Latin American Social Policy Developments in the Twenty-First Century

Edited by
Natália Sátyro · Eloísa del Pino · Carmen Midaglia

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CHAPTER 1

The Latin American Social Protection Systems in Action: Triggers and Outcomes of Reforms at the Start of the Twenty-First Century

Eloísa del Pino, Natália Sátyro, and Carmen Midaglia

1.1 Introduction

Since 2000, poverty and income inequality have reduced in Latin America thanks to increases in labour income and the reform and implementation of new social protection policies (ECLAC 2017). Some analyses have

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gone as far as to assert that these changes and their impact can only be compared with those which were encountered in the early twentieth century, when some pioneering countries implemented their first welfare programmes in the region (Silva and Rossi 2018).

However, as we enter the third decade of the twenty-first century, Latin America's social protection systems are again at a crossroads. It is not clear whether, as in previous stages, a period of change and even of reversal of recent progress is beginning, similar to what happened in the 1970s; or rather, whether the reforms which have strengthened Latin American protection systems during the first two decades of the twenty-first century will succeed in putting down firm roots.

Several phases can be identified with regard to the development of social protection systems in the region from the early twentieth century to the present. The cycle began with the implementation of the 'import substitution industrialization' model (ISI) in the 1930s and 1940s, which promoted closer integration of Latin American countries with international trade and capital markets (Segura-Ubiergo 2007). This economic dynamic tended to facilitate the consolidation of democratic systems, which in turn enabled the acceptance of certain elements of social citizenship, essentially linked to the employment market and the protection of formally employed workers.

This phase was followed by one of cuts to social policies which extended from the 1970s to the new century and coincided with the installation of the neoliberal development model. In this period, social reforms promoted cuts in public spending, fundamentally in social spending, weakening the benefits for formally employed workers, on the basis of a twofold justification: the lack of equity of a model that had not been able to include low-income groups, and the need to reduce the public deficit (Rudra 2008). In this context, governments began to assume a more active role in the field of regulation of public goods and simultaneously diminished its function as a provider of social protection (Barrientos 2009). The new version of the liberal model thus tended to erode the expansion of regional welfare schemes which, unlike in developed countries, were unable to resist being dismantled or weakened (Gough 2013).

This book analyses the scope of reforms and changes in the social protection systems that have occurred in the following period (from 2000s to 2015). In addition to describing how and to what extent changes in social protection systems and social policies have occurred in Latin America in recent decades, this book aims to contribute to the comparative literature by identifying which the triggers of the transformations are and how such pressures are received by the welfare regime or a specific policy sector to finally yield a given type of reform. The analysis is characterized by the presence in the Latin American context of certain factors which according to the scientific literature explain the development of social protection systems, such as economic growth, the consolidation of democratic political regimes and a greater presence in national governments of leftist political parties, the '*Giro a la Izquierda*' (Arditi 2009), mainly in South American countries. However, at the same time, the fact cannot be ignored that attempts to expand the social protection system have also encountered obstacles, such as the resistance from certain coalitions of actors, which over the decades have managed to consolidate corporate or economic interests.

The book also seeks to understand what the effects of these transformations are on the institutional characteristics of social protection systems and on the content of existing social policies up to that point and, finally, their transformative impact on society. It also seeks to detect to what extent common challenges and processes induced by international institutions have led to convergence among countries or welfare regimes or, on the contrary, whether each maintains its own identity. Finally, the book also asks to what extent the social advances of this period are threatened by a new phase of economic slowdown and political change.

This chapter presents the concepts and analytical approaches used in this book, and advances the main conclusions on the transformations in the protection regimes studied, and in social security, health, family and anti-poverty policies. Specifically in this chapter, section II considers the use of typologies of welfare regimes and their application to Latin America. The next section addresses the 'dependent variable' problem and discusses various approaches to measuring the extent of change in social protection systems. The following two sections briefly review the responses of the scientific literature to the main questions about the determinants of change in social protection systems (welfare regimes and social policies as a phenomenon to be explained) and their consequences (their capacity to produce social, economic and political outcomes). The last section of this chapter anticipates some of the answers to these questions and how the authors of each of the chapters in this book contribute to the literature on the reform of protection systems and social policies.

