of the Peronist apparatus. However, protests forced the government to negotiate, favoring further expansion and coordination of the network of unemployed organizations, in the more general context of growing contentious mobilization that would end in the fall of the government (Gradin 2009).

Matching a pattern that we have already witnessed more than once, the new administration refurbished its predecessor's *Plan Trabajar*, turning into the *Plan de Emergencia Laboral*. Within the predominant continuity of the general approach, the new version introduced a novelty: the formation of "*Consejos de Emergencia*," that contributed to formalize, in theory if not necessarily in practice, the participation of the movements of unemployed in the execution of workfare programs (Gradin 2009).

Fears of the same nature of the ones that originated the FRHCB, but drastically magnified, were central for the definition of Duhalde's priorities once he became president. The creation of the *Plan Jefes y Jefas de Hogares Desocupados* (PJJDD) was a direct response to the state of social emergency that followed the collapse of the convertibility regime inaugurated under the first presidency of Carlos Menem. Although the recession was already installed by 1998, its social consequences peaked in 2001-2002. In May 2002, unemployment had reached

21.5%; a year later, at the beginning of the Kirchner administration, the percentages of the population in situations of poverty and indigence were respectively 54 and 27.7 (Alonso and Di Costa 2013). The program emerged in the context of the *Diálogo Argentino*, a concertation forum created at the beginning of the Duhalde administration as part of the effort to minimally restore the legitimacy of the political system. The initiative got support from the hierarchy of the Catholic Church and from the representative of the UNDP in Argentina. Around 150 representatives of the government, political parties, banks, unions, NGOs, universities, provincial and municipal governments, small and medium enterprises, associations of unemployed, and other social movements were invited to participate. The PJJHD was created by a presidential decree of February 2002 that defined the existing situation as one of “occupational emergency.”

Consensus around the general idea of some type of cash transfer directed to those hit hardest by the crisis emerged relatively soon. Elites were shocked by the extension and intensity of the popular mobilization that had ended with the De La Rúa administration. The general idea existed that “something had to be done,” and a government starting with a serious handicap in terms of legitimacy was quick to promise that something would be done. Low legitimacy dovetailed with an even more serious deficit of sheer governability, and this constituted the government’s absolute priority.²⁹⁰ However, agreement around more concrete decisions on how to organize and implement the solution was not so straightforward. In that context, better expertise and familiarity with the organizational technicalities of the process gave some sections of the government the upper hand. According to the most detailed reconstructions, the discussion and definition of the architecture of the program was almost completely circumscribed to the

²⁹⁰ See (Golbert 2004, Gradin 2009).

technical and political teams working for the Ministry of Labor and the cabinet chief.²⁹¹ With very limited experience and led by someone with very limited political leverage and visibility, the Ministry of Social Development could only play a very modest role.

The combined result was a somewhat paradoxical situation. A problem reached the top of the public agenda out of a situation of emergency that imposed the definition of lines of governmental action with information that was insufficient in quantity and quality. As a result, the initiative fell in the hands of those actors already involved in the field, who turned to their own established routines and repertoires for solutions. The “national tradition” concerning anti-poverty interventions was not remarkable for its emphasis on transparency, and privileged formulas that could easily be captured by diverse political actors for their own electoral purpose. However, tolerance by Argentine society had diminished considerably, and immediate demands from the DA forced the government to at least partially break with that tradition –in its rhetoric if not necessarily in practice. The demands included an active participation of civil society through clearly defined institutional channels, and funding with public resources, not contingent upon loans from international agencies (Repetto 2003).

The program established cash transfers for households whose head (male or female) were unemployed and had children of age below 18 or persons with special needs any age; households where the head or his spouse were pregnant and unemployed qualified too. Associated with the transfers were some controls aiming to secure that the beneficiaries’ children kept attending school and receiving periodical health controls. There were also a series of incentives for heads of households receiving benefits to continue their formal education or participate on training

²⁹¹ See (FLACSO 2003, Repetto 2003, Repetto, Potenza Dal Masetto, and Vilas 2006).

programs to increase their employability. Payments would extend for three months, but could be renewed. The amounts varied across provinces, according to specific agreements between the federal government and provincial administrations based on estimations of variations in the cost of life and size of the population in situation of poverty.²⁹²

Following diverse criticisms the initial architecture from the church, business associations, media and international agencies, who found it allowing for too much political discretion in its implementation, the sectorial committees of the *Diálogo Argentino* proposed a series of changes. The essential ones pushed in the direction of a universal transference conceived as a social inclusion salary. In May 2002, a new presidential decree replaced it with a (Repetto 2003) second plan, named *Derecho de Inclusión Social*, but commonly known as *Plan de Jefes y Jefas de Hogar Desocupados II* (PJHD II). Changes in the legitimizing rhetoric were immediately apparent in the decree itself, that pointed to the existence of a universal “right to work” (Gradin 2009). This implied important ruptures with preceding experiences, which had to do with the clear definition of the obligations of the beneficiaries and the securing of budgetary viability and continuity. The new decree suppressed budgetary quotas and defined a universal transfer (Repetto 2003). Funding came mainly from three sources: 1) funds reassigned from other similar programs involving cash transfers; 2) extraordinary revenue obtained through detractions applied to exports from the agrarian sector; 3) loans from the World Bank and the IADB. The second was by far the most important source; funding from international agencies experienced important oscillations determined by the Argentine default.

²⁹² See (Acuña and Repetto 2006, Alonso and Di Costa 2013, Patroni and Felder 2012, Repetto 2003, Repetto and Chudnovsky 2009).

The most important challenges resulted from limited information and administrative capacity. At the moment of launching the program, the government had a raw estimate of how many the poor were, but very limited elements to identify who and where they were. The choice was for a strategy of self-focalization. Two million beneficiaries was the figure once registration closed and registers were minimally depurated. The implementation of distribution used the network already in place for the administration of the social security system. According to most evaluations, implementation was satisfactory in terms of timely reaching the beneficiaries, but controls of fulfilment of the obligations associated with the transfer were not.²⁹³

The composition of the CCs, with important participation of representatives of diverse civil society organizations (business, labor unions, NGOs, Catholic Church) was literally imposed by the *Diálogo Argentino*. It expressed the almost absolute loss of legitimacy of the political elite. Representatives of civil society in the DA on the one hand distrusted government and parties too much to allow for an uncontrolled administration of the program, and on the other hand perceived that its success required an injection of legitimacy that could only come from the outside. Governmental representatives were only too aware of the weakness of their situation to resist the demand. However, they saw the opening to participation and control more as a strategic concession than as having a value in itself. This would create frictions between the CCs and the Labor Ministry. The difficulties of the CCs were in first place due from the vagueness of the normative that created them in the definition of their functions and activities –partly a result of

²⁹³ Such failure was in first place due to the very unequal distribution of municipal administrative capacities, and determined a growing emphasis on the incorporation of civil society to the implementation through the formation of *Consejos Consultivos* (CCs). A national CC, formed by representatives of the associations of the unemployed (*piqueteros*) and of the corporations making the largest contributions, constituted the tip of the emerging pyramidal hierarchy. Below, a second level included 22 CCs controlling subnational jurisdictions, and 1873 formed the base at the municipal level, covering 89% of municipal administrations all over the country (Acuña and Repetto 2006).

improvisation, partly a result of governmental reluctance to tie its own hands too tight. That imprecision had serious consequences, since the CCs completely depended on the Ministry of Labor to access the information needed to control the execution of the program.²⁹⁴ According to the reports of the *Consejo Nacional de Administración, Ejecución y Control* (CONAEyC) and to the points of view of several experts, the activities of the CCs –both at a provincial and municipal levels- varied widely. The frequent lack of expertise among members added to the effects of the Ministry of Labor’s negatives to provide information. However, local politicians and officials from municipal and provincial administrations shared their resistance to the opening of spaces for participation. This had particularly important consequences, because representatives from organizations were supposed to receive training from those very same cadres. Last but not least, the quality and intensity of participation were also very variable themselves. So with the passing of time, the gap tended to expand between the initially projected design of the program and its realities (CONAEyC (Consejo Nacional de Administración 2002-03, Repetto, Potenza Dal Masetto, and Vilas 2006).

Three were the most serious deficits in implementation. First, the practical restriction of the space for an effective participation of society in the execution and, especially, the control of results. Second, erratic, incomplete and poorly coordinated control of the effective fulfillment of the responsibilities defined for beneficiaries. Third, equality of opportunity of access.²⁹⁵ Seen in

²⁹⁴ See the multiple interviews collected and quoted by (Repetto, Potenza Dal Masetto, and Vilas 2006), which provide a particularly rich and revealing picture of the conflict from the perspective of diverse actors.

²⁹⁵ In this last sense, the early closure of registration was critical. It was originally associated with the government’s fear that an explosion of demand could overflow the program’s budget, but it put the authorities of the Ministry of Labor in a privileged situation as gatekeepers of participation in the program, that the minister used in accord with the priorities of his political agenda (Repetto, Potenza Dal Masetto, and Vilas 2006).

perspective, the most striking aspect of the whole process is the government's capacity to recover initiative and whole control of the program in surprisingly short time, considering the magnitude of the crisis of governability in which the latter had emerged. The more general point is the slippery nature of the integration of civil society in policy networks as a substitute or a corrective for limitations of hierarchical governance. In first place, of course, because it is clearly contingent on the autonomous political capacity of the actors involved. But not least, because it is also strongly dependent on the solidity of the administrative channels that can secure that participation... which in turn are to a great extent provided by the state itself.

9.2.3 The Kirchner-Fernández cycle

In spite of the significant normalization and stabilization of the political situation achieved by Duhalde's brief interim period, the situation that Néstor Kirchner faced at the beginning of his administration was not a promising one. Not only the legitimacy of the political elite remained extremely precarious, but the meagre 22 % of votes that had made him president added to the picture. Besides, the road leading to his candidacy had put him in high dependency with respect to Duhalde and the network of Peronist governors. Kirchner was thus in urgent need to expand the very limited steering capacity of the Argentine state, on the one hand, and his own base of political support, on the other.

Things being like that, the president and the *piquetero* movement became central elements of each other's structure of political opportunities. Presidential decree 15/05 thus

created the *Consejo Consultivo Nacional de Políticas Sociales*. A Ministry of Social Development endowed with more political leverage than it had been granted by Duhalde started to play a more active role in the development of spaces for association. There has thus been a simultaneous and parallel movement in at least three different directions. First, a continuation of the process of recentralization of control of resources and program design in the hands of the national government. Second, an effort to consolidate community organizations by way of integrating them in diverse forms of governmental activity. Finally, repression, if carefully administered, has not completely been absent from the picture (Svampa and Pereira 2003). The combination sounds hardly innovative to anybody familiar with the best Peronist tradition.

Is it accurate then to describe the result as one of “co-optation and disciplining (Svampa and Pereira 2003)?” The description is less inaccurate than incomplete. That is partially a consequence of the dynamics of change and diversification of the *piquetero* movement itself. Already in 2007, Garay could distinguish three very different components. First, a myriad of groups with community-based leadership, in some cases integrated in networks of extensive coverage and impressive mobilizational capacity.²⁹⁶ Second, unemployed federations led by social militants. Independent from parties and unions, these groups tend to be small, local in scope (mainly confined to metropolitan Buenos Aires), and well connected. Third, top-down mobilized federations responding to partisan leaderships (Garay 2007). In this realm, *kirchnerismo* has successfully competed with small left-wing parties, with significant gains in terms of governability resulting from the abandonment of contentious tactics by the federations

²⁹⁶ The FTV, for example, by 2004 included approximately 3,600 soup kitchens, cooperatives, micro-enterprises, and day-care centers as well as 75,000 workfare beneficiaries (Garay 2007).

involved in the exchange. In return, they have obtained access to significant public funding for their programs of support for micro-enterprises and housing-cooperatives, and some of their leaders have got appointments for public office (Garay 2007). Co-optation has no doubt taken place, but it is important to keep in mind that it does not exhaust the interactions between the movements of the unemployed and the Peronist machine, which have been complex. Not the least because many of the *manzanas* that became part of the scene with the *Plan Vida*, dropped the Peronist organization to join the movement of the unemployed, thus affecting the mobilizing capacity of the former in those districts of Buenos Aires where the latter have a strong presence (Garay 2007). The fragmentation between Peronist and non-Peronist unions brings additional complexity to the picture, since some unions that are not part of the CGT have attempted to differentiate themselves through the development of linkages with unemployed and community organizations like soup-kitchens. Besides, the overlapping between Peronist machine and Peronist national government is far from perfect, in first place because of the party's internal fragmentation. Thus, many of the very same changes from which Kirchner's *Frente por la Victoria* has profited have at the same time been detrimental for the traditional machine built by Duhalde in Buenos Aires.

Some organizations have managed to form stable linkages with the state without partisan mediation. The formal incorporation of the organizations of the unemployed to the operation of the Ministry of Social Development has been particularly important in this regard, with consequences in both directions. Formal incorporation not only in the policy-making process, but also to some extent in the formal structure of the ministry has certainly enriched the organizational technology available for social movements and the penetration of the ministerial apparatus. However, it has also entailed the challenge of managing the eventually emerging

friction between the new managerial know how and the imperatives of bureaucratic efficiency, on the one hand, and the logic of militancy on the other.

And then we have, of course, the grey zone. With respect to it, I am just going to call the attention on one aspect. We have already seen this phenomenon of “continuation of (domestic) politics by other means.” In this case too, we find in its origin a crisis of representation that leads popular sectors to resort to contentious forms of political action, and a state that, reluctant for different reasons to exercise a purely repressive response, adds an element of negotiation and cooptation to the mix. The main difference here with, for example, the Bolivian case, is the degree of territorial cohesiveness, on the one hand, and the centrality of a partisan machine, on the other one. First, the internal topography of uneven development matches the distribution of power between center and periphery much closer than in Bolivia. Second, Argentina has a long consolidated combination of formal and informal mechanisms for the management of the tensions between the metropolitan center and the provinces, combining networks that run inside the state administration and the parties –especially the Peronist party.²⁹⁷ As a result, the instrumentalization of contentious mobilization from the top may play an important role in confrontations between different factions of the governing party. Complexity is also fed by the extent to which partisan networks mediate, as we have seen, access to social assistance, and by the pervasive corruption affecting a structure of public coercion that is split between federal and provincial organizations. The aggregate result is a network –or, more accurately, a competition among partially independent networks- that articulate routine and contentious politics, formal

²⁹⁷ See (Devoto and Fausto 2008, Novaro 2006, Sidicaro 2003, 2010).

and informal structures, with a degree of complexity and subtlety that resemble the ones put together in other areas of the world for more virtuous purposes.²⁹⁸

Complex as it is, that is, of course, only part of the story. The social security system, and the mechanisms of corporatist intermediation associated with it have in Argentina an extension and density that finds nothing comparable in the other cases analyzed in this chapter. Regarding this point, I will only point to the fact that an important component of Kirchner's political strategy was the re-composition of the alliance with some sectors of the union movement that had been postponed by the policies of *menemismo*. This resulted in the strengthening of the traditional vertical and centralist model of Peronist unionism, and in the restoration of traditional modalities of institutionalized distributive conflict. Indeed, the years 2006-2007 "witnessed a general round of peak-level centralized bargaining in most industrial and service sectors. In a neocorporatist fashion, national union leaders, business associations, and the government concluded agreements on sectorwide wage increases and on the minimum wage. [...] formal sector workers have generally regained the offensive, not just trying to retain past gains or defending themselves against downsizing, unemployment, and labor flexibilization but seeking gains in wages, contract coverage, union membership, and profit distribution (Etchemendy and Collier 2007)."²⁹⁹ As Etchemendy and Collier notice, the process has not entailed a mere restoration, since the new mainstream of the labor movement, although reliant on a privileged relationship with the Kirchner government, has been far from controlled from above in its decisions of mobilization. The aspect I want to underscore, is what those authors call the

²⁹⁸ See (Auyero 2005, 2007, 2008, Auyero, Lapegna, and Page Poma 2009).

²⁹⁹ On this point, see also (Rossi 2009, Senen González 2011).

“segmented” nature of this modality of neo-corporatism, that I would rather define as “truncated.”³⁰⁰ Regardless of semantic disagreement, the essential aspect is that the new arrangements cover 40 % of the economically-active population -60% of wage earners.

9.3 SOME TENTATIVE CONCLUSIONS

The exploration could be (actually, should be) continued up to the top of the Argentine social structure –I have repeatedly insisted on the idea that the stability of any formula of political incorporation depends decisively on the incorporation of dominant groups. That clearly goes beyond the limits set for this dissertation.³⁰¹ However, I think that the mosaic presented in this chapter is diverse and detailed enough to convincingly show the extreme fragmentation of governance mechanisms in those Latin American countries showing also the most unstable institutional configurations of welfare regimes.

There is, in first place, important cross-national diversity, and I have tried to suggest some ways in which institutional legacies involving state structures, party systems (or non-

³⁰⁰ Arrangements are, indeed, segmented, but because of their diversity and fragmentation; but what they are pointing at, and I am interested in, is the limited coverage of this form of interest intermediation. The magnitude of this “quantitative” limitation entails qualitative difference (that they acknowledge), with what based on the Western European experience, is usually termed neocorporatism. Etchemendy and Collier also observe a second difference, in contents of the negotiations and eventual agreements themselves. “[U]nlike traditional European neocorporatism, the bargain is not built around the typical exchange of wage moderation for social policy that brings about the decommodification of formal-sector labor. Rather than social policy, in the labor political exchange in postliberal Argentina, mainstream unions administer the distributive struggle in the context of a friendly government, while they obtain real wage gains (compatible with the inflation targets of the government) and what can be called organizational and more particularistic gains.”

³⁰¹ In spite of an excessively dense dose of neo-Gramscian theoretical jargon, Tsolakakis (Tsolakakis 2010) provides an interesting exercise in this type of exploration for the Bolivian case.

systems), and welfare regimes, help to explain that diversity. However, there is also, regardless of its specific manifestations, the general phenomenon of internal governance fragmentation. This fragmentation is of a very different nature from the one that the increasing complexity of both societies and governments produces in the developed world. It is not the diversity determined by the heterogeneity of networks across policy areas that involve different actors, contexts, technical expertise –although that may also be present. Much more serious is that, depending on the segment of interaction –on the points in the boundaries between them where we look– state and civil society present each other very different faces. This creates differences in terms both of governability and of instruments of governance –and as a result in the tangible contents of democratic citizenship.

Interestingly, the problem has in first place an obvious, elementary expression at the level of the most basic dimensions of governance –namely, those of territory and coercion. The new generation of social assistance programs frequently operate through forms of territorial targeting. That has two types of implications. The first one, that I will only mention, is that in societies that already suffer from spatial segregation –that is one of the forces leading the spatial focalization of social policies–, this pattern of intervention can only accentuate segregation. The second one is the uneven spatial distribution of governmental capacity. I have shown multiple attempts to remediate this through the inclusion of a participatory component in the design of social assistance and the incorporation of civil society organizations to policy monitoring and execution. However, we have also had the opportunity to observe how, precisely *because* this occurs where state and civil society show each other their respective poorest faces, effective participation depends in those areas on administrative frames and expertise that can only be provided by the state. We have also seen that, even when successful, the challenge of scaling-up

and integrating those experiences is rarely met –and when it is, as we saw in the Chapter 7, the state plays a decisive role.

A cartography of the intensity of repression would probably confirm that those are often the area where the state choses to show its ugliest face. However, it may not be able do to so, or find it too costly. The out-sourcing of repression has become in some cases the chosen alternative, and that should put the coercive dimension of hierarchical governance under a complete different perspective. Moreover, situations of acute political crisis have brought the issue of civilian-military relationships and the institutional forms of the coercive arm of the state back on the table.³⁰² The basic problem is that the state-civil society equation is not necessarily a zero-sum game, so the abdication of the former can only have disastrous consequences if the distribution of resources and power within the latter is strongly biased.

³⁰² This has yet another dimension that can only be mentioned here. Some Latin American states have high percentages of incarcerated population. This is, as we well know, exclusive problem of the underdeveloped world. The problem is accentuated, however, by the fact that some of the states have found repeated difficulties to solve the Hobbesian problem inside prisons themselves.

10.0 GENERAL CONCLUSIONS

10.1 A RELEVANT PUZZLE

What the reader has had the kindness to go through is an effort to understand the dynamics of “the new politics of the welfare state” as it has developed in Latin America during the last three decades. The central intuition underlying my approach was that this “new politics” was neither unlikely to resemble the old one; nor was it likely to mirror the “new politics” found in industrial democracies. With respect to the past, two new factors could not but introduce radically different conditions: the existence of an institutional legacy of welfare regimes, and extended continuity of democratic rule. With respect with the developed world, the main difference is the essentially incomplete nature of Latin America’s “first wave” of incorporation.

In Latin America, the construction of citizenship has been discontinuous and frequently at odds with the Marshallian sequence. The accumulation of layers of civil, political, and social rights has often been contradictory, unstable, and prone to setbacks. If we adopt a long-term perspective, the current crisis of incorporation appears as a window for what may be a “second experiment” in the construction of social citizenship –this time under predominant conditions of sustained

democratic rule. That being the case, understanding the mechanisms eventually leading to the expansion –or shrinkage- of social rights acquires immediate political relevance.³⁰³

The theoretical relevance of the inquiry results from the same factors that make it politically relevant. The frequently turbulent political environments that surround conflicts on social protection allow for the expansion of comparison beyond what is frequently taken for granted in leading research on welfare states. Neither the robustness of political institutions, nor the pervasiveness of market dynamics, nor certain minimum levels of public social spending, can be assumed. Institutions and policies of social protection often show in Latin America levels of resilience comparable to the ones that their equivalents within the OECD exhibit. But they may be also fully displaced, sometimes in opposite directions within the space of a decade. They also show the marks of a time of “permanent austerity,” but have also occasionally expanded their coverage in spite of those constraints.

Conceptualizing the changes I aimed to explain in terms of welfare regimes allowed for a comprehensive perspective, provides a straightforward connection with notions of social citizenship, and frames the results within the terms of the most lively and productive debates in the field.

³⁰³ Wanderley Guilherme dos Santos famously coined the expression *cidadania regulada* (“regulated citizenship”) to underscore the authoritarian conditions of development of social citizenship in most of the region (Santos 1979). Fernando Filgueira has shown the absence of any linear correlation between years of continued democratic rule and sustained growth of social spending among the countries of the region, and has suggested a plausible alternative hypothesis. The key observation is that “In countries where democracy took hold or survived for relatively long periods between the 1950s and 1970s, social spending 30 years later is higher than would be expected given the GDPs of those countries.” His hypothesis is that “[T]he relationship between democracy and welfare expansion is strongly path dependent. When major developmental surges under a given developmental model ... are combined with stable democratic rule, a long-term social policy effort above the mean expected social effort, given a country’s GDP, should be expected (Filgueira 2007b).”

10.2 THE ARGUMENT SUMMARIZED

My central, most general hypothesis was that the mechanisms predominantly determining cross-national variation of the processes and outcomes of reforms of the institutions of social protection operated under the sign of path-dependence. As a result, diverse modalities of gradual institutional change have tended to prevail over institutional displacement. However, this outcome has been present too –four processes of structural reform of pension systems resulted in the closure and replacement of existing institutions. I hypothesized that radical structural reform, entailing institutional displacement, necessarily requires the impact of exogenous factors to break the lock-in effects of existing institutions. My suggestion was that the simultaneous presence of a deep financial crisis and an authoritarian concentration of executive power constituted a joint necessary condition for institutional displacement.

In the absence of such a combination of exogenous impacts, I contended, gradual institutional change was the outcome to expect. Some exogenous impacts, I argued, played a role in these cases too, but only as triggers of reform. I expected to always find some degree of dysfunctionality, a mismatch between a changing socioeconomic environment and the institutions of social protection, to be at the root of a reformist initiative. However, the final result would be determined by endogenous institutional factors.

I thus suggested a set of hypothesis explaining different patterns of gradual structural reform as the result of interactions between the specific architecture of the welfare regime to be reformed and the institutional legacies left by the respective conjunctures of mass political incorporation. Within those legacies, I pointed to the articulation of interest groups, political parties, and sectorial bureaucracies as the decisive explanatory variable. I worked on the

assumption of conjunctural causation by multi-causal configurations, and hypothesized the connection between configurations and outcomes in terms of necessary and sufficient conditions.

Four types of outcomes needed explanation –namely, aborted structural reforms, partial structural reforms installing mixed systems, structural expansion, and serial institutional replacement. I expected coalitions of insiders –defined as the clienteles getting the main benefits from the institutions already in place- to constitute the most powerful obstacle to any effort of reform potentially threatening their interests. The crucial differences, then, would result from political parties’ variable capacity to neutralize, moderate, or counterbalance the veto powers of those coalitions. The dynamics of the processes having marked the transition of the respective political systems into massively expanded political participation imposed, I contended, path-dependent constraints of parties’ repertoires of viable strategies.

Only those parties counting insiders as their core constituencies were capable of removing anti-reformist blockades imposed by insiders to existing systems of social protection. In those systems with a legacy of corporatist incorporation, I predicted, the presence in the opposition of the main party representing the interests of insiders would constitute a sufficient condition to guarantee the failure of structural reform. In systems with that type of legacy, only insiders-based parties in government could articulate a structural reform of social protection. My next prediction was that such articulation could only take place at the cost of some formula that segmented the effects of reform in order to preserve the interests of insiders.

In those cases having experienced a pluralist process of incorporation, I anticipated the outcome to be the same, but as a result of the operation of a different type of political dynamics. With this type of legacy, the insiders-based constituencies would be shared by the parties having co-participated in the incorporation process. We then should not expect any of them to be willing

to choose to individually carry the blame for a structural reform. The critical point, then, was under which circumstances those parties would switch from non-cooperative strategies of blame-avoidance to a cooperative strategy of blame-sharing and joint credit-claiming. My hypothesis was that the switch was necessarily contingent upon the emergence of a third party posing a credible threat to the historical electoral duopoly of traditional parties.

This type of second-generation challenger was also expected to play a central role in structural reforms leading to the expansion of social protection. The critical point for this type of reform, the argument goes, is the possibility of finding a territory of compatibility between the interests of the insiders benefitting from the existing system and those of the outsiders the reform intends to include. Given the advantages insiders usually enjoy regarding organizational resources for interest articulation, political parties and teams of experts are expected to play a central role as brokers for the aggregation of this type of reformist coalition. My hypothesis was that this type of reform necessarily required, besides the “right” kind of party, an autonomously embedded bureaucracy and institutionalized channels providing effective access to the policy-making process for all the interests involved.

Finally, we have the pattern of recurrent cycles of structural reform alternatively going in opposite directions and taking place within short periods of time. I attempted to explain this pattern of chronic institutional instability as the result of exclusionary policy-making processes. Under democratic regimes, I hypothesized, inclusionary policy-making was a necessary condition for the institutional consolidation and endurance of structural reforms. This type of process was understood as involving both comprehensive consultations with interest groups and wide parliamentary coalitions.

10.3 THE EMPIRICAL ENQUIRY AND ITS MAIN FINDINGS

Research design combined the construction of typologies, qualitative comparative analysis based on Boolean algebra, and process-tracing. Typology-building was the strategy to measure variation in the dependent variable. I inductively constructed typologies of welfare regimes around 1980 and 2010, and used them to measure both each case's diachronic transformation and synchronic cross-national variation. I used truth tables to test the different propositions that operationalized my hypotheses on necessary and sufficient conditions. Process-tracing was meant to explore the mechanisms through which the hypothesized causal relations effectively operated. My research included a sample of eleven Latin American countries that covered most of the range of variation of all the variables involved in my hypotheses.

Empirical analysis runs through Chapters 4 to 8. Chapter 4 is formed by brief historical narratives that reconstruct the main lines of the processes of incorporation of the three countries in my sample that did not form part of David and Ruth Collier's typology –that is, Bolivia, Costa Rica, and Ecuador. Classifying the new countries required the addition of a fifth type –that of incomplete processes of incorporation-, in which I placed Bolivia and Ecuador. Costa Rica was added to Colombia and Uruguay as a case of incorporation through the expansion of the electoral basis of oligarchic parties.

Chapter 5 focused on the measurement of welfare regime change. Accounting for the diversity of Latin American welfare regimes required the introduction of new categories. I identified four different types around 1985, and five around 2010. Obviously, there was an important degree of mismatch between countries distribution in the respective typologies –that is, only a few of the countries that were part of the same category in 1985 ended together in

2010. Neither did membership in each of those typologies individually considered match the classification based on types of incorporation process. Those partial mismatches suggested that both initial regime type and incorporation process might be connected with the paths leading to the situation in 2010, but also confirmed that none of those factors could separately explain those paths. Diachronic comparison also revealed a pervasive multiplication and accentuation of the internal fractures of welfare regimes in the region. With the partial exceptions of Brazil and Costa Rica, systems of social protection became more internally fragmented and lacking in coordination.

Fragmentation of welfare regimes occurred along four lines of discrimination potentially translatable into political cleavages –namely, truncation, dualization, segmentation and marketization. *Truncation* defines the limits of the effective coverage of the system of social protection as a whole, and creates a potential line of cleavage between insiders and outsiders. *Dualization* is present, to variable degrees, in all cases. It is the result of the expansion of social protection by means of social assistance, that creates two main categories of insiders –those covered by social insurance on contributory basis, and those covered by social assistance, usually based on some combination of categorical definitions and means-testing. Understood in a strict sense, *segmentation* is used here to refer to the existence of multiple sub-regimes, usually corresponding to occupational and professional categories, which produce differential distributions of benefits and contributory burdens among the insured. Finally, *marketization* is the result of the expansion of the participation of the market in the welfare mix, and expresses itself in the differential access, based on levels of income, to services offered by private providers for individual purchase. *Universalization* –the reversal of fragmentation through

inclusive expansion and a more even, rights-based distribution of benefits- has been far less frequent.

Chapter 6 tests the hypotheses through qualitative comparative analysis. The results confirmed some of the hypotheses and showed the need to discard, or at least reformulate, others. First, evidence did not confirm the necessity of authoritarianism and financial crisis for the occurrence of structural retrenchment with institutional displacement, since the outcome could occur in the absence of both factors. The most solid, certainly not most exciting, conclusion seems to be that any more solid advance in this direction is contingent upon the accumulation of more detailed knowledge of the concrete processes connecting crisis and reform. Second, the hypothesis about the sufficiency of insider-based parties in the opposition to block initiatives for structural reform was confirmed. Third, so was the one about the need for those parties to water-down their projects in order to neutralize the opposition of their core constituencies. The latter appears as a central explanatory factor for the resilience of established systems of social protection, resulting in processes of institutional layering that fed the hybridization of welfare regimes. Fourth, further, more finely tuned elaboration, is required around the conditions making structural reforms in the direction of a more egalitarian and inclusive expansion of social protection possible. I suggest some ideas in that direction later in these conclusions. Finally, I explored the conditions determining the reversibility of a significant fraction of structural reforms. The results led me to discard the hypothesis explaining such an outcome based on the attributes of specific political processes leading to the reform in each case, and suggested the need to reconsider the determinants of governability and state capacity.

Chapter 7 is the explanatory core of the empirical exploration. It had two goals. First, the unpacking of the causal mechanisms underlying the associations that resulted from the QCA

practiced in chapter V. Second, the identification of clues to improve the formulation of those hypotheses that were only weakly or not fully supported by the Boolean analysis. Third, the exploration of explanatory factors that might have been disregarded in the initial hypotheses. The main findings are the following.

First, abundant evidence showed the endurance of policy constituencies, and the multiple ways in which they may act to preserve it, depending on institutional and conjunctural configurations. They may be joined by co-participants in the development of social security, predominantly benefiting parties that emerged after incorporation junctures, or be mainly controlled by “old” hegemonic parties benefitting from corporatist forms of interest intermediation. In any case, they represent the main obstacle for any reform entailing some homogenization of benefits and burdens, either between insiders and outsiders, or across categories of insiders. Whatever the case, the partisan actors benefitting from privileged connections with them, if in the opposition, will never risk future electoral growth by detaching themselves from the protection of their interests. However, the exhaustion of the financial sustainability of existing social protection schemes may force those same parties, once in government, to push for reforms similar to the ones they opposed before.

Second, some aspects of the configuration of party systems may alter both the timing of those hard choices, and the competitive strategies through which they are implemented.

Third, there is a significant gap between the feasibility of protective coalitions of potential losers with tangible immediate losses, and prospective winners from diffuse future gains. The “political convertibility” of pressure from below, from a reactive defensive force, into a proactive, constructive one, is very limited. This cannot but reinforce the importance of

existing policies for the articulation of collective action and as a consequence the asymmetry between coalitions of outsiders and insiders.

Fourth, there is nothing automatic in the process of conversion of benefits from public policies into effective capacity for political agency. Fifth, most cases considered in this chapter have confirmed the relevance that, under those circumstances, teams of experts are likely to gain. Technical cadres placed in power positions in sectorial bureaucratic structures have been key actors in the articulation of every process of structural expansion, and, perhaps more important, no project of systemic expansion has made significant progress by either working against established bureaucracies or bypassing them. Sixth, in cases that were still necessary, we repeatedly confirm the importance of a contingent element of political craftsmanship that seems very resistant to theoretical modeling.

Chapter 8 focuses on the countries (Bolivia, Ecuador, and Venezuela) where social assistance has experienced the most abrupt and expansive growth and explores the political dynamics associated with that growth. These countries also have in common a set of factors *a priori* suggesting wider margins for institutional innovation than found in other cases, and the possibility of a distinctive pattern of institutional change perhaps associated with recurrent institutional volatility. The hypothesis I explored considered the possibility that, their commonalities notwithstanding, significant differences among the organization of recently emerging partisan forces would lead to important differences in the political manipulation of social assistance. The central finding is that the organizational structure of incumbent political forces previous to their access to governing positions may shape the implementation of social assistance for social mobilization.

Chapter 9 is fully exploratory, and a partially unexpected secondary product of Chapter 8. The in-depth analysis required to build the narratives that provide the latter's core brought to the surface the striking recurrence of some patterns of interaction between state and society through public policy-making. Those patterns, I hypothesize, were directly connected with chronic institutional stability and serial replacement. The main result was confirmation of a general syndrome of fragmented governance. Crucially, such fragmentation differs from the one that the increasing complexity of both societies and governments produce in the developed world. Depending on which segment of the boundaries between state and society we examine, we find them presenting each other very different faces. This creates differences in terms both of governability and of instruments of governance -and as a result in the tangible contents of democratic citizenship. We have, in the end, returned to the initial idea of the emergence of "multiple citizenships" within the same political system.

Interestingly, the problem has in first place an obvious, elementary expression at the level of the most basic dimensions of governance -namely, those of territory and coercion. The new generation of social assistance programs frequently operate through forms of territorial targeting. That has two types of implications. The first one is that in societies that already suffer from spatial segregation -that is one of the forces leading the spatial focalization of social policies-, this pattern of intervention can only accentuate segregation. The second one is the uneven spatial distribution of governmental capacity. I have shown multiple attempts to remediate this through the inclusion of a participatory component in the design of social assistance and the incorporation of civil society organizations to policy monitoring and execution. However, we have also had the opportunity to observe how, precisely *because* this occurs where state and civil society show each other their respective poorest faces, effective participation depends in those

areas on administrative frames and expertise that can only be provided by the state. We have also seen that, even when successful, the challenge of scaling-up and integrating those experiences is rarely met –and when it is, as we saw in the Chapter 7, the state plays a decisive role.

A cartography of the intensity of repression would probably confirm that those are often the areas where the state chooses to show its ugliest face. However, it may not be able to do so, or find it too costly. The out-sourcing of repression has become in some cases the chosen alternative, and that should put the coercive dimension of hierarchical governance under a complete different perspective. Moreover, situations of acute political crisis have brought the issue of civilian-military relationships and the institutional forms of the coercive arm of the state back on the table.³⁰⁴ The basic problem is that the state-civil society equation is not necessarily a zero-sum game, so the abdication of the former can only have disastrous consequences if the distribution of resources and power within the latter is a strongly biased one.

10.4 A SUMMARY OF CONCLUSIONS

10.4.1 The politics of structural welfare regime reform

The metaphor of institutional “freezing” does not apply to Latin American welfare regimes. Changes affecting their coverage, welfare mix, levels of benefits, financial viability, institutional

³⁰⁴ This has yet another dimension that can only be mentioned here. Some Latin American states have high percentages of incarcerated population. This is, as we well know, exclusive problem of the underdeveloped world. The problem is accentuated, however, by the fact that some of the states have found repeated difficulties to solve the Hobbesian problem inside prisons themselves.

structure and stratification effects, have been pervasive and covered the whole region. Those changes, however, have only exceptionally suppressed or moderated the main limitations that social insurance schemes showed by 1980 –namely, truncation of their coverage at the limits of the formal economy, and extreme segmentation.

This pattern of segmented expansion, that produces hybrid structures combining different principles in the determination of access to transfers and services for different risk categories, is rich in political consequences. Segmentation, on the one hand, increases the number of possible coalitions of interests, thus somehow contributing to overcoming political blockades leading to policy immobility. At the same time, however, those coalitions tend to form on *ad-hoc* basis, and are likely to be unstable and ephemeral. That complicates the political viability of reforms aiming to a more egalitarian, universal distribution of benefits effectively based on social rights.

This situation is not original in itself. Silja Häusemann has recently observed an analogous process of multiplication of interests and emergence of less cohesive, short-lived distributional coalitions, in the most recent wave of reforms affecting continental European states. In Latin America, however, the incompleteness of the original development of welfare regimes makes things even more complicated, by adding pending business to the emerging ones.

The cases analyzed here seem to support the hypothesis of the exceptionality of structural reforms entailing marked institutional discontinuities. The original hypothesis suggesting authoritarianism and economic crisis as necessary conditions for structural reform proved to be a weak one. Still, the fact remains that drastic retrenchment has in all cases required, if not necessarily an authoritarian regime, at least degrees of concentration of executive authority that are barely compatible with effective horizontal accountability. On the other hand, the eclipse of the recipes of the Washington consensus, and in general the failure of the project of conservative

modernization that they supported, seem to have put retrenchment through radical privatization at least temporarily out of the agenda.

The politics of political blockade –total or partial- seem to be pretty solid, and to operate robustly across a wide variety of welfare regimes and political scenarios. Apart from the expansion of social assistance, the preservation of the original corporatist schemes of social security is probably the most extended trend.

Thus, what looks as carrying more potential future relevance are the dynamics of gradual structural expansion, on the one hand; and the politics of social assistance, on the other. Regarding the former, both the results of Boolean analysis and the policy processes studied in depth suggest that the category may actually be too general, and that further conceptual discrimination is needed in order to account for the diversity of mechanisms operating across the diverse cases.

Perhaps the safest generalization with respect to the processes of structural expansion so far analyzed, is that effective autonomous pressure from below was not at the origin of any of them. In other words, the set of three basic processes hypothesized to constitute necessary conditions for the reform may be the first aspect in need of revision. While evidence supports the idea that structural expansion decisively depends on the neutralization of insiders potentially opposing the reform and the brokerage of ideas are necessary, the existence of channels for outsiders to directly influence the policy process has been missing in some cases.

Second, those necessary processes –that is, neutralization of insiders and brokerage of ideas- should not be conflated with the institutional conditions that facilitate them in specific circumstances, which seem to be more contingent. Moreover, the same type of actor may play, depending on configurations specific to the policy domain, very different roles. Thus, for

example, while the bureaucracy of the CCSS was the central engine behind the expansion of the Costa Rican health care system, it was against the initiatives of that very same bureaucracy that a more radical privatization of the Costa Rican pension system was avoided. The example entails an important warning against the risk of assuming necessary affinities between certain preferences or interests and certain types of actor. The established sectorial bureaucracy played a dynamic role in the universalization of health care because, as a result of the previous development of the system, the expansion of the public sector was in its best interest. In Brazil, however, the sectorial bureaucracy was a persistent advocate of the preservation of the fragmented insurance-based structure, and the move towards universalization required the penetration of the administrative structure by a sort of “counter-bureaucracy.”

More generally, process-tracing showed at least three situations whose respective dynamics may require further analytic discrimination. In Costa Rica we observe the expansion of a system that already presented an initial development favorable to universalization, and in the absence of any solid coalition of private interests –precisely as a consequence of such a pattern of early development. In Brazil and Uruguay, on the other hand, universalization had to work against consolidated tripartite structures involving notoriously stronger private interests. That commonality notwithstanding, the constitutional reform to a great extent displaced the arena of the political struggle in Brazil, while in Uruguay reformist teams were forced to fully operate within the established channels.³⁰⁵ And yet the Brazilian and Uruguayan situations seem to have more in common with each other than with respect to the scenario faced in Chile by the Lagos and Bachelet administrations’ initiatives of universalization of health care. Although also

³⁰⁵ Consideration of the Colombian case –where the embryo of a structural reform was introduced through the window of opportunity provided by a constitutional reform too- could contribute to a better understanding of those differences.

tripartite, the Chilean system had emerged from a process of radical retrenchment that tipped the balance in favor of private agents to an extent that we could not find in any other regional case.

Consideration of the Chilean case brings to the table a more general question –namely, to what extent initiatives of structural expansion following structural retrenchment are forced into a qualitatively different type of dynamics. The successful lobby of Chilean private health care providers against some of the most progressive aspects of the project initially favored by the socialist governments recommend that hypothesis. Answering to that question would require the systematic consideration of business interests and their aggregation by conservative parties –an acknowledged limitation of this preliminary theoretical model. However, the effects of radical structural retrenchment may not exclusively operate against the likelihood of developments towards universalism. In fact, corporatist segmentation was also among the victims of radical privatization, and its disappearance may in the long run facilitate the articulation of more homogeneous reformist coalitions.

A final aspect has to do with the possible consequences of the mutations that the more or less prolonged exercise of power are likely to introduce in the organizational structures and internal life of mass leftist parties. Unfortunately, we lack for the Chilean Socialist party and for the Frente Amplio anything comparable to the work that Steven Levitsky and Wendy Hunter have done for Peronism and the Brazilian PT. However, several authors converge in emphasizing the increasingly professional-electoral orientation that governing has stimulated both in Socialists and PT. Such an evolution should bring important consequences in terms of the repertoire of feasible strategies of expansion.

10.4.2 The politics of massive social assistance

The expansion of social assistance –particularly under the modality of conditional cash transfers- has taken place everywhere, regardless of policy legacies, institutional environments, or governments’ ideological orientation. However, the use of anti-poverty programs for purpose of political mobilization shows important variation depending the combinations of bureaucratic capacities and the organizational structure of governing parties.

The institutional framing of social assistance is particularly relevant for the future development of social protection in Bolivia, Ecuador, and Venezuela. What crucially distinguishes these experiences from other massive expansions of conditional cash transfers is the combination of poorly developed systems of social insurance, and generalized fragility affecting the institutional frames of political competition and policy-making. A deep crisis of established political structures, resulting in systemic collapses and the ascendance of anti-establishment forces with massive political support is common to Bolivia, Ecuador, and Venezuela. We could expect such a point of departure to provide more room for maneuvering in the redesign of social protection, but also to create more serious governability problems and higher likelihood of recurrent serial replacement of institutions.

The most relevant finding in this regard, is the absence of a common pattern shared by the three cases of “populist left.” Among them, only in Bolivia we find a governing party that rests on a powerful organized coalition with organizational structures consolidated before winning the presidency. Significantly, Bolivia is also the only case having taken concrete steps beyond the necessarily short-termed reliance of social assistance, and moved in the direction of universalizing social protection on more permanent institutional basis. We should keep in mind

the fact that the Ecuadorian experience is still very recent, and its future development looks extremely uncertain. The creation of an integrated system of social protection under public administration is in theory in Rafael Correa's agenda. So far, we can only notice that, absent any structure aiming to mobilize support beyond the strict limits of electoral campaigning, Correa opted for a technocratic, exclusionary approach to policy-making, detaching himself from the forces that put him in the presidency –his is probably, strictly speaking, the more purely plebiscitarian leadership.

Venezuela somehow lies in between, with a governing force that never consolidated organizational structures likely to limit the exercise of personal power from the top. However, Hugo Chávez had to take two types of constraints into account. First, the involvement of the military corporation in the process of political mobilization. Second, an inherited system of social protection that, its limitations notwithstanding, was considerably more developed than the ones forming part of Morales' and Correa's respective legacies. The Venezuelan process has thus so far been the most respectful of inherited corporatist structures of social protection. It has also presented the most persistent, if also erratic, attempt of political encapsulation and mobilization of civil society from the top.

It is still too early, and in-depth research on Bolivia and Ecuador is too scanty, to make detailed predictions not only about the future anatomy of the respective systems of social protection, but also on their governability and possibilities of stabilization under enduring institutional forms.

10.4.3 Emerging patterns of governance?

The deficit of governability is, in fact, a necessarily central component for any analysis of public policy in the countries mentioned in the previous section. Strictly speaking, any form of public policy is an exercise in statecraft, contingent on the possibility of simultaneously producing, beyond the specific content of each policy, conditions for governments to be actually able to govern.

Analyzed under this light, processes of social policy-making provide interesting clues on the direction in which relations between state and society may be moving in these countries. What I found basically is a pervasive exasperation of the fragmentation of state structures and patterns of interaction with society. Such a background cannot but multiply and magnify any specific effect of the segmented structure of social protection. It is not just that such type of social protection creates “multiple social citizenships;” citizenship tout court experiences dramatic variations across space, social groups, and policy domains.

10.5 A TENTATIVE RESEARCH AGENDA

I have repeatedly acknowledged that this was a study essentially aiming for theory development, more guided by the logic of discovery than by the logic of validation *sensu stricto*. The obvious corollary is its incomplete nature, and the multiple directions in which further research can be developed. I will only briefly mention four directions that I find more immediately necessary.

10.5.1 Improvement of the model and theory-testing

Since the object is a particularly dynamic one, and many of the processes here considered are still developing or only very recently concluded, follow-up of the evolution of their results in the near future is a first requirement. Second, it would be interesting to see how well the main theoretical conclusions resist the proof of an expansion of the cases under consideration –particularly considering the internal diversity of the set of excluded cases. That would also provide an opportunity to advance in the transition towards what we could strictly call theory-testing. Third, we have the need to consider the politics of implementation. We know that deliberate inaction, abstention to intervene, is a consequential form of political intervention, and that aspects like the effective translation of many of the observed changes into policy outcomes is contingent upon the sustained availability of resources and capacities that are notoriously scarce, precarious, and fragile. Fourth, theoretical refinement is necessary. Three important issues seem to require revision and more discriminant conceptual categories. One, the conceptualization of diverse modalities of structural expansion. Two, a more detailed exploration of variation across policy domains. Three, incorporation in the model of the role played by business interests and the diverse modalities of their articulation with parties and political aggregation. The fifth direction of expansion involves consideration of some other crucial components of welfare regimes –regulation of the labor market in first place.

10.5.2 Exploration of connections with other regimes

There are two public policy areas that, if brought under consideration, might shed new light on the understanding of welfare regimes and the challenges they face. First, tax reform. The future

possibilities of social protection are contingent upon the reformulation of its fiscal bases, and political immobility in that regard constitutes for many countries the most pressing bottleneck. Second, policies of crime repression and penal punishment. As we have known for a long time, welfare regimes have been, among other things, useful devices to “regulate the poor;” their interactions, points of friction and areas of synergy, with other forms of “regulation” are important for a comprehensive evaluation of their aggregate outcomes. A growing body of research has shown some important functional affinities between projects aiming to reorient social policy paradigms from emphasis on welfare to a focus on workfare, on the one hand; and recent changes in the paradigms guiding the accentuation of the punitive components of penal policy.

10.5.3 Patterns of governance

3. Patterns of governance

I have repeatedly emphasized the unusual richness of social protection considered as a vantage point providing a window for the observation of a kaleidoscope of political dimensions. One of them is the identification of more general patterns of interaction between state and society –particularly, of what it is exactly that governments do when they govern.

APPENDIX A

TABLES ON RECENT DEVELOPMENTS OF WELFARE REGIMES

Table 23: Social security programs, 1980-1990

| | Sickness | Maternity | Old Age | Invalidity | Survivors | Family Allowance | Employment. Injury | Unemp. |
|----------------------------|----------|-----------|---------|------------|-----------|------------------|--------------------|---------|
| Argentina | X | X | X | X | X | X ^a | X ^a | X |
| Bolivia^b | X | X | X | X | X | X | X | Limited |
| Brazil | X | X | X | X | X | X | X | X |
| Chile | X | X | X | X | X | X | X | X |
| Colombia | X | X | X | X | X | X | X ^d | X |
| Costa Rica | X | X | X | X | X | X | X | Limited |
| Ecuador | X | X | X | X | X | None | X | X |
| Mexico | X | X | X | X | X | X | X | Limited |
| Peru | X | X | X | X | X | None | X | Limited |
| Uruguay | X | X | X | X | X | X | X | X |
| Venezuela | X | X | X | X | X | None | X | X |

Source: (Mesa-Lago 1991b).

Notes:

^a Domestic servants excluded.

^b Agricultural and domestic workers, self-employed, artisans, drivers, tradesmen, and occasional workers, excluded.

^d Domestic, temporary, casual, and family workers; public employees, and agricultural workers not using power machines, excluded.

Table 24: Social insurance coverage and social expenditure, 1980

| COUNTRY | SOCIAL INSURANCE COVERAGE | | SOCIAL SECURITY SPENDING as % of GDP |
|------------|---------------------------|-----------------------|--------------------------------------|
| | % of EAP | % of Total population | |
| Argentina | 52.0 | 68.0 | 9.4 |
| Chile | 64.0 | 67.3 | 10.6 |
| Uruguay | 83 | 68.5 | 17.2 |
| Costa Rica | 49.0 | 68.3 | 7.0 |
| Brazil | 49.0 | 47.0 | 6.2 ^b |
| Mexico | 34.0 | 53.4 | 3.4 |
| Venezuela | 32 | 49.8 | 1.3 |
| Bolivia | 18 | 9.0 | 52.7 |
| Colombia | 21.0 | 22.4 | 2.8 |
| Ecuador | 14.8 | 9.4 | 3.0 |
| Peru | 29.0 ^a | 17.0 | n.d. |

Source: (Isuani 1985a, Mesa-Lago 1989)

Notes:

^a 1975.

^b 1977

Table 25: Special social security regimes, 1980, 2011

(The numbers in second and third column refer to special regimes for particular professional categories.)

| | 1989 | Coverage included: | 2011 | Coverage included: |
|-------------------|------|---------------------------------------------------------------------------------------------------------------------------------------|------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Argentina | | | 9 | Military, police and security personnel; some provincial and municipal public employees; university professors; foreign service; judiciary; researchers |
| Bolivia | 2 | Banking, military. 17 complementary pension funds supplement the general social security regime for particular categories of workers. | ---- | |
| Brazil | 3 | Students, public employees, military | 2 | Public employees; armed forces |
| Chile | 39 | | 5 | Railway employees; seamen and port workers; armed forces; police; public employees |
| Colombia | 5 | Public employees, teachers, railway workers, military, national police | 4 | Employees of state oil company having joined before 1/30/2003; national police; military; teachers |
| Costa Rica | 2 | | 2 | Teachers, employees of justice department |
| Ecuador | 3 | | 3 | Small scale fishermen; agricultural workers; armed forces |
| Mexico | 3 | Oil workers, public employees, military | 3 | Oil workers, public employees, military |
| Peru | 3 | Fishermen, teachers, diplomatic service | 3 | Fishermen, teachers, diplomatic service |
| Uruguay | 5 | Bank employees, notaries, university employees, armed forces, police | 5 | Bank employees, notaries, university employees, armed forces, police |
| Venezuela | 3 | Armed forces, public employees, teachers | 1 | Armed forces |

Sources: (Mesa-Lago 1991b, United States Social Security Administration 2011).

Table 26: Inequalities among average pensions of various special regimes, selected countries, 1980-1987

(The numbers indicate the ration between the average benefit of the special regime and the average benefit of the respective general regime)

| | Bolivia (1987) | Chile (1980) | Colombia (1982) | Costa Rica (1986) | Mexico (1980) | Uruguay (1982) |
|--------------------|-------------------|-----------------|--------------------|----------------------|------------------|-------------------|
| General | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Armed Forces | | 8.0 | 2.5 | | 5.5 | 4.9 |
| Police | | 6.9 | 1.6 | | | 4.1 |
| Civil Servants | 1.2 | 3.2 | 1.7 | | 3.8 | 2.0 |
| Teachers | 1.3 | | | 3.4 | | 2.0 |
| Finance, Judiciary | | | | 5.8 | | |
| Banking | | 5.7 | 3.4 | | | 3.8 |
| Oil | 2.2 | | | | | |
| Rural | | | | | | 0.8 |
| Domestic servants | | | | | | 0.7 |

Source: (Mesa-Lago 1991a)

Table 27: Population of difficult-coverage groups, 1980, 2001-04

| | Informal (% of total urban employed labor force) | | Self-employed (%of total urban employed labor force) | Self-employed (% of total rural employed labor force) | | Poverty (% of total population) |
|------------|--------------------------------------------------|-----------|------------------------------------------------------|-------------------------------------------------------|-----------|---------------------------------|
| | 1980 | 2001-2004 | 2001-2004 | 1980 ² | 2001-2004 | 2001-2004 |
| Argentina | 19.4 | 37.0 | 17.1 | 6.3 | n.a. | 29.4 ¹ |
| Bolivia | 23.2 | 62.8 | 45.7 | 50.9 | 86.0 | 62.4 |
| Brazil | 16.9 | 41.9 | 23.6 | 27.6 | 64.7 | 38.7 |
| Chile | 20.1 | 28.6 | 15.0 | 8.8 | 32.0 | 18.7 |
| Colombia | 22.3 | 44.4 | 38.5 | 18.7 | 54.8 | 50.6 ¹ |
| Costa Rica | 12.4 | 31.4 | 18.1 | 14.8 | 26.4 | 20.3 |
| Ecuador | 25.4 | 52.4 | 34.2 | 37.9 | 60.4 | 49.0 ¹ |
| Mexico | 22.0 | 41.4 | 19.0 | 18.4 | 35.4 | 37.0 |
| Peru | 23.8 | 60.0 | 43.0 | 32.0 | 80.5 | 54.7 |
| Uruguay | 19.0 | 52.6 | 21.8 | 8.0 | n.a. | 15.4 ¹ |
| Venezuela | 16.4 | 46.7 | 29.8 | 15.1 | 55.6 | 41.7 |

Source: (Mesa-Lago 1989, 2008)

Notes:

¹ Only urban

² Rural labor force employed in traditional sec tor

Table 28: Some indicators of changes in demography and social structure

| | Old-age dependency ratio ^a (percentages) | | | Female economic participation (percentages) | | Births to unmarried mothers (percentages) | | Separations and divorces (percentages) | |
|-------------------|--------------------------------------------------------|------|------|------------------------------------------------|----------------|----------------------------------------------|---------|-------------------------------------------|------|
| | 2000 | 2010 | 2050 | 1990 (1999) | 2010 (2007) | 1970 | 2000-01 | 1994 | 2005 |
| Argentina | 16.2 | 16.6 | 30.2 | 44.0 (1999) | 48.0 | 29.8 | 57.6 | 7.1 | 10.7 |
| Bolivia | 7.7 | 8.0 | 18.6 | 60.0 (1997) | 62.0 (2007) | n.d. | n.d. | 9.4 | 9.4 |
| Brazil | 8.4 | 10.2 | 35.9 | 44.0 | 58.0 (2009) | n.d. | n.d. | n.d. | n.d. |
| Chile | 11.2 | 13.5 | 36.0 | 33.0 | 42.0 | 18.8 | 50.5 | 7.7 | 9.4 |
| Colombia | 7.6 | 8.6 | 27.3 | 44.0 (1991) | 56.0 | n.d. | n.d. | 13.8 | 17.8 |
| Costa Rica | 8.6 | 9.5 | 31.9 | 33.0 | 43.0 | 29.4 | 57.5 | 13.3 | 16.9 |
| Ecuador | 8.5 | 10.6 | 27.2 | 56.0 (2004) | 48.0 | n.d. | n.d. | | |
| Mexico | 8.5 | 10.0 | 35.9 | 30.0 | 43.0 | 27.3 | 39.6 | n.d. | 10.7 |
| Peru | 7.9 | 9.3 | 25.7 | 64.0 (1997) | 67.0 | n.d. | n.d. | n.d. | 13.1 |
| Uruguay | 21.0 | 21.8 | 34.8 | 54.0 (2007) | 55.0 | 21.1 | 55.2 | 10.2 | 14.7 |
| Venezuela | 7.4 | 8.7 | 25.2 | 35.0 | 50.0 | n.d. | n.d. | 6.8 | 13.3 |

Sources: (ECLAC 2010, ILO 2011)

Notes:

^aPercentage of the population 65 or over to the population aged 15-64.

Table 29: Constitutional recognition of social rights, 2013

| | Constitutional recognition | Right-based social protection | Explicit guarantees |
|-------------------|----------------------------|-------------------------------|---------------------|
| Argentina | Yes | Yes | No |
| Bolivia | Yes | Yes | Yes |
| Brazil | Yes | Yes | No |
| Chile | No | Yes | Yes |
| Colombia | Yes | Yes | Yes |
| Costa Rica | Yes | Yes | No |
| Ecuador | Yes | No | No |
| Mexico | Yes | Yes | No |
| Peru | No | No | No |
| Uruguay | Yes | Yes | No |
| Venezuela | Yes | Yes | n.d. |

Source: see Appendix B.

Table 30: Social security programs, 2011

| | Sickness | Maternity | Old Age | Invalidity | Survivors | Family Allowance | Employment Injury | Unemployment |
|-------------------|----------|-----------|---------|------------|-----------|------------------|-------------------|--------------|
| Argentina | X | X | X | X | X | X | X | X |
| Bolivia | X | X | X | X | X | X | X | Limited |
| Brazil | X | X | X | X | X | X | X | X |
| Chile | X | X | X | X | X | X | X | X |
| Colombia | X | X | X | X | X | X | X | X |
| Costa Rica | X | X | X | X | X | X | X | Limited |
| Ecuador | X | X | X | X | X | None | X | X |
| Mexico | X | X | X | X | X | X | X | Limited |
| Peru | X | X | X | X | X | None | X | Limited |
| Uruguay | X | X | X | X | X | X | X | X |
| Venezuela | X | X | X | X | X | None | X | X |

Source: (United States Social Security Administration 2011)

Table 31: Social spending as percentage of GDP, 1990-2007

| 1990-1991 | | 1996-1997 | | 2002-2003 | | 2006-2007 | |
|-------------------------------|-------------------|------------|-------------------|------------|-------------------|------------|-------------------|
| Country | PSS (as % of GDP) | Country | PSS (as % of GDP) | Country | PSS (as % of GDP) | Country | PSS (as % of GDP) |
| Argentina | 19.3 | Uruguay | 21.3 | Brazil | 22.1 | Brazil | 22.4 |
| Uruguay | 16.8 | Argentina | 24.6 | Uruguay | 21.8 | Argentina | 22.1 |
| Brazil | 16.6 | Brazil | 19.4 | Argentina | 23.9 | Uruguay | 21.2 |
| Costa Rica | 15.6 | Costa Rica | 16.8 | Costa Rica | 18.7 | Costa Rica | 17.2 |
| Chile | 12.0 | Bolivia | 17.9 | Bolivia | 17.4 | Bolivia | 16.2 |
| Venezuela | 8.8 | Colombia | 13.6 | Chile | 14.8 | Venezuela | 13.4 |
| Mexico | 6.5 | Chile | 12.8 | Venezuela | 11.7 | Colombia | 12.3 |
| Colombia | 5.9 | Venezuela | 8.6 | Colombia | 11.1 | Chile | 12.2 |
| Ecuador | 7.4 | Mexico | 8.5 | Mexico | 10.2 | Mexico | 11.2 |
| Peru | 3.9 | Peru | 6.9 | Peru | 9.5 | Peru | 8.2 |
| Bolivia | n.d. | Ecuador | 5.6 | Ecuador | 5.5 | Ecuador | 6.4 |
| LA & C¹ | 12.2 | | 14.3 | | 15.7 | | 17.3 |

Source: (ECLAC 2010)

Notes:

¹ Latin America and the Caribbean, weighted average of 21 countries

Table 32: Models of pension reform

| Reform model, country & date of beginning | Financial regime | Benefits calculation | Management |
|------------------------------------------------------------------------------|-----------------------------------|-----------------------------|-------------------|
| Structural reforms | | | |
| Fully funded substitutive model Chile 1981 Bolivia 1997 Mexico 1997 | Individually capitalized accounts | Defined contribution | Private |
| Fully funded parallel model | PAYG | Defined benefit | Public |
| Peru 1993 Colombia 1994 | Individually capitalized accounts | Defined contribution | Private |
| Fully funded mixed model | PAYG | Defined benefit | Public |
| Argentina 1994 Uruguay 1996 Costa Rica 2001 Ecuador 2001 | Individually capitalized accounts | Defined contribution | Private |
| Parametric reforms | | | |
| Brazil (general social security regime & private sector workers) 1999 | PAYG | Defined contribution | Public |
| Brazil (public sector) 2003 Costa Rica (PAYG component) 2005 Venezuela | PAYG | Defined benefit | Public |

Sources: Adapted from (ECLAC 2010, Mesa-Lago 2008).

Table 33: Pension systems, circa 2010

| | Coverage | | Pub./ Priv. Mix | Retirement Age | | Years of Cont. | Repl. Rate | Cont. | | | Special regimes | Assistential Pension |
|-------------------|----------|------|-----------------------|-------------------|-----------------|-----------------------|------------|----------|----------|--------------|--------------------|-------------------------|
| | % Tot. | %EAP | | M | W | | | Employee | Employer | State | | |
| Argentina | | | n.a. | 65 | 60 | 30 | | 11 | 12.71 | Disc. | | Yes |
| Bolivia | | | n.a. | 65 | 60 | 15 ¹ | | 10.5 | ---- | Disc. | | Yes |
| Brazil | | | n.a. | 65 | 60 | 11 - 15 | | 9.0 | 20.0 | Deficit | | Yes |
| Chile | | | 2/98 % | 65 | 60 | 10 - 20 | | 12.55 | 1.3 | Disc. | | Yes |
| Colombia | | | 55/45 | 62 | 57 ² | 20 | | 3.88 | 11.63 | Disc. | | |
| Costa Rica | | | ⁴ | 62 | 60 | 20 | | 2.5 | 4.75 | 0.25 | | Yes |
| Ecuador | | | n.a. | 60 | | 30 | | 6.64 | 3.1 | ⁵ | | |
| Mexico | | | 0/100 | 65 | | 9.5 / 25 ³ | | 1.13 | 5.15 | 0.25 | | Yes |
| Peru | | | 4/96 | 60 | | 20 | | 13.0 | ---- | Disc. | | No |
| Uruguay | | | 49/51 | 60 | | 35 | | 15 | 7.5 | Disc. | | Yes |
| Venezuela | | | n.a. | 60 | 55 | 14.5 | | 1.93 | 4.82 | 1.5 | | No |

Sources: World Social Security Report 2010/2011

Notes:

¹ Only for public system; private one only requires a determined amount in the individual account.

² These will be the ages from 2014 on, after a process of gradual increase and convergence.

³ Public system / Private system

⁴ All the insured are simultaneously in both programs.

⁵ Social insurance: 40%; social assistance: whole cost.

Table 34: General structure of health care systems circa 2010

| | Model | Mandatory Coverage ¹ | Special Regimes | Basic Package | Catastrophic Illnesses | Administration | | Decent. |
|-------------------|--------------|-----------------------------------------------|-----------------|---------------|------------------------|----------------|--------|-----------|
| | | | | | | Segment. | Coord. | |
| Argentina | Tripartite | Agriculture, Domestic servants | 4 | Yes | Yes | Very High | Low | High |
| Bolivia | Tripartite | | 15 | Yes (limited) | No | Very High | No | High |
| Brazil | Dual | Agriculture, Self-employed, domestic servants | 3 | Yes | Yes | Yes | Yes | Very High |
| Chile | Dual | Agriculture, domestic servants | 2 | Yes | Yes | Yes | High | High |
| Colombia | Cuatritpart. | Domestic servants, self-employed | 3 | Yes | Yes | Yes | Yes | High |
| Costa Rica | Dual | Agriculture, domestic servants | No | Yes | Yes | Unified | | Very High |
| Ecuador | Tripartite | Agriculture | 2 | No | No | Yes | No | Very Low |
| Mexico | Tripartite | Agriculture | 4 | Yes (partial) | Yes (partial) | High | No | Middle |
| Peru | Tripartite | Agriculture, domestic servants | 2 | Yes (partial) | No | Yes | No | Low |
| Uruguay | Tripartite | Agriculture, domestic servants | 5 | Yes | Yes | Yes | Yes | Middle |
| Venezuela | Tripartite | Domestic servants | 5 | No | No | High | No | Very Low |

Source: (Mesa-Lago 2005, 2008)

Notes:

¹ Number of groups of difficult incorporation enjoying mandatory coverage.

Table 35: Composition of expenditure in health care, 1998, 2008

| | Year | Total public expenditure on health as% of GDP | Public expenditure as % total health expenditure | Private expenditure as % total health expenditure | Out-of-pocket as % of total health expenditure | Social security as % of total health expenditure |
|-------------------|------|-----------------------------------------------|--------------------------------------------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------|
| Argentina | 1998 | 4.6 | 57.3 | 44.4 | 32.6 | 60.4 |
| | 2008 | 5.3 | 53.4 | 50.2 | 31.3 | 59.0 |
| Bolivia | 1998 | 3.1 | 59.1 | 37.1 | 33.8 | 57.3 |
| | 2008 | 2.8 | 66.3 | 36.5 | 31.3 | 59.9 |
| Brazil | 1998 | 3.3 | 48.7 | 56.0 | 45.6 | |
| | 2008 | 3.7 | 41.6 | 56.0 | 35.9 | 0 |
| Chile | 1998 | 2.6 | 49.0 | 63.3 | 48.6 | 76.0 |
| | 2008 | 3.3 | 44.0 | 40.6 | 24.2 | 16.8 |
| Colombia | 1998 | 6.7 | 54.5 | 28.1 | 25.9 | 37.5 |
| | 2008 | 4.9 | 65.7 | 16.1 | 10.5 | 70.1 |
| Costa Rica | 1998 | 4.8 | 77.1 | 22.1 | 22.3 | 83.8 |
| | 2008 | 6.3 | 68.5 | 23.1 | 21.3 | 85.7 |
| Ecuador | 1998 | 1.7 | 52.8 | 61.7 | 38.8 | 40.6 |
| | 2008 | 2.2 | 50.3 | 60.5 | 44.6 | 42.8 |
| Mexico | 1998 | 2.5 | 41.0 | 54.0 | 52.9 | 73.6 |
| | 2008 | 2.8 | 45.3 | 53.3 | 49.2 | 55.2 |
| Peru | 1998 | 2.4 | 39.7 | 47.4 | 50.2 | 55.8 |
| | 2008 | 2.7 | 55.0 | 40.6 | 33.2 | 42.8 |
| Uruguay | 1998 | 4.6 | 20.3 | 62.2 | 21.4 | 11.0 |
| | 2008 | 4.9 | 46.3 | 27.6 | 8.4 | 38.1 |
| Venezuela | 1998 | 3.1 | 67.4 | 45.3 | 32.6 | 33.4 |
| | 2008 | 2.4 | 62.1 | 55.1 | 52.6 | 31.4 |

Source: ILO Social Security Expenditure Database

Table 36: Employed persons contributing to social security, 1989-90, 2006-07

| | Year | Total | Men | Women |
|-------------------|-------------|--------------|------------|--------------|
| Argentina | 1990 | 65.5 | 65.8 | 65.1 |
| | 2006 | 46.0 | 47.6 | 43.8 |
| Bolivia | 1989 | 28.5 | 29.2 | 27.6 |
| | 2007 | 20.7 | 21.1 | 20.3 |
| Brazil | 1990 | 53.3 | 54.5 | 51.0 |
| | 2008 | 52.6 | 53.6 | 51.3 |
| Chile | 1990 | 65.9 | 66.6 | 64.5 |
| | 2006 | 66.7 | 69.0 | 62.9 |
| Colombia | 2008 | 32.4 | 31.4 | 34.1 |
| Costa Rica | 1990 | 69.3 | 71.2 | 64.4 |
| | 2008 | 69.7 | 73.3 | 63.5 |
| Ecuador | 1990 | 37.5 | 38.4 | 35.8 |
| | 2008 | 36.0 | 35.0 | 37.4 |
| Mexico | 1989 | 50.4 | 47.0 | 58.9 |
| | 2006 | 52.1 | 50.6 | 54.6 |
| Peru | 2001 | 12.9 | 15.0 | 10.1 |
| | 2008 | 24.8 | 30.9 | 17.4 |
| Uruguay | 2002 | 63.0 | 63.0 | 63.1 |
| | 2008 | 67.4 | 68.1 | 66.5 |
| Venezuela | 2002 | 61.5 | 58.0 | 67.1 |
| | 2008 | 65.2 | 62.6 | 69.0 |

Source: (Cecchini and Martínez 2012)

Table 37: Pension coverage of population aged 65 and above, 2000-05

| | Total | Men | Women |
|-------------------|--------------|------------|--------------|
| Argentina | 68.3 | 74.3 | 64.2 |
| Bolivia | 14.7 | 16.1 | 12.7 |
| Brazil | 85.9 | 80.0 | 76.4 |
| Chile | | | |
| Colombia | 18.6 | 22.9 | 13.1 |
| Costa Rica | 62.0 | 71.1 | 54.2 |
| Ecuador | 15.2 | 17.3 | 10.8 |
| Mexico | 19.2 | 17.8 | 18.0 |
| Peru | 23.2 | 27.7 | 14.6 |
| Uruguay | 87.1 | 76.9 | 78.9 |
| Venezuela | 23.9 | 26.7 | 18.0 |

Source: (Mesa-Lago 2008)

Table 38: Percentage of population above statutory pensional age receiving an old age pension, 2008-10

| | Percentage receiving a pension | | | % receiving a contributory pension | % receiving a non-contributory pension |
|------------|--------------------------------|-----|-------|------------------------------------|----------------------------------------|
| | Total | Men | Women | Total | Total |
| Argentina | 83.0 | | 93.3 | 79.1 | 13.8 |
| Bolivia | 90.5 | | 92.6 | | 90.5 |
| Brazil | 84.0 | | 83.0 | 50.0 | 36.3 |
| Chile | 70.9 | | 73.4 | 29.5 | 45.0 |
| Colombia | 76.0 | | 18.4 | 13.9 | 9.1 |
| Costa Rica | 28.2 | | 48.8 | 42 | 13.8 |
| Ecuador | 25.2 | | 50.8 | 16 | 37.0 |
| Mexico | 25.2 | | 17.2 | 3.02 | 22.2 |
| Peru | 25.0 | | 18.5 | 21.9 | 1.6 |
| Uruguay | 77.2 | | 64.4 | 62.8 | 5.4 |
| Venezuela | 50.1 | | 42.5 | 29.9 | 20.2 |

Source: ILO Social Security Expenditure Database

Table 39: Pensions: mandatory systems for retirement income

| | Flat-rate | | Earnings-related | | Flat-rate universal | | Occupational retirement schemes | | Individual retirement schemes | | Means - tested | |
|------------|----------------|----------------|------------------|----------------|---------------------|------|---------------------------------|------|-------------------------------|----------------|----------------|------|
| | 2000 | 2011 | 2000 | 2011 | 2000 | 2011 | 2000 | 2011 | 2000 | 2011 | 2000 | 2011 |
| Argentina | | X | X | X | | | | | | X | X | X |
| Bolivia | | | | | | X | | | X | X | | X |
| Brazil | | | X | X | | | | | | | X | X |
| Chile | | | X | X ¹ | | | | | X ² | X ² | | X |
| Colombia | | | X | X | | | | | X ² | X ² | | |
| Costa Rica | | | X | X | | | | | X | X | X | X |
| Ecuador | | | X | X | | | | | | X | | X |
| Mexico | | | X ¹ | X ² | | | | | X ² | X ² | | |
| Peru | | | X | X | | | | | X ⁴ | X ² | | |
| Uruguay | | | X | X | | | | | X | X | X | X |
| Venezuela | X ³ | X ³ | X ³ | X ³ | | | | | | | | |

Source: Social Security Programs Throughout the World, 2003, 2011

Notes:

¹ Earnings-related system is closed to new entrants and phasing-out.

² Governments guarantees a minimum pension.

³ The pension formula contains both a flat-rate component and an earnings-related one.

⁴ Guaranteed minimum pension not yet implemented

Table 40: Programs of monetary transfers, 2007-08

| | Unemp. insurance | % of total population covered by conditional transfer programs (2009) | % of poor covered by non-contributory transfers (2007) | EAP covered by pensions (2007) | Population 65 and over covered by pensions (2007) | Minimum pension |
|----------------|------------------|-----------------------------------------------------------------------|--------------------------------------------------------|--------------------------------|---------------------------------------------------|-----------------|
| GROUP 1 | | | | | | |
| Chile | Yes | 6.8 | 51.7 | 62.7 | 61.7 | Yes |
| Costa Rica | | 2.9 | 17.4 | 62.7 | 41.3 | Yes |
| Uruguay | Yes | 10.1 | 54.7 | 60.9 | 85.6 | Yes |
| Brazil | Yes | 26.0 | 83.3 | 48.1 | 85.3 | Yes |
| Argentina | Yes | 6.7 | 36.0 | 39.2 | 70.5 | Yes |
| | | | | | | |
| GROUP 2 | | | | | | |
| Colombia | Yes | 17.6 | 41.6 | 31.8 | 25.3 | Yes |
| Venezuela | Yes | | | 35.3 | 31.3 | Yes |
| Mexico | Yes | 23.3 | 71.2 | 35.9 | 23.3 | Yes |
| | | | | | | |
| GROUP 3 | | | | | | |
| Ecuador | Yes | 37.1 | 83.9 | 26.2 | 17.4 | |
| Peru | | 8.0 | 22.2 | 14.0 | 27.7 | |
| Bolivia | | 18.6 | 35.3 | 12.5 | 18.0 | |

Source: ECLAC, Social Panorama 2007, 2009

APPENDIX B

SOCIAL RIGHTS IN LATIN AMERICAN CONSTITUTIONS

| COUNTRY | YEAR | ARTICLE |
|------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Argentina | 1956 | 14bis. [...] El Estado otorgará los beneficios de la seguridad social, que tendrá carácter de integral e irrenunciable. En especial, la ley establecerá: el seguro social obligatorio, que estará a cargo de entidades nacionales o provinciales con autonomía financiera y económica, administradas por los interesados con participación del Estado, sin que pueda existir superposición de aportes; jubilaciones y pensiones móviles; la protección integral de la familia; la defensa del bien de familia; la compensación económica familiar y el acceso a una vivienda digna. |
| | 1994 | Same article. |
| Bolivia | 1967 | Artículo 7.- Derechos fundamentales de la persona: Toda persona tiene los siguientes derechos fundamentales, conforme a las leyes que reglamenten su ejercicio: |

[...]

11. A la seguridad social, en la forma determinada por esta Constitución y las leyes.

Artículo 158.- Defensa del capital humano:

El Estado tiene la obligación de defender el capital humano protegiendo la salud de la población; asegurara la continuidad de sus medios de subsistencia y rehabilitación de las personas inutilizadas; propenderá asimismo al mejoramiento de las condiciones de vida del grupo familiar.

Los regímenes de seguridad social se inspirarán en los principios de universalidad, solidaridad, unidad de gestión, economía, oportunidad y eficacia, cubriendo las contingencias de enfermedad, maternidad, riesgos profesionales, invalidez, vejez, muerte, paro forzoso, asignaciones familiares y vivienda de interés social.

Artículo 164.- Asistencia y salud pública:

El servicio y la asistencia sociales son funciones del Estado, y sus condiciones serán determinadas por ley. Las normas relativas a la salud pública son de carácter coercitivo y obligatorio.

1994, Same articles

1995,

2004,

2005

Chile

1980

Artículo 19.- La Constitución asegura a todas las personas:

[...]

9. El derecho a la protección de la salud. El Estado protege el libre e igualitario acceso a las acciones de promoción, protección y recuperación de la salud y de rehabilitación del individuo. Le corresponderá, asimismo, la coordinación y control de las acciones relacionadas con la salud. Es deber preferente del Estado garantizar la ejecución de las acciones de salud, sea que se presten a través de instituciones públicas o privadas, en la forma y condiciones que determine la ley, la que podrá establecer cotizaciones obligatorias. Cada persona tendrá el derecho a elegir el sistema de salud al que desee acogerse, sea éste estatal o privado;

[...]

18. El derecho a la seguridad social. Las leyes que regulen el ejercicio de este derecho serán de quórum calificado. La acción del Estado estará dirigida a garantizar el acceso de todos los habitantes al goce de prestaciones básicas uniformes, sea que se otorguen a través de instituciones públicas o privadas. La ley podrá establecer cotizaciones obligatorias. El Estado supervigilará el adecuado

ejercicio del derecho a la seguridad social

1997, Same articles

2000,

2001

| | | |
|-----------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Colombia | 1991 | <p>Artículo 48.- La Seguridad Social es un servicio público de carácter obligatorio que se prestará bajo la dirección, coordinación y control del Estado, en sujeción a los principios de eficiencia, universalidad y solidaridad, en los términos que establezca la Ley.</p> <p>Se garantiza a todos los habitantes el derecho irrenunciable a la Seguridad Social.</p> <p>El Estado, con la participación de los particulares, ampliara progresivamente la cobertura de la Seguridad Social que comprenderá la prestación de los servicios en la forma que determine la Ley.</p> <p>La Seguridad Social podrá ser prestada por entidades públicas o privadas, de conformidad con la ley.</p> <p>No se podrán destinar ni utilizar los recursos de las instituciones de la Seguridad Social para fines diferentes a ella.</p> <p>La ley definirá los medios para que los recursos destinados a pensiones mantengan su poder adquisitivo constante.</p> <p>Artículo 49.- La atención de la salud y el saneamiento ambiental son</p> |
|-----------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

servicios públicos a cargo del Estado. Se garantiza a todas las personas el acceso a los servicios de promoción, protección y recuperación de la salud.

Corresponde al Estado organizar, dirigir y reglamentar la prestación de servicios de salud a los habitantes y de saneamiento ambiental conforme a los principios de eficiencia, universalidad y solidaridad. También, establecer las políticas para la prestación de servicios de salud por entidades privadas, y ejercer su vigilancia y control. Así mismo, establecer las competencias de la Nación, las entidades territoriales y los particulares y determinar los aportes a su cargo en los términos y condiciones señalados en la ley.

Los servicios de salud se organizarán en forma descentralizada, por niveles de atención y con participación de la comunidad.

La ley señalará los términos en los cuales la atención básica para todos los habitantes será gratuita y obligatoria.

Toda persona tiene el deber de procurar el cuidado integral de su salud y la de su comunidad.

1997, Same articles

2001

| | | |
|-------------------|-------|-------------------------------------------------------------------|
| Costa Rica | 1961, | Artículo 72.- El Estado mantendrá, mientras no exista seguro de |
| | 2001 | desocupación, un sistema técnico y permanente de protección a los |

desocupados involuntarios, y procurará la reintegración de los mismos al trabajo.

Artículo 73.- Se establecen los seguros sociales en beneficio de los trabajadores manuales e intelectuales, regulados por el sistema de contribución forzosa del Estado, patronos y trabajadores, a fin de proteger a éstos contra los riesgos de enfermedad, invalidez, maternidad, vejez, muerte y demás contingencias que la ley determine.

La administración y el gobierno de los seguros sociales estarán a cargo de una institución autónoma, denominada Caja Costarricense de Seguro Social.

No podrán ser transferidos ni empleados en finalidades distintas a las que motivaron su creación, los fondos y las reservas de los seguros sociales.

Los seguros contra riesgos profesionales serán de exclusiva cuenta de los patronos y se regirán por disposiciones especiales.

(Así reformado por ley N°. 2737 de 12 de mayo de 1961).

| | | |
|----------------|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ecuador | 1978 | Artículo 29.- Todos los ecuatorianos tienen derecho a la seguridad social, que comprende: 1. El seguro social que tiene como objetivo proteger al asegurado y a su familia en los casos de enfermedad, maternidad, desocupación, |
|----------------|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

invalidez, vejez y muerte. Se financiará con el aporte equitativo del Estado, de los empleadores y asegurados.

Se procurará extenderlo a toda la población.

El seguro social es un derecho irrenunciable de los trabajadores. Se aplicará mediante una institución autónoma; en sus organismos directivos tendrán representación igual el Estado, los empleadores y los asegurados. Los fondos y reservas del seguro social, que son propios y distintos de los del Fisco, no se destinarán a otros fines que a los de su creación y funciones.

Las prestaciones del seguro social en dinero no serán susceptibles de cesión, embargo o retención, salvo los casos de alimentos debidos por ley o de obligaciones contraídas a favor de la institución aseguradora, y estarán exentas de impuestos fiscales y municipales.

El Estado y el Seguro Social adoptarán las medidas para facilitar la afiliación voluntaria; y, para poner en vigencia la afiliación del trabajador agrícola;

2. La atención a la salud de la población de las ciudades y el campo, por medio de la socialización de la medicina, de los diferentes organismos encargados de su ejecución y de la creación de la correspondiente infraestructura, de acuerdo con la ley; la aplicación de programas tendentes a eliminar el alcoholismo y otras toxicomanías y a disminuir la mortalidad infantil; y,

3. La asistencia social, establecida y regulada por el Estado, de acuerdo con la ley.

1993, New addition as #3:

1996 3. la aplicación de programas tendentes a eliminar el alcoholismo y otras toxicomanías y a disminuir la mortalidad infantil; y,

4. La asistencia social, establecida y regulada por el Estado, de acuerdo con la ley.

1998 Sección cuarta. De la salud

Artículo 42.- El Estado garantizará el derecho a la salud, su promoción y protección, por medio del desarrollo de la seguridad alimentaria, la provisión de agua potable y saneamiento básico, el fomento de ambientes saludables en lo familiar, laboral y comunitario, y la posibilidad de acceso permanente e ininterrumpido a servicios de salud, conforme a los principios de equidad, universalidad, solidaridad, calidad y eficiencia.

Artículo 43.- Los programas y acciones de salud pública serán gratuitos para todos. Los servicios públicos de atención médica, lo serán para las personas que los necesiten. Por ningún motivo se negará la atención de emergencia en los establecimientos públicos o privados.

El Estado promoverá la cultura por la salud y la vida, con énfasis en la educación alimentaria y nutricional de madres y niños, y en la salud sexual y reproductiva, mediante la participación de la sociedad y la colaboración de los medios de comunicación social.

Adoptará programas tendentes a eliminar el alcoholismo y otras toxicomanías.

Artículo 44.- El Estado formulará la política nacional de salud y vigilará su aplicación; controlará el funcionamiento de las entidades del sector; reconocerá, respetará y promoverá el desarrollo de las medicinas tradicional y alternativa, cuyo ejercicio será regulado por la ley, e impulsará el avance científico-tecnológico en el área de la salud, con sujeción a principios bioéticos.

Artículo 45.- El Estado organizará un sistema nacional de salud, que se integrará con las entidades públicas, autónomas, privadas y comunitarias del sector. Funcionará de manera descentralizada, desconcentrada y participativa.

Artículo 46.- El financiamiento de las entidades públicas del sistema nacional de salud provendrá de aportes obligatorios, suficientes y oportunos del Presupuesto General del Estado, de personas que ocupen sus servicios y que tengan capacidad de contribución económica y de otras fuentes que señale la ley.

La asignación fiscal para salud pública se incrementará anualmente

en el mismo porcentaje en que aumenten los ingresos corrientes totales del presupuesto del gobierno central. No habrá reducciones presupuestarias en esta materia.

Sección sexta. De la Seguridad Social

Artículo 55.- La seguridad social será deber del Estado y derecho irrenunciable de todos sus habitantes. Se prestará con la participación de los sectores público y privado, de conformidad con la ley.

Artículo 56.- Se establece el sistema nacional de seguridad social. La seguridad social se regirá por los principios de solidaridad, obligatoriedad, universalidad, equidad, eficiencia, subsidiaridad y suficiencia, para la atención de las necesidades individuales y colectivas, en procura del bien común.

Artículo 57.- El seguro general obligatorio cubrirá las contingencias de enfermedad, maternidad, riesgos del trabajo, cesantía, vejez, invalidez, discapacidad y muerte.

La protección del seguro general obligatorio se extenderá progresivamente a toda la población urbana y rural, con relación de dependencia laboral o sin ella, conforme lo permitan las condiciones generales del sistema.

El seguro general obligatorio será derecho irrenunciable e

imprescriptible de los trabajadores y sus familias.

Artículo 58.- La prestación del seguro general obligatorio será responsabilidad del Instituto Ecuatoriano de Seguridad Social, entidad autónoma dirigida por un organismo técnico administrativo, integrado tripartita y paritariamente por representantes de asegurados, empleadores y Estado, quienes serán designados de acuerdo con la ley.

Su organización y gestión se regirán por los criterios de eficiencia, descentralización y desconcentración, y sus prestaciones serán oportunas, suficientes y de calidad.

Podrá crear y promover la formación de instituciones administradoras de recursos para fortalecer el sistema previsional y mejorar la atención de la salud de los afiliados y sus familias.

La fuerza pública podrá tener entidades de seguridad social.

Artículo 59.- Los aportes y contribuciones del Estado para el seguro general obligatorio deberán constar anualmente en el presupuesto general del Estado, y serán transferidos oportuna y obligatoriamente a través del Banco Central del Ecuador.

Las prestaciones del seguro social en dinero no serán susceptibles de cesión, embargo o retención, salvo los casos de alimentos debidos por ley o de obligaciones contraídas a favor de la institución aseguradora y estarán exentas del pago de impuestos.

No podrá crearse ninguna prestación ni mejorar las existentes a cargo del seguro general obligatorio, si no se encontraren debidamente financiadas, según estudios actuariales.

Los fondos y reservas del seguro social serán propios y distintos de los del Estado, y servirán para cumplir adecuadamente los fines de su creación y funciones. Ninguna institución del Estado podrá intervenir en sus fondos y reservas ni afectar su patrimonio.

Las inversiones del Instituto Ecuatoriano de Seguridad Social con recursos provenientes del seguro general obligatorio, serán realizadas a través del mercado financiero, con sujeción a los principios de eficiencia, seguridad y rentabilidad, y se harán por medio de una comisión técnica nombrada por el organismo técnico administrativo del Instituto Ecuatoriano de Seguridad Social. La idoneidad de sus miembros será aprobada por la superintendencia bajo cuya responsabilidad esté la supervisión de las actividades de seguros, que también regulará y controlará la calidad de esas inversiones.

Las pensiones por jubilación deberán ajustarse anualmente, según las disponibilidades del fondo respectivo, el cual se capitalizará para garantizar una pensión acorde con las necesidades básicas de sustentación y costo de vida.

Artículo 60.- El seguro social campesino será un régimen especial

del seguro general obligatorio para proteger a la población rural y al pescador artesanal del país. Se financiará con el aporte solidario de los asegurados y empleadores del sistema nacional de seguridad social, la aportación diferenciada de las familias protegidas y las asignaciones fiscales que garanticen su fortalecimiento y desarrollo. Ofrecerá prestaciones de salud, y protección contra las contingencias de invalidez, discapacidad, vejez y muerte.

Los seguros públicos y privados que forman parte del sistema nacional de seguridad social, contribuirán obligatoriamente al financiamiento del seguro social campesino a través del Instituto Ecuatoriano de Seguridad Social, conforme lo determine la ley.

Artículo 61.- Los seguros complementarios estarán orientados a proteger contingencias de seguridad social no cubiertas por el seguro general obligatorio o a mejorar sus prestaciones, y serán de carácter opcional. Se financiarán con el aporte de los asegurados, y los empleadores podrán efectuar aportes voluntarios. Serán administrados por entidades públicas, privadas o mixtas, reguladas por la ley.

Mexico

1917

Título sexto. Del trabajo y de previsión social

Artículo 123.- El Congreso de la Unión, sin contravenir a las bases siguientes, deberá expedir leyes sobre el trabajo, las cuales regirán:

[...]

XXIX. Se considera de utilidad pública la expedición de la Ley del Seguro Social, y ella comprenderá seguros de invalidez, de vida, de cesación involuntario del trabajo, de enfermedades y accidentes y otros con fines análogos;

1998 XXIX. Es de utilidad pública la Ley del Seguro Social, y ella comprenderá seguros de invalidez, de vejez, de vida, de cesación involuntaria del trabajo, de enfermedades y accidentes, de servicios de guardería y cualquier otro encaminado a la protección y bienestar de los trabajadores, campesinos, no asalariados y otros sectores sociales y sus familiares;

Peru

1979 Capítulo III. De la seguridad social, salud y bienestar

Artículo 12.- El Estado garantiza el derecho de todos a la Seguridad Social. La ley regula el acceso progresivo a ella y su financiación.

Artículo 13.- La Seguridad Social tiene como objeto cubrir los riesgos de enfermedad, maternidad, invalidez, desempleo, accidente, vejez, muerte, viudez, orfandad y cualquier otra contingencia susceptible de ser amparada conforme a ley.

Artículo 14.- Una institución autónoma y descentralizada, con personería de derecho público y con fondos y reservas propios aportados obligatoriamente por el Estado, empleadores y asegurados,

tiene a su cargo la seguridad social de los trabajadores y sus familiares.

Dichos fondos no pueden ser destinados a fines distintos de los de su creación, bajo responsabilidad.

La institución es gobernada por representantes del Estado, de los empleadores y de los asegurados en igual número. La preside el elegido entre los representantes del Estado.

La asistencia y las prestaciones médico-asistenciales son directas y libres.

La existencia de otras entidades públicas o privadas en el campo de los seguros no es incompatible con la mencionada institución, siempre que ofrezca prestaciones mejores o adicionales y haya consentimiento de los asegurados. La ley regula su funcionamiento.

El Estado regula la actividad de otras entidades que tengan a su cargo la Seguridad Social de los sectores de la población no comprendido en este Artículo.

Artículo 15.- Todos tienen derecho a la protección de la salud integral y el deber de participar en la promoción y defensa de su salud, la de su medio familiar y de la comunidad.

Artículo 16.- El Poder Ejecutivo señala la política nacional de salud. Controla y supervisa su aplicación. Fomenta las iniciativas destinadas a ampliar la cobertura y calidad de los servicios de salud

dentro de un régimen pluralista.

Es responsable de la organización de un sistema nacional descentralizado y desconcentrado, que planifica y coordina la atención integral de la salud a través de organismos públicos y privados, y que facilita a todos el acceso igualitario a sus servicios, en calidad adecuada y con tendencia a la gratuidad.

La ley norma su organización y funciones.

[...]

Artículo 20.- Las pensiones de los trabajadores públicos y privados que cesan temporal o definitivamente en el trabajo son reajustadas periódicamente teniendo en cuenta el costo de vida y las posibilidades de la economía nacional, de acuerdo a ley.

1993 Capítulo II. De los derechos sociales y económicos

Artículo 4.- La comunidad y el Estado protegen especialmente al niño, al adolescente, a la madre y al anciano en situación de abandono. También protegen a la familia y promueven el matrimonio. Reconocen a estos últimos como institutos naturales y fundamentales de la sociedad.

La forma de matrimonio y las causas de separación y de disolución son regulados por la ley.

Artículo 5.- La unión establece de un varón y una mujer, libres de

impedimento matrimonial, que forman un hogar de hecho, da lugar a una comunidad de bienes sujeta al régimen de la sociedad de gananciales en cuanto sea aplicable.

Artículo 6.- La política nacional de población tiene como objetivo difundir y promover la paternidad y maternidad responsables. Reconoce el derecho de las familias y de las personas a decidir. En tal sentido, el Estado asegura los programas de educación y la información adecuados y el acceso a los medios, que no afectan la vida o la salud.

Es deber y derecho de los padres alimentar, educar y dar seguridad a sus hijos. Los hijos tienen el deber de respetar y asistir a sus padres. Todos los hijos tienen iguales derechos y deberes. Está prohibida toda mención sobre el estado civil de los padres y sobre la naturaleza de la filiación en los registros civiles y en cualquier otro documento de identidad.

Artículo 7.- Todos tienen derecho a la protección de su salud, la del medio familiar y de la comunidad así como el deber de contribuir a su promoción y defensa. La persona incapacitada para valor por sí misma a causa de una deficiencia física o mental tiene derecho al respeto de su dignidad y a un régimen legal de protección, atención, readaptación y seguridad.

Artículo 8.- El Estado combate y sanciona el tráfico ilícito de drogas.

Así mismo, regula el uso de los tóxicos sociales.

Artículo 9.- El Estado determina la política nacional de salud. El Poder Ejecutivo norma y supervisa su aplicación. Es responsable de diseñarla y conducirla en forma plural y descentralizadora para facilitar a todos el acceso equitativo a los servicios de salud.

Artículo 10.- El Estado reconoce el derecho universal y progresivo de toda persona a la seguridad social, para su protección frente a las contingencias que precise la ley y para la elevación de su calidad de vida.

Artículo 11.- El Estado garantiza el libre acceso a prestaciones de salud y a pensiones, a través de entidades políticas, privadas o mixtas. Supervisa así mismo su eficaz funcionamiento.

Artículo 12.- Los fondos y las reservas de la seguridad social son intangibles. Los recursos se aplican en la forma y bajo la responsabilidad que señala la ley.

| | | |
|----------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Uruguay | 1967 | Artículo 67.- Las jubilaciones generales y seguros sociales se organizarán en forma de garantizar a todos los trabajadores, patronos, empleados y obreros, retiros adecuados y subsidios para los casos de accidentes, enfermedad, invalidez, desocupación forzosa, etc.; y a sus familias, en caso de muerte, la pensión correspondiente. La pensión a la vejez constituye un derecho para el |
|----------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

que llegue al límite de la edad productiva después de larga permanencia en el país y carezca de recursos para subvenir a sus necesidades vitales.

| | | |
|------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Venezuela | 1961 | <p>Artículo 94.- En forma progresiva se desarrollará un sistema de seguridad social tendente a proteger a todos los habitantes de la República contra infortunios del trabajo, enfermedad, invalidez, vejez, muerte, desempleo, y cualesquiera otros riesgos que puedan ser objeto de previsión social, así como contra las cargas derivadas de la vida familiar.</p> <p>Quienes carezcan de medios económicos y no están en condiciones de procurárselos tendrán derecho a la asistencia social mientras sean incorporados al sistema de seguridad social.</p> |
| | 1999 | <p>Artículo 80.- El Estado garantizará a los ancianos y ancianas el pleno ejercicio de sus derechos y garantías. El Estado, con la participación solidaria de las familias y la sociedad, está obligado a respetar su dignidad humana, su autonomía y les garantizará atención integral y los beneficios de la seguridad social que eleven y aseguren su calidad de vida. Las pensiones y jubilaciones otorgadas mediante el sistema de seguridad social no podrán ser inferiores al salario mínimo urbano. A los ancianos y ancianas se les garantizará el derecho a un trabajo acorde a aquellos y aquellas que manifiesten su</p> |

deseo y estén en capacidad para ello.

Artículo 83.- La salud es un derecho social fundamental, obligación del Estado, que lo garantizará como parte del derecho a la vida. El Estado promoverá y desarrollará políticas orientadas a elevar la calidad de vida, el bienestar colectivo y el acceso a los servicios. Todas las personas tienen derecho a la protección de la salud, así como el deber de participar activamente en su promoción y defensa, y el de cumplir con las medidas sanitarias y de saneamiento que establezca la ley, de conformidad con los tratados y convenios internacionales suscritos y ratificados por la República.

Artículo 84.- Para garantizar el derecho a la salud, el Estado creará, ejercerá la rectoría y gestionará un sistema público nacional de salud, de carácter intersectorial, descentralizado y participativo, integrado al sistema de seguridad social, regido por los principios de gratuidad, universalidad, integralidad, equidad, integración social y solidaridad. El sistema público de salud dará prioridad a la promoción de la salud y a la prevención de las enfermedades, garantizando tratamiento oportuno y rehabilitación de calidad. Los bienes y servicios públicos de salud son propiedad del Estado y no podrán ser privatizados. La comunidad organizada tiene el derecho y el deber de participar en la toma de decisiones sobre la planificación, ejecución y control de la política específica en las instituciones

públicas de salud.

Artículo 85.- El financiamiento del sistema público de salud es obligación del Estado, que integrará los recursos fiscales, las cotizaciones obligatorias de la seguridad social y cualquier otra fuente de financiamiento que determine la ley. El Estado garantizará un presupuesto para la salud que permita cumplir con los objetivos de la política sanitaria. En coordinación con las universidades y los centros de investigación, se promoverá y desarrollará una política nacional de formación de profesionales, técnicos y técnicas y una industria nacional de producción de insumos para la salud. El Estado regulará las instituciones públicas y privadas de salud.

Artículo 86.- Toda persona tiene derecho a la seguridad social como servicio público de carácter no lucrativo, que garantice la salud y asegure protección en contingencias de maternidad, paternidad, enfermedad, invalidez, enfermedades catastróficas, discapacidad, necesidades especiales, riesgos laborales, pérdida de empleo, desempleo, vejez, viudedad, orfandad, vivienda, cargas derivadas de la vida familiar y cualquier otra circunstancia de previsión social. El Estado tiene la obligación de asegurar la efectividad de este derecho, creando un sistema de seguridad social universal, integral, de financiamiento solidario, unitario, eficiente y participativo, de contribuciones directas o indirectas. La ausencia de capacidad

contributiva no será motivo para excluir a las personas de su protección. Los recursos financieros de la seguridad social no podrán ser destinados a otros fines. Las cotizaciones obligatorias que realicen los trabajadores y las trabajadoras para cubrir los servicios médicos y asistenciales y demás beneficios de la seguridad social podrán ser administrados sólo con fines sociales bajo la rectoría del Estado. Los remanentes netos del capital destinado a la salud, la educación y la seguridad social se acumularán a los fines de su distribución y contribución en esos servicios. El sistema de seguridad social será regulado por una ley orgánica especial.

[...]

Artículo 92.- Todos los trabajadores y trabajadoras tienen derecho a prestaciones sociales que les recompensen la antigüedad en el servicio y los amparen en caso de cesantía. El salario y las prestaciones sociales son créditos laborales de exigibilidad inmediata. Toda mora en su pago genera intereses, los cuales constituyen deudas de valor y gozarán de los mismos privilegios y garantías de la deuda principal.

APPENDIX C

CHRONOLOGY OF REFORMS

ARGENTINA

- 1984 **Structural expansion (HC, aborted)**. An initiative from the Alfonsín administration to create a National Health Insurance that would extend coverage to the whole population, funded partly through general revenue and partly with a share of payroll deductions going to *obras sociales*, is defeated in congress under pressures from unions and associations of doctors and hospitals (McGuire 2010).
- 1994a **Structural retrenchment (P)**. Structural pension reform creates a mixed system (Alonso 2000, Arza 2009, Brooks 2009, Madrid 2003, Etchemendy 2011).
- 1994b **Parametric expansion (SA)**. *Programa de Pensiones Asistenciales* (unconditional, means-tested cash transfer). Controlled by the Ministry of Social Development. Eligibility criteria: 1) person above 70 years; 2) living in towns of up to 30 thousand inhabitants; 3) not being a beneficiary of *Desarrollo Humano Oportunidades* or accept to be suspended from that program. Selection of beneficiaries is geographic. 75 229 beneficiaries in 2009 .
- 1995 **Parametric retrenchment (SS)**. Government lowered business contributions to social security. The CGT called a general strike in 1995, and government and unions finally

agreed to keep the tax reductions for all the social security payments but the one contributing to the unions' health system –the employers' tax that goes to the unions' account was reduced only 16%, while the business contribution to the unemployment fund was lowered by 52% (Etchemendy 2004, p. 285; Cook 1998, p.330) (Etchemendy 2011).

1996a **Parametric expansion (HC, frustrated application).** *Programa Médico Obligatorio.*

Created by a decree of the Ministry of Health. According to the decree, all *obras sociales* and private insurers would have to provide to each client a minimum set of medical services –including checkups, diagnoses, treatment, dentistry and drugs; those providers unwilling or unable to guarantee such benefits could be legally obliged to merge with other insurers, but the norm did not explicitly define any mechanism to deal with insurers failing to fund any of the services comprising the basic package, and, unlike the Chilean AUGE, the PMO only covered insured persons). By 2002 more than 60% of insurers were noncompliant, and the Duhalde and Kirchner administrations had to declare “national health emergency,” raise the health insurance premiums, and implement new public health care programs prioritizing prevention and primary care (McGuire 2010).

1996b **Parametric retrenchment (SA).** Introduces means tests for family allowances.

1997a **Parametric expansion (P).** Law 24.347 grants housewives the option of voluntarily participating in the Basic Pension System.

Law 24. 828 allows them to contribute to an individual account, which entitles them, on the basis of a modest investment, to the benefits provided by the capital

accumulation scheme -- ordinary retirement pensions, invalidity retirement pensions and survivors' pensions -- but does not include medical coverage.

- 1997b **Parametric expansion (SA).** *Plan Jefas y Jefes de Hogar Desocupados (CCT).* Developed from a short-term safety net intervention into two social protection and workfare schemes since 2006. Follows a workfare model, with employment and job-seeking criteria. The scheme is managed through a network of job centers at municipality level. Eligibility criteria: unemployed household heads with at least one dependent under 18; pregnant women, and disabled children. Recipients must be engaged in one of the following activities: a training program, community work for up to 20 hours per week , or work for a private company. Coverage fell steadily to 1.7 million by 2004 and 1 million in 2006. In 2007 the federal government provided funds for the continuity of the program and the number of recipients continues to be closed to 1,6 million households. In 2005 about 93.3% of recipients were poor, 57.3% were indigent. In 2009 70% of beneficiaries belonged to the poorest 25% of the population
- 2000 **Parametric retrenchment (P).** Law No. 25.362 sets up an ordinary early retirement scheme for former public service employees who worked for the National Public Administration, centralized and non-centralized organizations, state enterprises, public entities and provincial bodies (implemented in January 2001). Such employees previously contributed to the Public Social Security Scheme (*Régimen Previsional Público*).
- 2002a **Parametric expansion (P).** Decrees No. 1387/0, No. 1676/01 and No. 2203/2002. Reduction in the monthly employee contributions to the old-age insurance schemes,

with the goal of stimulating private consumption. Nevertheless, as this reduction affected too seriously Social Security resources, one month later this decree was modified by another decree providing for the application of the reduction only for dependent workers affiliated to the individual capitalization scheme.

2002b **Parametric retrenchment (SA).** Law 24.714. Changes affecting family benefits: 1) child benefit can no longer be granted for the child or children of the beneficiary's spouse, i.e. the benefit can only be granted to the parents, adopting parents or the person in charge of the guardianship of the child or the children; 2) extension of coverage for disabled children benefit; 3) makes possible to receive a single payment corresponding to school allowances at any time of the year for children studying in institutes that provide remedial courses or special education.

2002c **Parametric expansion (SA).** *Programa Jefes y Jefas de Hogares Desempleados* (program of monetary support for the unemployed, funded partially with a loan of the World Bank and partially with export taxes (Riggirozzi 2010). “Initially, the project sought to be a universal and temporary program, but it became permanent and did not achieve universal coverage, having only reached approximately seventy percent of the unemployed. This limitation gave rise to projects being implemented in a clientelistic fashion through intermediaries (approximately 15 percent going to piquetero organizations and the rest channeled through political brokers (Filgueira et al).” The Duhalde administration brought the number of beneficiaries from 700.000 to 2 million. In 2007, at the end of the Kirchner administration the number of beneficiaries was 2.6 million (Svampa 2008).

2003 **Parametric expansion (SA)** *Plan Remediar* (distributes basic medicines to the poorest population).

Parametric expansion (P). *Plan Mayores* relaxes eligibility for non-contributive pensions.

2004a **Parametric expansion (HC).** *Plan Nacer*, initially targeting expectant and new mothers and children under six lacking health insurance and living in one of nine impoverished provinces. By signing up to the program, any person matching those conditions became eligible to receive free of charge a package of 80 health interventions oriented at the reduction of maternal and child mortality. The Funded jointly by the World Bank and the Health Ministry, the program was implemented by provincial governments through the purchase of services from public and private providers. The number of beneficiaries climbed from 40,000 in October 2004 to 450,000 in June 2007 (McGuire 2010).

2004b **Parametric expansion (P).** *Ley de moratoria provisional* (flexibilization of payment conditions for independent workers). (Busquets 2012).

2004c **Parametric expansion (P, one-time measure).** A fixed amount of ARS 200 is paid for to all beneficiaries of old-age, invalidity and survivors' benefits in order to enhance the redistribution of national income and to supplement minimum benefits, on an exceptional basis, since the amount of taxes collected did not make it possible to make any permanent increase in benefits.

- 2004d **Parametric expansion (SA).** *Programa de Familias para la Inclusión Social.* Integrated, nation-wide poverty-reduction program managed by the Ministry of Social Development. It focuses on large urban centers. Has two components: (1) an income transfer to households, provided that the household income does not exceed the minimum wage; 2) promotion of family and community through four areas- education, health, occupation training and community and citizenship development. Selection of beneficiaries
- 2007 **Parametric expansion (P).** Reform of the pension system allows individual to return from the private to the public system (Huber & Stephens 2009, 185). Although the structure of pillars is maintained, greater significance is given to the public pay-as-you-go pillar. New workers are automatically enrolled into the public pay-as-you-go system, instead of the individual capitalization scheme.
- 2008 **Structural expansion (P, post-retrenchment).** Law 26.425. Public reappropriation of pension funds, suppression of individual capitalization, and creation of the *Sistema Integrado Previsional Argentino*. Reform is approved with the votes of Peronism, Socialist Party, and part of the Coalición Cívica-ARI. According to Mesa-Lago, results from a concertation process that took place in 2001 were not taken into account. (Busquets 2012, Datz 2012, Mesa-Lago 2009, Datz and Dancsi 2013, Arza 2012). Funds transferred may only be used to pay benefits from the public pay-as-you-go system, and will be invested according to the same conditions that govern the individual capitalization scheme, with the prohibition of investing in foreign securities; the Argentinean state guarantees members and beneficiaries of the individual capitalization scheme the provision of the same or higher benefits and pensions; contribution years

accumulated under the individual capitalization scheme will be the same as if they had been accumulated under the public pay-as-you-go system.

2009 **Parametric expansion (SS).** Universalization of child allowance Administered by Ministries of Labor and Social Protection. Upper age-limit of 18 years, but no limit applies to handicapped children; the child must be a member of a family group that is unemployed or active in the informal economy, whose income is less than the minimum wage (ARS 1,400 a month). The program aims at covering about 70-80% of children with no benefits from previously existing family allowances (Pribble 2013)..

2011 **Structural expansion (HC, frustrated implementation).** *Ley de Medicina Prepaga.* (Presidential initiative, approved by Congress with 190 votes in support of the law, none against, and 29 abstentions). The healthcare bill gives an increased role to the federal government in health insurance companies' policies and creates new obligations for the private medical system in Argentina, to which approximately 4.5 million middle and upper-middle class citizens subscribe. The new rules state that health insurers must: 1) accept clients with pre-existing conditions and/or disabilities; 2) provide full care from the first day of coverage; 3) cover all illnesses listed in the *Plan Médico Obligatorio*; 4) not reject older insured persons based on age; 5) freeze premiums for clients over age 65 who have at least ten years of insurance coverage. (Private providers has responded stating that companies will not be able to maintain quality services due to rising costs and stricter rules).

BOLIVIA

- 1985 **Parametric expansion (SA, temporary)**.. *Fondo Social de Emergencia*, created to alleviate the social costs of economic adjustment by creating temporary jobs to relieve unemployment and create income.
- 1990 **Parametric expansión (SA, temporary)**. *Fondo de Inversión Social* replaces the FSE.
- 1993 **Parametric expansion (P, discontinued)**. BONOSOL: non-contributory retirement pension scheme for all Bolivians aged 65 and over (paid with earmarked resources from the privatization of state enterprises).
- 1996a **Parametric expansion (HC)**. Decentralization of the Public Health System. *Seguro Nacional de Maternidad y Niñez* (SNMN), covers pregnant women and children under 5, with emphasis in rural areas and poor populations.
- 1996b **Parametric expansion (HC, limited implementation)**. Program of Support and Protection for Senior Citizens (65 and over), provides for treatment in National Health Fund Establishments.
- 1997 **Structural retrenchment (P)**. Pension reform: transforms the solidarity-based system in one of privately administered individual accounts. New systems is based in two schemes: the one individually funded with workers' compulsory monthly contributions; and the collectively funded scheme, sustained with the dividends of the shares of privatized state enterprises, allocated to all Bolivians aged 21 and over. "Three key features are unique to the Bolivian pension reform: the link between pension reform and capitalization of state-owned enterprises, the introduction of a universal basic pension

benefit financed from the dividends from capitalization, and monopoly in private provision (Barrientos 2004).”

- 1998a **Parametric expansion (SA).** *Seguro Básico de Salud (SBN)* replaces the SNMN.
- 1998b **Parametric expansion (P).** Parametric pension reform gives pensioners two options for payment of their pension from the private pension fund administrators (AFPs). An individual will be able to elect either to invest her AFP account balance in an AFP-managed account with pension payments to depend upon the performance of the fund, or to use their AFP account balance to purchase a life annuity from an approved insurance company. This annuity would be a fixed amount. BONOSOL is extended to all citizens aged over 21 on 31 December 1995.
- 1998c **Parametric expansion (P).** Pensioners aged over 65 will receive BOLIVIDA (payments of around USD 90 a year).
- 2001 **Parametric expansión (SA).** *Plan Nacional para el Adulto Mayor (PNAM)*.
- 2002 **Parametric expansion (HC).** *Seguro Universal Materno Infantil (SUMI)*. (All these reforms to healthcare system will be evaluated as ineffectual).
- 2003 **Parametric expansion (P).** BONOSOL is raised back to its original value.
- 2006 **Parametric expansion (SA).** *Bono Juancito Pinto (CCT)*. Aims at the promotion of accumulation of human capital as a way of breaking the intergenerational cycle of poverty, especially by encouraging the retention and completion of primary school children in public schools. Supports households to cover costs of study materials, transportation and food, and t incurred by sending children to school and to lower

school dropout rates. All households receive 200 Bolivianos per child and per year as vouchers. In 2009, 1.8 million children in public schools received a voucher to purchase school supplies and other materials . In 2008: it was reported that about 660,165 children in rural areas and more than one million in urban areas received the grant.

- 2007 **Parametric expansion (SA).** Law 3791. Institutes *Renta Dignidad* (CCT), to be implemented in 2008. Lifetime benefit for old people who do not qualify for a retirement pension. Financed by direct oil tax. Distributes to citizens reaching 60 years of age, an income transfer from the proceeds of the privatisation of utilities. Preserves the non-contributory nature of the Bonosol scheme. From 2007, annual payment increased from US\$258 to US\$344. Selection of beneficiaries is categorical
- 2008 **Structural expansion (SS).** The new constitution mandates the public administration of social security.
- 2009a **Parametric expansion (P).** Minimum retirement age is lowered from 65 to 60.
- 2009b **Parametric expansion (SA).** *Bono Madre Nino* and *Bono Juana Azurduy*. Administered by the Ministry of Health. Aims to reduce the rate of infant and maternal mortality and the rate of chronic malnutrition amongst children aged 0-2 years. By the end of 2009, the government intended to reach 250,000 mothers and spend up to USD 25 millions.
- 2010 **Structural expansion (P, reversal of retrenchment).** Law 065 (to be implemented in 2011). Re-unifies the system under public administration; creates new pillar guaranteeing a minimum benefit; increases pension benefits; lowers the minimum

retirement age (60 to 58); reinstates employers' contribution (3%); integrates *Renta Dignidad* as basic universal non-contributive pension; expands financial base through additional contributions by employers and general revenue; special conditions for mining workers. Voted by the MAS, after obtaining the support of the COB. Business organizations criticized the reform arguing that it is not financially sustainable (Busquets 2012).

BRAZIL

- 1966 **Structural expansion (SS)**. The creation of FUNRURAL extends health and retirement insurance to rural workers. “Funded by taxes on agricultural wholesalers and on the payrolls of urban firms, [the fund] ... was the first Brazilian social insurance program to break with the principle that benefits should depend on contributions (McGuire 2010, 160-161).”
- 1972 **Parametric expansion (SS)**. Health and retirement insurance for self-employed and domestic workers.
- 1974 **Institutional reorganization**. The *Instituto Nacional da Previdência Social* is placed within the orbit of a new Ministry of Social Security and Social Assistance (MPAS).
- 1976 **Parametric expansion (HC)**. Program to Expand Health and Sanitation Activities in the Interior (PIASS). Funded by the national Ministry of Health, the INAMPS, and state health secretaries. Based on teams of health workers that distributed food, provided basic curative care, immunized children, and referred clients to health centers in cases

needing inpatient care. Initially focused on the Northeast, in 1979 it began to expand to other areas, but due to several organizational limitations, it never covered more than 25 percent of its target population.³⁰⁶

- 1977 **Institutional reorganization (SS).** The health insurance branch of the MPAS splits off and becomes the National Security Medical Assistance Institute (INAMPS).³⁰⁷
- 1987 **Parametric expansion (HC).** The state of Ceará introduces the Community Health Agents Program, that the Primary Care Movement will persuade the Ministry of Health to scale up to the national level in 1991.
- 1988 **Structural expansion (P, HC).** The new federal Constitution stipulates a universal right to health (Art. 6) and requires the state to substantiate that right through the creation of a *Sistema Unificado de Saúde* (Arts. 196-202). It also creates a unified budget for pensions, social assistance benefits, and health care.
- 1990 **Structural expansion (HC, implements constitutional reform).** Creation of the *Sistema Unificado de Saúde* mandated by the 1988 constitution. The unified system is financed both by payroll deductions and by general tax funds, “ending the formal distinction in health services provision between those eligible for usually higher-quality health care funded by contributory health insurance, and those eligible only for the

³⁰⁶ PIASS built a large number of health centers and health posts in the late 1970s and early 1980s, but their patronage hiring, poor service quality, and underutilization attenuated their benefits for the poor (McGuire 2010: 166).”

³⁰⁷ “The INAMPS had some health care facilities of its own, but for the most part, like the Argentine *obras sociales*, it signed contracts with private providers, first on the basis of fee-for-service arrangements and then, after 1991, according to a prospective payment system like that of Medicare in the United States. [...] By 1978, 81 percent of public health care spending passed through the contributory system, and only 19 percent through the Ministry of Health (McGuire 2010: 161-163).”

usually lower-quality health care funded by general tax revenue (McGuire 2010: 162-163).” Although the new system transferred administrative control of service provision to state and municipal governments, the funding for services came mostly through the federal Ministry of Health, which also kept strategic decision-making centralized and maintained oversight of decentralized administrations.³⁰⁸

1991a **Structural retrenchment (P, aborted)**. The Economy Ministry elaborated a project of constitutional amendment aiming to scale back privileged benefits and privatized social insurance above an income level of three to five times the minimum wage. The project faced strong opposition in Congress –including parliamentarians aligned with the government, and the executive finally eliminated this component from the package of constitutional amendments finally submitted to Congress in October 1991 (Weyland 1995a).

1991b **Parametric expansion (HC)**. *Programa de Agentes Comunitarios da Saúde* (PACS). Initially created as a response to a cholera epidemic in the Amazon, it replicated the model developed in Ceará, based on proactive outreach instead of passive, facility-based care. In 1992 it was extended to the Northeast, to deal with another cholera epidemic.

1991c **Parametric expansion (SA)**. *Previdência Rural*. Unconditional cash transfer (social pension) targeting informal rural workers. Mandated by 1988 constitutional reform,

³⁰⁸ Health providers from the private sector and civil servants with a stake in the old system, formed a coalition with some clientelist politicians, that delayed the completion of the transition toward the unified system; however, the process was finally consolidated in 1993 with the complete absorption of the INAMPS by the Ministry of health (Fleury, Belmartino, and Baris 2000, McGuire 2010, Weyland 1996a).

replaces and upgrades programs from the 70s like FUNRURAL. The transfer is equivalent to the minimum wage in Brazil, regardless of their previous salary, , and is tax financed. The value of transfers cannot be less than the minimum wage (R\$415,00 in 2008), or higher than the maximum contribution salary limit (R\$3,038.99 in 2008). A critical feature is the combination of social insurance and social assistance for the elderly under a single regime. The Informal workers in agriculture, mining, and fishing are entitled to a transfer from age 55 for women and 60 for men without a documented work/contribution history. 7.5 million beneficiaries (2008) Selection of beneficiaries is categorical –age and informality

1992 **Structural retrenchment (P, aborted)**. New officials placed by Collor in the direction of the social security administration who had worked for private insurance companies elaborate a new project to partially privatize pension insurance. The initiative found fierce resistance at all levels –civil society, parliament, and the state apparatus (especially from bureaucrats at the MPAS). The government never even submitted it to congress (Weyland 1995a).

1993a **Parametric retrenchment (P, aborted)**. In occasion of the constitutional revision, Finance Minister FHC sends a package combining progressive (restrictions on length-of-service pensions; reduction of entitlements of privileged sectors, like military and public employees) and regressive (redefinition of social insurance as social welfare) elements. The initiative found strong opposition from unions, left-leaning parties, and even centrist and conservative legislators concerned about a reduction of patronage shortly before a congressional election. The executive did not push too hard either.

- 1993b **Parametric expansion (SA).** *Beneficio de Prestacao Continuada.* Means-tested monthly cash transfer for individuals 65 and over in situation of poverty (replaced and upgraded the *Renda Mensual Vitalicia*). Large non- means-tested transfer to the elderly and people with disabilities. The transfer is made on a regular basis income The eligibility age was reduced from 70 to 67 in 1998 and to 65 in 2004. People with disabilities and a family per capita income of less than one quarter of the minimum wage are eligible. At the end of 2005, about 2.1 million people were receiving BPC payments. Selection of beneficiaries is means-tested and categorical.
- 1994 **Parametric expansion (HC).** The PACS is subsumed by the *Programa de Saúde Familiar(PSF)*, which was not conceived as an add-on program, but as a universal one, designed to constitute the main port of entry to the Unified Health System for the entire population.³⁰⁹
- 1998a **Parametric expansion (HC).** Creation of *Agencia Nacional de Saúde Suplementar (ANSS)* -up to this moment, private health insurance had remained almost entirely unregulated. The new agency was placed under the authority of the Ministry of Health, a decision fiercely disputed by the minister of finance (Arretche 2004).
- 1998b **Parametric retrenchment (P).** Constitutional amendment No. 20 establishes parametric adjustments in the pension scheme for private sector workers (increase in contribution ceiling, phasing-out of early retirement and removal of the benefit formula from the Constitution. In the pension scheme for public employees, phasing-in to age limits (60 and 55 years old). The dominant perspective behind the changes was fiscal.

³⁰⁹ See McGuire (2010: 169).

- 1999 **Parametric retrenchment (P)**. Law 9.876. Due to consideration of the political costs that a second constitutional amendment in less than a year would have, changes focused on the only relevant subject that was removed from the constitution –the benefit formula for pensions of private sector. There was, however, some elements of equalization, resulting from the introduction of the social security factor (Caetano 2009). No changes affecting scheme for public employees.
- 2000 **Parametric expansion (HC)**. Constitutional amendment obliges all government levels to spend specified proportions of their budgets in health care. The initiative came from a legislator of the Workers' Party, who got the support of the health policy community and built a broad alliance in the legislature (Arretche 2004).
- 2001 **Parametric expansion (SA)**. *Bolsa Escola* (scales up to the national level conditional cash transfer programs implemented at the municipal since 1995 in order to pay mothers a subsidy to keep their children in school).
- 2003a **Parametric expansion (SA)**. *Bolsa Familia* (consolidates in a single program *Bolsa Escola* and cash transfer programs designed to help poor families buy food and cooking gas). Two main objectives: (1) to reduce hunger, poverty and inequality through an income transfers linked with educational, health and nutrition services; (2) to reduce social exclusion by facilitating the empowerment of poor and vulnerable households. Targeting through means test, using a database of vulnerable households applying for support. Municipalities are allocated with beneficiary quotas, based on poverty estimates using the annual national household income survey.

- 2003b **Parametric expansion (P, reduces stratification)**. Constitutional amendment 41. This round had more clear distributive goals than the two previous one (harmonization of regimes for private and public workers³¹⁰; introduction of contribution rates for those pensioners in the public sector scheme with higher benefits; and a series of transitional rules that concentrated the burden of the reform on the younger generations .
- 2005 **Parametric retrenchment (P)**. Constitutional amendment 47 introduces several parametric adjustments in the pension scheme for public employees (reduction in replacement rate for some benefits, change in benefit formula and pension indexation, stricter transitional rules).

CHILE

- 1981a **Structural retrenchment (P)**. Privatization of pension system (Antía and Provasi Lanzara 2011, Borzutzky 2002).
- 1981b **Structural retrenchment (HC)**. Health care reform creates dual system (Borzutzky 2002, Mesa-Lago 2005).
- 2004 **Parametric expansion (SA)**. *Chile Solidario* Provides transfers, services and psycho-social assistance to vulnerable households. Implemented by municipalities, includes access to social services in areas of healthcare, education, employment, housing and justice. The second component consists of income transfers. Explicitly designed as a
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³¹⁰ The possibility of a unification of the system was completely out of the question, since it would have triggered a strong resistance from local and state governments, as a result of the drainage of fiscal resources that it would represent for them.

bridge to facilitate access to other social programs. The underlying principle emphasizes both individual and public responsibility. Households in extreme poverty, for which the program provides preferential access to the national, regional and local network of social transfers and services, depending on the specific characteristics and needs. 221 thousand beneficiary households (1.1 million individuals) in 2008. 47% of beneficiaries were poor. Beneficiaries are selected by a proxy means test (Huber and Stephens 2012, Pribble 2013).

2005 **Structural expansion (HC).** Plan AUGE (*Acceso Universal con Garantías Explícitas*), offering all Chileans protection for fifty-six major illnesses, with equal quality of care and financial protection, regardless of income (McGuire 2010, Pribble 2006).

2006 **Parametric expansion (SA).** Government launches an initiative of reform that includes the creation of a Solidarity Pensions System (Antía and Provasi Lanzara 2011) Provides old-age and disability benefits that are integrated with other benefits included in an individual account system. Any individual belonging to the poorest 60% of the population and meeting the age and residence criteria is eligible for to receive benefits. The scheme aims at minimizing the risk of poverty in old-age or in the event of disability. Categorical transfer targeted at people aged 65 and over, or disabled aged 18 and over, with household income below US\$60 a month. Over 700,000 people are beneficiaries Reached in 2009 an estimated 40% of the most vulnerable groups. Selection of beneficiaries through a proxy means test.

2008 **Parametric expansion (P, post-retrenchment).** Law 20.255. A “re-reform” of the pension system with four main components: a) creation of new solidarity pillar and

strengthening of the contributive one by making contributions mandatory to self-employed and incentives for low-income workers; b) reduction of gender inequities; c) incentives to competition resulting in a decrease of commissions; d) flexibilization of regulation of investment by funds administrators. The project, however, was watered-down in the Senate –the initial one approved by the Chamber included the creation of a state-run AFP. However, the final version was approved with support from the whole political spectrum, after extensive negotiations in both legislative chambers (Busquets 2012, Huber and Stephens 2012, Pribble 2013).

2010 **Parametric expansion (HC)**. Extension of illnesses covered by AUGE (Pribble 2013).

COLOMBIA

1970s **Institutional reorganization (HC)**. Creation of a National Health System, “with a highly centralized structure and a powerful Ministry of Health at its apex (Yepes 2000).” The system included three subsectors: 1) private subsector mainly serving the wealthy groups; 2) social security program, funded by contributions from workers (one third) and employers (two thirds) concentrated in the main urban areas, and whose coverage was never above 25 percent; 3) public sector, basically serving the poor and uninsured.³¹¹

1983-93 **Institutional reorganization (HC)**. Series of decrees and laws aiming to decentralize the system, “paved the way for a comprehensive decentralization process with political,

³¹¹ Yepes (2000: 164-167) provides a good description of the pre-reform configuration of the health system.

administrative and fiscal components, incorporated as a constitutional mandate in the new Constitution of 1991 (Ramírez 2004, Yepes 2000).”

1993 **Structural expansion (HC, constitutional reform).** Law 100/93, following the mandates of the 1991 Constitution, created an integrated social security system including health care and pensions. The reform is based on the generalization of social insurance as the basic principle for the reorganization of healthcare and pensions through the creation of two subsystems –contributory and subsidized respectively [see description in Fleury (1998)].

In the area of health care, it creates the *Sistema General de Seguridad Social en Salud* (SGSSS). Based on a model of “structured pluralism”³¹², the reform created “a health insurance system based on demand subsidies that provides universal coverage through a market of multiple insurers and providers competing within a regulatory framework defined by and under the stewardship of the government (Uribe 2004, Mesa-Lago 2005).”

Actually, the discussion of the law began in 1991, within the context of the process of constitutional reform. Although the executive initially intended to limit itself to introduce a proposal for pension reform, diverse pressures from the legislative branch led to the inclusion of health care as a component of an integrated social security system. According to (Uribe 2004), four main positions could be identified at that early point:

³¹² On the concept of “structured pluralism” see Londono & Frenk (2000).

1. The *Instituto del Seguro Social* (ISS) accepted the opening of competition among providers, favored the preservation of governmental monopoly on the collection of contributions and the pooling of mandatory payroll taxes.
2. Labor unions and professional associations proposed an arrangement resembling the British model, concentrating all the resources in a single healthcare system based on the public hospital network.
3. Health Ministry was in favor of strict state regulation and fiscal centralization, but combined with the decentralization of insurance and service providers.
4. The *Departamento Nacional de Planeación* (DNP) introduced a proposal close to the Chilean model, including a dual system that separated the public and private sub-sectors; however, it would switch to a model of universal insurance with regulated competition among private and public insurers and providers. Both the resignation of the president of the ISS and the reassignment of the deputy director of the DNP contributed to unify the executive around the latter position, facilitating legislative consensus.

1994 **Structural retrenchment (P)**. Law 100. Structural pension reform creates a parallel system. The initial proposal eliminated the defined benefits system, leveled the benefits of all systems by 2004, and excluded only the military from the standard regime. The final product of legislative discussion, made the defined contribution regime not mandatory for new entrants and offered it only as an alternative to the defined benefits one. Workers can either choose to remain in a reformed defined benefit PAYG scheme or move to the privately-managed system. Participation in individual retirement accounts is voluntary for new workers, who are allowed to switch between both

systems. Separate systems are maintained for civil servants and other groups of workers. High-income workers have an additional contribution that finances a Solidarity Pension Fund –used to pay social assistance benefits and to finance a subsidy to match contributions of low-income workers in the contributory defined benefit scheme. The new scheme is supervised by the Superintendence of Banks and the Ministry of Labor and Social Security (Bertranou, Calvo, and Bertranou 2009).

- 2000 **Parametric expansion (SA).** *Familias en Acción* (CCT). It complements the income of poor households with small children, in order to promote human capital formation. The government has expanded the program to cover the entire country as part of the National Development Plan (2006- 2010). Geographic targeting used only in about 10 large urban areas (e.g. in Bogota); means tests are used for household targeting in smaller urban areas.
- 2001 **Parametric expansion (HC, one-time decision).** Exceptional measures are decreed by the Health Secretary and the President of the National Council for Social Security in Health in order to guarantee health insurance benefits in case of revocation of the license of a pension scheme administrator (*Administradora del Régimen Subsidiado*) for lack of compliance.
- 2002 **Parametric retrenchment (P, aborted by constitutional court).** Parametric reform: contributions went from 13.5 to 15.5 % of wages; the minimum required number of weeks of contribution was increased and the replacement ratio reduced gradually; new public workers are forced to remain in the public pension system for at least 3 initial

years. The change of the minimum number of weeks of contribution was rejected by the constitutional court (Cárdenas, Junguito, and Pachón 2008).

2003 **Parametric expansion (P, rejected in referendum).** Referendum on the proposal of elimination of all exempt and special public sector pensions regime and enrollment of all new entrants in the general pension regime as of 2008. The proposal was rejected (Cárdenas, Junguito, and Pachón 2008).

2005 **Parametric expansion (P).** Constitutional reform defines the specific responsibility of the State to guarantee the social security rights of present and future generations and to ensure the financial sustainability of the social security system in a framework of full respect for acquired rights. Among the most important aspects of the reform: no pension may be lower than the minimum wage; special pension schemes are abolished as from 31 July 2010, with the exception of those employed in the public service, teachers and the President of the Republic; sets monthly ceiling for pensions paid out of public resources shall be 25 times the minimum monthly wage

2007 **Parametric expansion (SA).** *Juntos*. Integrated poverty reduction program. Aims at incorporating poor households into relevant social services, providing counseling and establishing a framework of co-responsibility to meet a set of minimum standards. Benefits households beneficiaries of “Familias en Acción” as well as displaced people that are registered in the Information System for Displaced Population “RUPD”. There is a set of minimum standards (or goals) that guide inter-institutional efforts.

2009 **Parametric expansion (P).** Law 1328. Modifies the country's system of individual retirement accounts broadening the system's investment rules and providing coverage

for workers who do not meet the requirements for a minimum benefit under the public pay-as-you-go (PAYG) system or the individual account system.

COSTA RICA

- 1995 **Structural expansion (HC)**. Organizational reform of the entire health care system transfers all primary health care centers from the health ministry to the Social Security Fund. Creation of EBAIS.
- 2000 **Structural retrenchment (P)**. *Ley de Protección del Trabajador*, established a mixed pension system that began to operate in 2001 (Huber & Stephens 2009, 185). Coverage is made mandatory for the self-employed.
- 2001 **Parametric expansion (SA)**. *Superémonos* (CCT).
- 2003 **Parametric expansion (SA)**. Reform of non-contributory income-tested pensions setting this benefit at no less than half of the minimum pension of the contributory system.
- 2005 **Parametric retrenchment (P)**. Parametric reform of pension system. Aiming to guarantee the long-term solvency of the system, introduces changes to the first pillar of the national old-age, disability and survivors program, mainly in contribution rates and in the benefit formula. Workers over age 55 were not affected. Transition rules defined for workers between 45 and 55. The combined contribution rate of workers, employers and the State will gradually increase from 7.5 per cent of earnings up to 10.5 per cent by 2035, and some more restrictive rules are introduced for the calculation of benefits. A

new scheme to define the percentage of the basic pension will be favorable to those with low incomes. Some conditions for early retirement are made more flexible. A separate disability benefit (50% of the full disability benefit) was setup for workers aged 48 and over with at least five years of contributions. For all other workers, the requirement of 10 years of contributions remains. The formula was worked out with a vast participation of other State bodies and representatives from trade unions, employers, cooperatives, General Superintendence of Pensions, National Institute of Women, and the International Labour Organization. (Bertranou, Calvo, and Bertranou 2009)

- 2006 **Parametric expansion (SA).** *Avancemos*. Income transfer plus program controlled by the Ministry of Education. Includes a system of scholarships and an income transfer aimed to reduce poverty. Supports poor households with young members, on the condition that youngsters attend school. Aims to reduce poverty in the short run while fostering long-term poverty alleviation through increased educational attainment. Children aged 0–14, including street children, and pregnant women in extreme poverty are eligible.

ECUADOR

- 1994 **Parametric expansion (HC, implementation long delayed & still incomplete).** *Ley de Maternidad Gratuita y Atención a la Infancia*, providing free healthcare to any woman during pregnancy, labor and delivery, and postpartum. Funding only began to

be provided in 1999. After 6 amendments, it was mandated in 2002 with 90 days to comply (Ruiz Chiriboga 2009).

- 1998 **Parametric expansion (SA).** *Bono Solidario* (UCT; becomes CCT in 2003, as the *Bono de Desarrollo Humano*).
- 2001 **Structural retrenchment (P, reversed by constitutional court).** Creation of a mixed pension system. Pensions would be drawn from a scheme based on solidarity between generations and a compulsory individual savings scheme. All insured persons aged under 40 when the law comes into force will be required to join the new scheme. New entrants to the labor market who are required to sign up with the *Instituto Ecuatoriano de Seguridad Social* (IESS) will also be obliged to join the mixed scheme irrespective of their age, with the exception of those covered by the insurance scheme for agricultural workers (*Seguro Social Campesino*). Initially programmed to become operative in 2003, then postponed to 2004, finally declared unconstitutional in 2005 (Mesa-Lago 2004).
- 2002 **Structural expansion (HC, not implemented).** *Ley Orgánica del Sistema Nacional de Salud*.
- 2003 **Parametric expansion (SA).** *Bono de Desarrollo Humano* (CCT, replaces *Bono Solidario*). Pays monthly means-tested benefits to poor households with children, elderly and the disabled. The main goal is the reduction of levels of chronic malnutrition and preventable diseases in children up to 5 years of age, and to maintain school enrollment for beneficiary children ages 6-16. 246 thousand beneficiary households in 2009.

- 2005 **Structural expansion (P, reversal of pension reform).** The Constitutional Tribunal of Ecuador declares the 2001 legislation unconstitutional. This decision is based on the fact that the mechanisms described in the constitution clearly indicate that actuarial studies must be carried out and the financial statements and balance sheets of the Ecuadorian Social Security Institutions updated, before a regulation of this kind can be introduced.
- 2009 **Parametric expansion (P).** Multiple adjustments in pensions regime: 1) annual adjustments of benefits according to the increase in inflation over the prior 12 months; 2) sets up a monthly minimum pension equal to the national minimum wage for workers with 40 years of contributions; 3) for workers with fewer years of contributions, the benefit is a percentage of the full monthly minimum pension, ranging from 50 percent of this minimum for workers with up to 10 years to 90 percent for those with between 36 and 39 years; 4) establishes an income test for workers who collect a pension and remain in the labor force.
- 2011 **Structural expansion (SS, not implemented).** *Programa de Protección Social* (Nehring 2012).

MEXICO

- 1984 **Institutional reorganization (HC, incompletely implemented; then reversed).** *Ley General de Salud.* Creation of a National Health System as an institutional framework for the formulation of a coordinated health care policy. Facilities of the Ministry of

Health were decentralized and merged at the state level with those belonging to the IMSS's *Programa Solidaridad*, to create autonomous state-level health systems. The Ministry of Health was given responsibility for the formulation and coordination of that policy –this implied an important change in the balance of power between the ministry and the IMSS. Creation of a health cabinet at the national level. Although it did not directly oppose a reform personally backed by the president, the IMSS formed a powerful coalition including governors reluctant to take new fiscal responsibilities and IMSS employees resisting their transference to the Ministry of Health. After two years, and in a context of economic crisis and political unrest, president de la Madrid interrupted the decentralization process when 14 out of 32 states had implemented it.

Without amending the decentralization law, the Salinas administration reversed the process in practical terms by going back to the previous centralized management of the budget without making distinctions between reformed and not-reformed state-level health administrations (Brachet-Márquez 2007a, González Rossetti 2004).

- 1986 **Parametric retrenchment (P).** Reduction of state contribution to the IMSS (from 12.5% to 5%), compensated by an equivalent increase in employers' contribution (Brachet-Márquez 2007a).
- 1991 **Parametric expansion (SA).** *Programa de Apoyo a los Servicios de Salud para la Población no Asegurada*, that distributed 250 million dollars from international loans among the four poorest states, in an effort to compensate the gap among poor and rich states in terms of financial capacity to contribute to the decentralized health care system.

- 1992 a **Structural retrenchment (P)**. Congress reformed the Law of Social Security, creating the *Sistema de Ahorros para el Retiro*, based on supplementary individual accounts. It was a partial reform, resulting from the rejection by unions of the initial governmental proposal, that included the full privatization of the system (including ISSSTE). In spite of initial opposition, CTM legislators ended voting for the modified bill (Brachet-Márquez 2007a, Murillo 2001).
- 1992b **Parametric expansion (SA)**. PRONASOL (Cornelius et al. 1994, Bertranou 1993). See PROGRESA.
- 1995 **Structural retrenchment (P)**. *Ley del Seguro Social* (to be implemented in 1997). Includes reforms affecting both health insurance and pensions managed by the IMSS, but prioritizes and has more serious consequences for the latter. Changes in the pensions system affects private sector workers enrolled after 1997. There is an extension of the period of contribution necessary to have the right to a pension. Insurance against disability and death (the two subsystems most severely affected by deficit) are maintained within the orbit of the IMSS, with its previous. Unemployment and old-age insurance (the financially solvent components) are transformed from a PAYG, defined-benefits one, into one based on individual savings accounts administered by private banks and insurance companies. The state increases its participation (from 5% to 13.85%, and guarantees a minimum pension equal to the minimum wage (Bertranou 1998, Brooks 2009, Madrid 2003).

Due to successful lobbying by unions among PRI legislators during the process of parliamentary discussion, both the scope and depth of the health care components of the

law were considerably limited. The main aspects of the original proposal from the executive that were approved were the creation of the *Seguro de Salud para la Familia*, and the modification of the quotas of tripartite funding of the IMSS by increasing governmental contribution (from 5% to 41.5% of the total contribution per worker; employers contribute in the same proportion as the state, and workers cover the remaining 17%). The IMSS union was able to exert further influence during the process of implementation, when the reform gravitated back into the IMSS arena. There, the union focused on opposing the new opt-out option, that allowed employers to provide health services directly to their employees through providers other than the IMSS –the secondary law needed for the actual implementation of the option was never submitted for approval. The development of other aspects related to service provision -like decentralization, family doctor eligibility, use of performance incentives, and contracting out- was kept in pilot phase (Brachet-Márquez 2007a, González Rossetti 2004). Although the *Seguro de Salud para la Familia* also intended to open the access to the system for informal workers, the contribution required was too high for most workers in the sector and the expansion of coverage in this direction was negligible.

1997 **Parametric expansion (SA, reformulates existing program).** PROGRESA –a program to support poor households with small children in rural areas- replaces PRONASOL (Borges Sugiyama 2011). Provides income transfers to poor households on the condition that they send their children to school and attend regular health checkups. Began operations in rural areas but it was extended to urban areas in 2003. An extension to additional urban areas in 2009 has been made with some additional training and microenterprise support components. Currently reaches 5 million

households (3.5 million of which live in rural areas), representing 25% of Mexico's population or about 25 million beneficiaries. 72% of beneficiaries are regarded as extremely poor. Three-stage selection procedure: (1) localities are identified through a poverty map; (2) extensive household surveys are conducted in the selected localities to gather data on a number of welfare indicators; and (3) data is then used to identify the beneficiaries according to a wealth index that determines who is in a state of extreme poverty. President Zedillo "initially avoided World Bank funding from the program to ensure the program was perceived as domestic initiative rather than a 'directive' of the international financial institutions (Borges Sugiyama 2011, Dion 2010).

- 1998 **Institutional reorganization (HC).** Parallel to the reform of the IMSS, there was a reactivation of the process initiated in the mid-1980s aiming to decentralize the services of the Ministry of Health for the uninsured
- 2000a **Parametric expansion (SA).** PROGRESA is expanded to cover semi-urban and a few urban families.
- 2000b **Parametric expansion (SS, restricted to privileged regimes).** The act defining conditions of the the *Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado* (ISSSTE) is reformed to increase coverage for sickness and maternity insurance.
- 2001 **Parametric expansion (SA, recycles existing program).** The Fox administration transforms PROGRESA into *Oportunidades*, accelerating its expansion in order to cover urban populations. "*Oportunidades* includes a cash transfer with three components: a household nutrition component, a school subsidy for each school-age

child rising by grade (at the secondary school level there is a higher subsidy for girls) and an annual transfer to cover school costs. [...] Since its expansion, distribution of *Oportunidades* resources has continued to favor rural communities (71 percent), but now includes semi-urban (11.4 percent) and urban (17.6 percent) residents (Borges Sugiyama 2011).”

- 2002 **Parametric expansion (P)**. Amendment of the law of the Retirement Savings System (SAR) -the SAR consists of private defined contribution retirement schemes implemented through private pension fund administrators (*Administradoras de Fondos para el Retiro*, AFOREs) that establish and manage Investment Funds Specialized in Retirement Savings (*Sociedades de Inversión Especializadas de Fondos para el Retiro*, SIEFOREs). The main reform elements are related to coverage, investment of assets and commissions. The reform opens the system to self-employed persons, federal workers and, subject to certain conditions, to the employees of states, municipalities and public entities. It also introduces greater investment flexibility and potential for asset diversification.
- 2003 **Parametric expansion (HC)**. Creation of *Seguro Popular de Salud*, which intends to extend coverage to the population lacking pre-payment capacity. Provides a basic package of health care services and medicines for the uninsured population. A system of pre-payment with categories defined according to levels of income –access is free for some sections of the poor lacking formal employment.
- 2004 **Parametric expansion (P, reduces stratification through retrenchment)**. Law by the Congress establishes that new employees of the IMSS will be enrolled into a mandatory

contributive private pension plan –the preservation of the IMSS’s workers special retirement program had been part of the compensations agreed to by the government in 1995 in order to appease unions opposing privatization (Meyer and Marier 2005).

Pension funds are allowed to partially diversify their investments –until then, only investment in government instruments was allowed.

2005 **Parametric expansion (P)**. To expand pension coverage, the self-employed were allowed to set up individual retirement accounts. Authorization for two new pension fund-management companies, which allowed millions of low-income workers not covered by social security to set up individual retirement accounts with one of them.

Parametric expansion (P). To stimulate competition among private fund managers, workers are allowed to switch to a company charging lower administrative fees at any time, rather than just once a year (Bertranou, Calvo, and Bertranou 2009).

2006 **Parametric expansion (SA)**. Non-contributory pension program for elderly over 70.

2008 **Parametric retrenchment (P)**. All new public sector employees are required to join the funded scheme. Those already working in the public sector and under age 46 had the option to join a new pension fund manager or to remain in the PAYG scheme and receive a recognition bond for the value of their accrued rights.

Pension fund managers are no longer allowed to charge account holders a fee on their monthly contributions; they can only charge a fee on the IRA balances (Bertranou, Calvo, and Bertranou 2009).

- 2009 **Parametric expansion (SA).** *Programa de Apoyo Alimentario.* Managed by the Secretary of Social Development. The goal is improvement in the nutritional status of deprived households which are no recipients of *Oportunidades*. Eligibility: households living in targeted localities of up to 2,500 inhabitants across the country. Rural areas with medium level of marginality can be included. Operates across the 32 states of Mexico. In 2009 covered almost 26 million households.
- 2012 **Parametric adjustment (P).** Reorganizes the regulation of the different types of pension funds.
- 2013 **Parametric expansion (SA).** New non-contributory pension program that covers adults aged 65 or older who are residents of Mexico and receive no other public pension replaces and expands upon the 70 and According to the Social Development Secretariat or the *Secretaría de Desarrollo Social* (SEDESOL), the agency that administers these programs, some 2.5 million new beneficiaries will be added in 2013 for a total of 5.6 million –the majority of which, having spent most of their working lives in the informal sector, have made few or no contributions to any pension system.

PERU

- 1991a **Structural retrenchment (HC, aborted).** A legislative decree creates *Organizaciones de Servicios de Salud*, intended to compete with the public sector in the provision of health care services. The project, however, was never implemented, due to the

opposition of organized labor, retired persons, and health care professionals (Ewig 2004).

1991b **Parametric expansion (SA).** *Fondo Nacional de Compensación y Desarrollo Social* (FONCODES). Created for the unified administration of poverty-relief programs, it lacked human resources and administrative capacity to distribute the funds it was allocated (Schady 2000, Segura-Ubiergo 2007).

1993 **Structural retrenchment (P).** Structural pension reform creates a parallel private system (Cruz-Saco 1998, Mesa-Lago 2004, Segura-Ubiergo 2007, Weyland 2006, Arce 2001).

1994 **Parametric retrenchment (HC).** Simultaneous launching of *Programa de Salud Básica para Todos* (centralized, targeted a basic package of primary health care services to the poorest communities), and the *Programa de Administración Compartida* (aiming to decentralize through the transference of the administration of local health posts to community representatives). Both programs had in common the integration of neoliberal principles and strategies, like the targeting of resources and the use of incentives to achieve greater efficiency, and both emphasized access to primary care for poor communities. However, “[a]lthough linked financially and later administratively within the ministry, the PSBT and CLAS programs, due to their opposing centralized and decentralized approaches and thus political implications, became competing and conflicting reforms within the overall public health system. Despite their contradictions [they]... were the backbone of the reconstruction and modernization of Peru’s public health system (Ewig 2004).”

1996 **Structural retrenchment (HC).** Law 26.790, *de Modernización de la Seguridad Social en Salud* (actually, protracted result of a project originally presented in 1991, to be implemented in 1997). Reforms the health system and divides it in three sectors, allowing private health care providers to compete with the public health social security system. 1) the Social Health Scheme (Seguro Social de Salud (SSS) is to be managed by the *Instituto Peruano de Seguridad Social* (IPSS) covers two classes of members. Ordinary members, for whom coverage will be compulsory, will be active workers in a dependent working relationship or associates of workers' cooperatives. People who are not eligible as ordinary members will be able to be covered as voluntary members. In addition, spouses, partners and dependent children are also covered; 2) complementary plans and programs will be provided by public or private organisations. Employers will be able to use their own infrastructure, where available, or to contract licensed *Entidades Prestadoras de Salud* (EPS) to provide services the extent of the services provided by employers is to be independent of the income level of workers, must include the treatment of employment injuries and cannot exclude the treatment of pre-existing diseases; 3) the State Health Service will be an integrated service for people on low incomes who do not have access to other schemes. It will be administered by the Minister of Health.

1997 **Parametric expansion (SA).** *Seguro Escolar Gratuito*, providing free health care coverage through the public health system to all children between preschool age and seventeen attending the public school system. Ewig characterizes it as “a presidential initiative motivated by populist presidential politics.” She also observes that, to the extent that the public school system is predominantly attended by poor people and the

lower classes, it constituted a targeted program. Its main objective, however, was related to education –it intended to provide an incentive for parents to send and keep their children in school.

- 1998 **Parametric expansion (HC, limited implementation).** *Seguro Materno Infantil.*
- 2000 **Parametric expansion (HC).** Fishermen and self-employed workers in the small-scale fisheries processing sector are allowed to become regular members of the health social security scheme (Seguro Social de Salud).
- 2003 **Parametric expansion (P).** Creates a fund (*Fondo para la Asistencia Previsional*) in order to help to finance the payment of pensions under the public-sector scheme. This Fund is financed by solidarity contributions due by upper-income pensioners.
- 2004a **Parametric retrenchment (P).** Constitutional reform law on pensions, aimed to close definitely for new entrants the special pension system for public employees and to limit the level of the pensions paid by the special system. The public employees covered under the special pension system, who do not qualify for a pension at the time of the implementation of the law, are transferred to the general pension system by choosing to contribute either to the social insurance scheme or to the individual accounts scheme.
- 2004b **Parametric expansion (P).** The Social Security Commission of the Congress approves a reform allowing members of the privately managed pension system to switch to the publicly managed pension system.
- 2005 **Parametric expansion (SA).** *Juntos* (CCT), a program of income transfers for poor rural households. Provide beneficiary households with nutritional support, health care,

education, and identification documents in order to improve maternal and child health status; decrease school dropouts; and promote registration and identification. US\$ 30 monthly grants to poor households on the condition to attend health checkups school and register personal identification.

2006 **Parametric mixed (P)**. Law No. 28971 modifies No. 26790 on the Modernization of the Social Health Insurance. The minimum monthly contribution base cannot be less than the minimum wage at the time of contribution; introduces stricter contribution requirements for employers; provides an allowance equal to average daily earnings over the 12 calendar months immediately prior to the month of the onset of disability instead of the previous 4 months as before.

2007a **Parametric expansion (P)**. Urgent presidential decree creates a complementary pension for insured persons under the *Sistema Privado de Pensiones* (SPP) whose pension income is less than the monthly minimum pension (the decree will benefit the pensioners who joined the SPP at an advanced age and were therefore unable to accumulate a comparable pension to the one they would have received under the *Sistema Nacional de Pensiones*. It targets a group of pensioners who ended up with pension income insufficient to their needs.

2007b **Parametric expansion (P)**. Law 28.991. Allows those who were not well-informed when they joined the private pensions system (SPP) created in 1992, or who have realized that it does not meet their needs or is inappropriate to their situation, to cancel their membership and return to the national pensions system (SNP) to which they

previously belonged and which would provide them with a minimum pension -those most directly concerned are older workers on low incomes.

2010 **Parametric expansion (SA)**. Monthly non-contributory pension for people over age 75 living in extreme poverty who do not already have a pension. (According to Help Age International, about 42 per cent of people over age 75 are poor; only 7.8 per cent of those over age 60 receive any type of pension, thus making it necessary for older people to continue working.

2011 **Parametric expansion (SA)**. New means-tested, old-age program called *Pensión 65* to be introduced in stages beginning in late 2011, starting with five of the country's poorest regions, extended gradually to the rest of the country by 2013. It provides PEN 250 (USD 90) per month to individuals aged 65 or older in extreme poverty who do not receive any other government benefits. The Ministry of Social Inclusion and Development, a new government agency (to be established), will oversee the program.

URUGUAY

1985 **Structural expansion (HC, aborted)**. Frustrated progressive health care reform negotiated at the CONAPRO (Busquets 1995, Moraes and Filgueira 1999).

1986 **Parametric expansion (SA)**. *Programa de Pensiones No-Contributivas*. Social pension targeting older (70 and above) or disabled poor excluded from social insurance (updates programs existing since the 1960s). Around 64,000 beneficiaries in 2009.

- 1987 **Parametric retrenchment (P)**. Parametric reform of pension systems lowers the retirement salary, introduced incentives for later retirement were, changed the indexation system, and suppressed some privileged pensions (Papadópulos 1992).
- 1989 **Parametric expansion (P)**. Constitutional amendment approved by referendum changes the indexation system, establishing that pensions should be adjusted every four months according to changes in the average nominal salary (Papadópulos 1992).
- 1990-92 **Structural retrenchment (P, 3 aborted attempts)**. Three different projects aiming to introduce parametric reforms in order to improve the financial situation of the pension system were rejected by parliament (Papadópulos 2001).
- 1995a **Structural retrenchment (P)**. Law 16.713. Reform and partial privatization of the pension system. Introduces a mixed public and private system partially based on the Chilean model, with three levels of coverage (pay-as-you-go, defined benefit, funded by contributions from employees, their employers and the State; for those earning more than UYU 5,000 per month, compulsory savings held in individual accounts operated by private pension; voluntary level of private savings for those earning more than UYU 15,000 per month. The new system is obligatory for everyone under the age of 40. Those above that age will be able to choose between the old and the new systems. Pension rights acquired under the old system will not be affected. Benefits are payable at age 60 after 30 years of contribution. The package also gradually extends the age of retirement for men to 65 and for women to 60. Previously women could retire at age 55 and men at 60 (Papadópulos 2001).
- 1995b **Structural expansion (HC, aborted)**.

- 2004a **Parametric expansion (P)**. Presidential decrees 281 & 291. Those covered by Pension Savings Fund Administrators (AFAPs) who were over 40 years of age on 1 April 1996 may apply to leave their individual capital accumulation scheme and return to the public insurance scheme financed on the pay-as-you-go basis. This measure only applies to workers who, due to their income level, have been in the first level of the mixed retirement insurance system and who, without being subject to compulsory coverage, voluntarily opted for the individual capital accumulation scheme. Applications to leave the scheme will only be taken into consideration if errors are substantiated in the financial evaluation when opting for the scheme.
- 2004b **Parametric retrenchment (P)**. Law 17.738. Reforms the special pension system for university graduates with the introduction of a second voluntary pillar, in line with the provisions of the pension reform law voted in 1995 , which was first applied to the social insurance system for employees and self-employed persons run by the Social Insurance Bank. (The special pension system for university graduates, created in 1954 was a defined benefit scheme with contributions paid at a flat rate according to 10 wage categories, that mainly provides old-age, disability and survivors benefits (sickness benefits can also be provided).
- 2005 **Structural expansion (HC)**. Law 17.930. Establishes bases for a *Sistema Nacional Integrado de Salud* and defines sources of financial resources.
- 2006a **Parametric expansion (P)**. Law 17.963. Introduces a series of incentives aiming to strengthen the financial viability of the system (Busquets 2012).

- 2006b **Parametric expansión (SA).** *Plan de Asistencia Nacional a la Emergencia Social* (PANES, CCT). Transfers aiming to complement the incomes of poor families with small children are distributed bi-monthly. Includes a household transfer (*Ingreso ciudadano*), food transfers, public works, and micro-enterprise development. Around 140 thousand beneficiary households received *Ingreso Ciudadano* until 2007, when they were transferred to the reformed *Asignación Familiar*.
- 2007a **Parametric expansion (SA).** *Plan Equidad*. Replaced PANES, but keeps some of its short-term assistentialism, combined with an attempt to reformulate the social state on universalist basis. Intended to cover all children in the country, its main beneficiaries are women living alone or who are household heads. It includes a non-contributory cash transfer extended to encompass ninety-five percent of families living below the poverty line, the extension of retirement benefits, and diverse actions with the goal of improving educational results (Filgueira et al). In 2005 there were 522 thousand beneficiaries.
- 2007b **Structural expansion (HC, part of process started in 2005).** Law 18.131. Creates the *Fondo Nacional de Salud* (FONASA).
- 2007c **Institutional reorganization (HC).** Law 18.161. Decentralization of the *Administración de Servicios de Salud del Estado* (ASSE).
- 2007d **Structural expansion (HC, part of process started in 2005).** Law 18.211. Creates the *Sistema Nacional Integrado de Salud* (SNIS).
- 2008a **Parametric expansion (P).** Law 18.395 relaxes conditions of eligibility for retirement pensions, with legislative support from all parties (Busquets 2012, Pribble 2013). 200?

2008b **Structural expansion (SS)**. Unification of family allowances among formal and informal sector workers (Pribble 2013).

VENEZUELA

1989 **Parametric expansion (SA)**. *Plan de Enfrentamiento a la Pobreza*. Designed by a presidential committee for the Perez administration to compensate the main recessive effects of the economic adjustment on the poorest sectors of society. It was focalized, de-centralized, temporary and compensatory. Included alimentary for children at public schools, basic preventive health care, rural housing, etc. (Gutiérrez Briceño 2008).

1994 **Parametric expansion (SA, recycles established program)**. *Programa de Solidaridad Social*. Basically extends the design of the *Plan de Enfrentamiento a la Pobreza* under the Caldera administration (Gutiérrez Briceño 2008).

1999 **Structural retrenchment (P, reversed before implementation)**. Creates a mixed pension system –never applied in practice (Mesa-Lago 2004). The new program structure includes five areas to be run by separate agencies with the Labor and Social Security Ministries retaining overall management responsibility. In addition, an advisory body, the Social Security National Council, is established, to integrate representatives from government ministers, union and employer organizations, recipients and professional associations. The social security system continues to be financed by employers, employees and the government, but the bulk of the financial resources is to be managed under the concept of individual capitalization. No cross-

subsidies between programs will be permitted. Coverage will be mandatory for all private and public employees (except the armed forces), self-employed people, retirees, surviving spouses and eligible dependents. The existing *Instituto Venezolano de Seguridad Social*) is to be abolished by 31 December 1999, at which time the new system and related structures are expected to be operational.

2000a **Reversal of structural retrenchment (P, restores system privatized on previous year).** The Council of Ministers approves a budget of VEB 1,490,000 million for the year 2000 to help sustain and restore the Venezuelan Social Security Institute going in the opposite direction of plans made in the late 1990s which would have privatized the country's social security system (The 1998 framework law was not implemented. The law would have abolished the IVSS by 31 December 1999, introduced a system of pension schemes based on individual accounts, private saving funds in the area of housing and voluntary private coverage for supplementary health benefits (see entry no. 1982 on these and other changes proposed at the time). The private sector is essentially eliminated from the provision of social benefits.

2000b **Parametric expansion (SA).** *Plan Bolívar 2000.* Focused on assistance for the most vulnerable, it was oriented to “conjunctural and localized social problems demanding an immediate response (Gutiérrez Briceño 2008).“ However, it also included some institutional re-engineering –suppression of the Ministry of the Family and creation of a Ministry of Health and Social Development (MSDS).

2002 **Parametric retrenchment (P, not implemented yet).** *Ley Orgánica de Seguridad Social.* Maintains a public system of defined benefits and partial collective

capitalization; allows an optional second pillar of individual capitalization (Mesa-Lago 2004). The new system was supposed to begin to operate in 2007, but that has not occurred yet.

- 2003 **Parametric expansion (SA)**. Presidential decree creates mission *Barrio Adentro*, with an emphasis on basic and preventive health care for poor populations (Hawkins 2010).
- 2006a **Parametric expansion (P, one-time measure)**. Presidential decree 4.269. Creates an exceptional and temporary program to guarantee old age pensions to elders having contributed to the old system. Benefited 103.039 new pensioners (Fernández Salas 2010).
- 2006b **Parametric expansion (SA)**. Presidential decree creates mission *Madres de Barrio*, to provide targeted social assistance to indigent mothers and female heads of household (Hawkins 2010).
- 2007 **Parametric expansion (P, one-time measure)**. Presidential decree 5.370. Creates a new exceptional and temporary program for the identification and access to old age pensions for 50.000 women over 65 years old. The decree also mandates the elaboration of a program allowing housewives and domestic workers to contribute to the social security system, but that has not occurred yet (Fernández Salas 2010).
- 2010 **Parametric expansion (P, one-time measure)**. Presidential decree 4701. Creates a new exceptional and temporary program, similar to the one established in 2006 (Fernández Salas 2010).

APPENDIX D

TABLES SUMMARIZING CONTENTS OF REFORMS

Table 41: Coding of variables

| | |
|-------------|---------------------------------------------------------------------|
| AUTH | Authoritarian interregnum with strong institutional discontinuity. |
| CONS | Consensual process of structural reform |
| CORP | Legacy of corporatist labor incorporation |
| DEM | Democratic regime during structural reform process |
| DHYP | Balance of payments crisis with hyperinflation |
| EBA | Embedded Bureaucratic Autonomy |
| GIOP | Governing party articulating a coalition of insiders and outsiders |
| ICM | Institutionalized concertation mechanism |
| IUP | Independent unions with organic connection to party |
| LBPI | Legacy of bi-partisan incorporation |
| MSR | Mixed structural reform |
| NRPI | Negotiated reform by coalition of agents of pluralist incorporation |
| PPG | Populist party in government |
| PPO | Populist party in oppositiongovernment |
| RRSR | Radical reversal of structural reform |
| SEXP | Structural expansion |
| SHCE | Structural healthcare expansion |
| SHCR | Structural healthcare retrenchment |
| SPR | Structural pension retrenchment |
| SRD | Structural retrenchment with institutional displacement |
| TPC | Third-party challenge |

Table 42: Summary of reforms, by type

| | PARAMETRIC | | | | | | STRUCTURAL | | | |
|------------------|----------------|----------------|----------------|------------|---|----|----------------|---|------|---|
| | EXPANSION | | | RETRENCHM. | | | EXP. | | RET. | |
| | HC | P | SA | HC | P | SA | HC | P | HC | P |
| ARGENTINA | | | | | | | | | | |
| 1984 | | | | | | | X | | | |
| 1994a | | | | | | | | | | X |
| 1994b | | | X | | | | | | | |
| 1995 | | | | X | X | | | | | |
| 1996a | X | | | | | | | | | |
| 1996b | | | | | X | | | | | |
| 1997a | | X | | | | | | | | |
| 1997b | | | X | | | | | | | |
| 2000 | | | | | X | | | | | |
| 2002a | | X | | | | | | | | |
| 2002b | | | | | | X | | | | |
| 2002c | | | X | | | | | | | |
| 2003 | | | X | | | | | | | |
| 2004a | X | | | | | | | | | |
| 2004b | | X | | | | | | | | |
| 2004c | | X ² | | | | | | | | |
| 2004d | | | X | | | | | | | |
| 2007 | | X | | | | | | | | |
| 2008 | | | | | | | | X | | |
| 2009 | X | X | | | | | | | | |
| 2011 | | | | | | | X ¹ | | | |
| BOLIVIA | | | | | | | | | | |
| 1985 | | | X ² | | | | | | | |
| 1990 | | | X ³ | | | | | | | |
| 1993 | | X | | | | | | | | |
| 1996a | X | | | | | | | | | |
| 1996b | X ¹ | | | | | | | | | |
| 1997 | | | | | | | | | | X |
| 1998a | | | X | | | | | | | |
| 1998b | | X | | | | | | | | |
| 1998c | | X | | | | | | | | |
| 2001 | | | X | | | | | | | |
| 2002 | X | | | | | | | | | |
| 2003 | | X | | | | | | | | |
| 2006 | | | | | | | | | | |
| 2007 | | | X | | | | | | | |
| 2008 | | | | | | | X | X | | |

| | PARAMETRIC | | | | | | STRUCTURAL | | | |
|------------------------|----------------|---|----|------------|----------------|----|------------|---|------|---|
| | EXPANSION | | | RETRENCHM. | | | EXP. | | RET. | |
| | HC | P | SA | HC | P | SA | HC | P | HC | P |
| BOLIVIA (cont.) | | | | | | | | | | |
| 2009a | | X | | | | | | | | |
| 2009b | | | X | | | | | | | |
| 2010 | | | | | | | | X | | |
| | | | | | | | | | | |
| BRASIL | | | | | | | | | | |
| 1987 | X | | | | | | | | | |
| 1988 | | | | | | | X | X | | |
| 1990 | | | | | | | | | | |
| 1991b | X | | | | | | | | | |
| 1991c | | | X | | | | | | | |
| 1992 | | | | | X ³ | | | | | |
| 1993a | | | | | X ³ | | | | | |
| 1993b | | | X | | | | | | | |
| 1994 | X | | | | | | | | | |
| 1998a | X | | | | | | | | | |
| 1998b | | | | | X | | | | | |
| 1999 | | | | | X | | | | | |
| 2000 | X | | | | | | | | | |
| 2001 | | | X | | | | | | | |
| 2003a | | | X | | | | | | | |
| 2003b | | X | | | | | | | | |
| 2005 | | | | | X | | | | | |
| | | | | | | | | | | |
| CHILE | | | | | | | | | | |
| 1981a | | | | | | | | | | X |
| 1981b | | | | | | | | | X | |
| 2004 | | | X | | | | | | | |
| 2005 | | | | | | | X | | | |
| 2006 | | | X | | | | | | | |
| 2008 | | X | | | | | | | | |
| 2010 | X | | | | | | | | | |
| | | | | | | | | | | |
| COLOMBIA | | | | | | | | | | |
| 1993 | | | | | | | X | | | |
| 1994 | | | | | | | | | | X |
| 2000 | | | X | | | | | | | |
| 2001 | X ² | | | | | | | | | |
| 2003 | | | | | X | | | | | |
| 2005 | | X | | | | | | | | |
| 2007 | | | X | | | | | | | |
| 20090 | | X | | | | | | | | |

| | PARAMETRIC | | | | | | STRUCTURAL | | | |
|-------------------|----------------|---|----|------------|---|----|----------------|----------------|------|----------------|
| | EXPANSION | | | RETRENCHM. | | | EXP. | | RET. | |
| | HC | P | SA | HC | P | SA | HC | P | HC | P |
| COSTA RICA | | | | | | | | | | |
| 1995 | | | | | | | X | | | |
| 2000 | | | | | | | | | | X |
| 2001 | | | X | | | | | | | |
| 2003 | | | X | | | | | | | |
| 2005 | | | | | X | | | | | |
| 2006 | | | X | | | | | | | |
| ECUADOR | | | | | | | | | | |
| 1994 | X ² | | | | | | | | | |
| 1998 | | | X | | | | | | | |
| 2001 | | | | | | | | | | X |
| 2002 | | | | | | | X ⁴ | | | |
| 2003 | | | X | | | | | | | |
| 2005 | | | | | | | X | | | |
| 2009 | | X | | | | | | | | |
| 2011 | | | | | | | X ⁴ | X ⁴ | | |
| MEXICO | | | | | | | | | | |
| 1984 | | | | | | | X | | | |
| 1986 | | | | | X | | | | | |
| 1991 | | | X | | | | | | | |
| 1992a | | | | | | | | | | X |
| 1992b | | | X | | | | | | | |
| 1995 | | | | | | | | | | X |
| 1997 | | | X | | | | | | | |
| 1998 | X | | | | | | | | | |
| 2000a | | | X | | | | | | | |
| 2000b | | X | | | | | | | | |
| 2001 | | | X | | | | | | | |
| 2002 | | X | | | | | | | | |
| 2003 | X | | | | | | | | | |
| 2004 | | | | | | | | | | |
| 2005 | | X | | | | | | | | |
| 2006 | | | X | | | | | | | |
| 2008 | | | | | X | | | | | |
| 2009 | | | X | | | | | | | |
| 2012 | | | | | X | | | | | |
| 2013 | | | X | | | | | | | |
| PERU | | | | | | | | | | |
| 1991a | | | | | | | | | | X ¹ |

| | PARAMETRIC | | | | | | STRUCTURAL | | | |
|---------------------|----------------|----------------|----|------------|----------------|----|----------------|---|------|----------------|
| | EXPANSION | | | RETRENCHM. | | | EXP. | | RET. | |
| | HC | P | SA | HC | P | SA | HC | P | HC | |
| PERU (cont.) | | | | | | | | | | |
| 1991b | | | | | | | | | | |
| 1993 | | | | | | | | | | X |
| 1994 | | | | X | | | | | | |
| 1996 | | | | | | | | | X | |
| 1997 | X | | | | | | | | | |
| 1998 | X ² | | | | | | | | | |
| 2000 | X | | | | | | | | | |
| 2003 | | X | | | | | | | | |
| 2004a | | | | | X | | | | | |
| 2004b | | X | | | | | | | | |
| 2005 | | | X | | | | | | | |
| 2006 | | X | | | X | | | | | |
| 2007a | | X ³ | | | | | | | | |
| 2007b | | X | | | | | | | | |
| 2010 | | | X | | | | | | | |
| 2011 | | | X | | | | | | | |
| | | | | | | | | | | |
| URUGUAY | | | | | | | | | | |
| 1985 | | | X | | | | X ¹ | | | |
| 1986 | | | | | | | | | | |
| 1987 | | | | | X | | | | | |
| 1989 | | X | | | | | | | | |
| 1990-92 | | | | | X | | | | | X ¹ |
| 1995a | | | | | | | | | | X |
| 1995b | | | | | | | X ¹ | | | |
| 2004a | | X | | | | | | | | |
| 2004b | | X | | | | | | | | |
| 2005-07 | | | | | | | X | | | |
| 2006a | | X | | | | | | | | |
| 2006b | | | X | | | | | | | |
| 2007a | | | X | | | | | | | |
| 2008a | | X | | | | | | | | |
| 2008b | | | | | | | | | | X ⁵ |
| | | | | | | | | | | |
| VENEZUELA | | | | | | | | | | |
| 1989 | | | X | | | | | | | |
| 1994 | | | X | | | | | | | |
| 1999 | | | | | | | | | | X ⁶ |
| 2000a | | X | | | | | | | | |
| 2000b | | | X | | | | | | | |
| 2002 | | | | | X ⁴ | | | | | |

| | EXPANSION | | | RETRENCHM. | | | EXP. | | RET. | |
|------------------------------------|-----------|----------------|----|------------|---|----|------|---|------|---|
| | HC | P | SA | HC | P | SA | HC | P | HC | P |
| VENEZUELA (cont.) | | | | | | | | | | |
| 2003 | | | X | | | | | | | |
| 2006a | | X ³ | | | | | | | | |
| 2006b | | | X | | | | | | | |
| 2007 | | X ³ | | | | | | | | |
| 2010 | | X ³ | | | | | | | | |
| | | | | | | | | | | |

EXP.: Expansion; HC: Healthcare; P: Pensions; RET.: Retrenchment; SA: Social Assistance

Notes:

¹ Aborted reform.

² Incomplete implementation/reversed through implementation

³ One-time measure.

⁴ Not implemented.

⁵ Universal family allowance.

⁶ Reversed before implementation.

Table 43: Number of reforms, by country

| | PARAMETRIC | | | | | | STRUCTURAL | | | | |
|-------------------|------------|----|---|--------------|----|---|------------|----|-----------|----|---|
| | EXPANSION | | | RETRENCHMENT | | | EXPANSION | | RETRENCH. | | |
| | N | HC | P | SA | HC | P | SA | HC | P | HC | P |
| ARGENTINA | | | | | | | | | | | |
| Total | 21 | 3 | 6 | 5 | 1 | 3 | 1 | 1 | 1 | | 1 |
| Aborted | | | | | | | | | | | |
| Not implemented | | | | | | | | | | | |
| BOLIVIA | | | | | | | | | | | |
| Total | 17 | 3 | 5 | 7 | | | | | 1 | | 1 |
| Aborted | | | | | | | | | | | |
| Not implemented | | | | | | | | | | | |
| BRAZIL | | | | | | | | | | | |
| Total | 17 | 5 | 1 | 4 | 0 | 5 | 0 | 1 | 1 | | |
| Aborted | | | | | | 2 | | | | | |
| CHILE | | | | | | | | | | | |
| Total | 7 | 1 | 1 | 2 | | | | 1 | | 1 | 1 |
| COLOMBIA | | | | | | | | | | | |
| Total | 8 | 1 | 2 | 2 | 0 | 1 | 0 | 1 | 0 | 0 | 1 |
| Aborted | 1 | 1 | | | | | | | | | |
| COSTA RICA | | | | | | | | | | | |
| Total | 6 | 0 | 0 | 3 | 0 | 1 | 0 | 1 | 0 | 0 | 1 |
| ECUADOR | | | | | | | | | | | |
| Total | 8 | 1 | 1 | 2 | 0 | 0 | 0 | 3 | 1 | | 1 |
| Not implemented | 3 | | | | | | | 3 | | | |
| Reversed | 1 | | | | | | | | | | 1 |
| MEXICO | | | | | | | | | | | |
| Total | 20 | 2 | 3 | 8 | 0 | 4 | 0 | 1 | 0 | 0 | 2 |
| Reversed | 1 | | | | | | | 1 | | | |

| | PARAMETRIC | | | | | | STRUCTURAL | | | | |
|------------------------|------------|----|---|--------------|----|---|------------|----|-----------|----|---|
| | EXPANSION | | | RETRENCHMENT | | | EXPANSION | | RETRENCH. | | |
| | N | HC | P | SA | HC | P | SA | HC | P | HC | P |
| PERU | | | | | | | | | | | |
| Total | 17 | 3 | 5 | 4 | 1 | 2 | 0 | 0 | 0 | 1 | 1 |
| Aborted | 1 | | | | | | | | | 1 | |
| Not implemented | 1 | 1 | | | | | | | | | |
| URUGUAY | | | | | | | | | | | |
| Total | 17 | 0 | 5 | 3 | 0 | 2 | 0 | 3 | 0 | 0 | 4 |
| Aborted | 5 | | | | | | | 2 | | | 3 |
| VENEZUELA | | | | | | | | | | | |
| Total | 12 | 0 | 4 | 6 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Reversed | 1 | | | | | | | | | 0 | 1 |

Table 44: Scores for causal conditions

| | AUTH | CORP | DHYP | EBA | DEM | GIOP | ICM | IUP | LBPI | PPG | PPO | TPC |
|---------------|------|------|------|-----|-----|------|-----|-----|------|-----|-----|-----|
| Argentina | 0 | 1 | 1 | 0 | 1 | | 0 | 0 | 0 | 1 | | 0 |
| 1984-99 | | | | | | 0 | | | | 0 | 1 | |
| Pre-2003 | | | | | | 1 | | | | | | |
| After 2003 | | | | | | | | | | | | |
| Bolivia | 0 | 0 | 1 | 0 | 1 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Pre-2005 | | | | | | 0 | | | | | | |
| Post-2005 | | | | | | 1 | | | | | | |
| 2010 | | | | | | | 1 | | | | | |
| Brazil | 1 | 0 | 1 | 1 | 1 | | | | 0 | 0 | 0 | 0 |
| 1988 | | | | | | 0 | 1 | | | | | |
| Pre-2005 | | | | | | 1 | | 0 | | | | |
| Post-2005 | | | | | | | | 1 | | | | |
| Chile | 1 | 0 | 1 | 1 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Previous 1990 | | | | | 0 | | | | | | | |
| Post 1990 | | | | | 1 | | | | | | | |
| Colombia | 0 | 0 | 0 | 0 | 1 | 0 | | 0 | 1 | 0 | 0 | 1 |
| 1993 | | | | | | | 1 | | | | | |
| Costa Rica | 0 | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 1 | 0 | 0 | 1 |
| Ecuador | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mexico | 0 | 1 | 0 | 0 | 0 | | 0 | 0 | 0 | | | 0 |
| Pre-2000 | | | | | | 1 | | | | 1 | 0 | |
| Post-2000 | | | | | | 0 | | | | 0 | 1 | |
| Peru | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Uruguay | 0 | 0 | 0 | | 1 | | 0 | 1 | 1 | 0 | 0 | 0 |
| 1995-2004 | | | | 0 | | 0 | | | | | | 1 |
| Previous 2004 | | | | 1 | | 1 | | | | | | |
| Post-2004 | | | | | | | | | | | | |

Table 45: Classification of processes of structural reform according to inclusiveness

| REFORM | INTEREST INCLUSIVENESS | SUPRA-PARTISAN SUPPORT | TYPE OF PROCESS |
|------------------------|-------------------------------|-------------------------------|------------------------|
| Argentina 1994 | Inclusive | Yes | Consensual |
| Bolivia 1997 | Exclusive | No | Factionalist |
| Brazil 1988 | Inclusive | Yes | Consensual |
| Chile 1981 | Exclusive | No | Factionalist |
| Colombia 1993 | Inclusive | Yes | Consensual |
| Colombia 1995 | Inclusive | Yes | Consensual |
| Costa Rica | Inclusive | Yes | Consensual |
| Mexico 1992 | Exclusive | No | Factionalist |
| Mexico 1995 | Exclusive | No | Factionalist |
| Peru | Exclusive | No | Factionalist |
| Uruguay 1995 | Exclusive | Yes | Elitist |
| Uruguay 2005-07 | Inclusive | No | Hegemonic |
| Venezuela 1999 | Exclusive | Yes | Elitist |

Table 46: Paradigmatic "waves" in the design of social assistance

| | 1980-84 | 1985-89 | 1990-94 | 1995-99 | 2000-04 | 2005-13 |
|----------------------------------|------------|--------------------------------|------------------------------------------------------------------|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Non-contributory pensions | Chile 1981 | Uruguay 1986 | Argentina 1994 Brazil 1991, 1993 | | | Argentina 2009 Chile 2006 Mexico 2006 Peru 2010, 2011 |
| Safety nets | | Bolivia 1985 Venezuela 1989 | Bolivia 1990 Mexico 1992 Peru 1991, 1997 Venezuela 1994 | Argentina 1997 | Argentina 2002 | |
| CCTs | | | | Ecuador 1998 Mexico 1997 | Argentina 2003, 2004 Brazil 2001, 2003 Chile 2004 Colombia 2000 Costa Rica 2001 Ecuador 2003 Mexico 2000, 2001 Venezuela 2003 | Bolivia 2006, 2009 Colombia 2007 Costa Rica 2006 Peru 2007 Uruguay 2006 Venezuela 2006 |

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