1.2 Definitions and Typologies of Welfare Regimes in Latin America

On its thirteenth anniversary, this book is also a tribute to the contribution of Esping-Andersen (1990) on the 'three worlds of welfare', which continues to inspire much of the analysis of social protection systems in Latin America. The Three Worlds of Welfare Capitalism served to explain that not all welfare systems are of the same type, that each is structured according to 'its own different logic', that their origins are due to different historical forces and follow qualitatively different development paths and that each welfare regime has different consequences in social, economic and political terms (Esping-Andersen 1990: 19, 47; Emmenegger et al. 2015; Ferragina, Seelib-Kaiser and Spreckelsen 2015; Del Pino and Rubio 2016; Antia 2018; Barba Solano 2019).

Based on Marshall's contribution, Esping-Andersen (1990: 41) maintains that social citizenship and the granting of social rights are the basic elements of the Welfare State. As civil rights were consolidated in the seventeenth century, it became evident that these had to be safeguarded through political rights, which were finally achieved in the eighteenth century in many parts of the world. However, political rights could only become effective once some security and adequate economic resources were guaranteed through social rights (Marshall 1950; Hichks and Esping-Andersen 2005: 510).

If social rights are considered inviolable and the granting of them depends on social citizenship and not on individual behaviour, this implies a decommodification of the status of individuals (i.e. their welfare is not totally dependent on their participation in the labour market, but will be partially independent of market, charity or family support) (Esping-Andersen 1990: 41). In addition, the Welfare State can reconfigure the existing social class order (Esping-Andersen 1990: 41). According to their positions on the degree of decommodification and the type of stratification, Esping-Andersen distinguishes three of welfare regimes

– In the *Liberal Regime*, the government has a residual role in the provision of welfare, and modest social benefits predominate, which are obtained when the beneficiary is considered eligible by meeting strict criteria which reflect the degree of hardship or need. Benefits conditionality encouraged people to turn to the labour market to solve their problems related to risk coverage. Citizens have a higher dependency from their participation on the market (there is a low level of decommodification) than under the other regimes.

- The *Conservative Regime* (also called the Bismarckian or continental model) responds to the basic principle of insuring risks. The degree of social protection depends on employment status, specifically whether and how a person participates in the formal labour market. The family, and especially the male as the main breadwinner and the female as the housewife, are the main carers. The level of demercantilization is moderate and the system itself tends to perpetuate differences in status.
- In the *Social Democratic Regime*, demercantilization and universalization of social rights are extended to all citizens. Welfare institutions make an active effort to defamiliarize and cooperate in finding new employment for the unemployed. It is a generous regime, with good results in terms of the redistribution of wealth and reduction of poverty. (Hicks and Esping-Andersen 2005).

Despite the passage of time and the transformations in protection systems and social policies, these regimes continue to be useful for classifying Western countries (Ferragina et al. 2015). However, at least a dozen researchers have discussed modifying the original typology to include other types within Europe, to be able to apply it to contexts other than Europe, to other time periods and to specific public policy sectors (Arts and Gelissen 2002; Del Pino and Rubio 2016; see also the monograph in the *Journal of European Social Policy* edited by Emmenegger et al. 2015).

According to Gough (2004: 15), Welfare States are only one family of welfare regime in a world where there are at least two others. In the *Welfare State Regime* the capitalist economy and liberal democracy predominate; in addition, the role of the State in the provision of welfare is very important (although unequal depending on whether it is a conservative, liberal, social democratic or Mediterranean regime). In the *Informal Security Regime* (Wood 2004), the division of labour is not only capitalist; families adopt different strategies for survival and continue to play an important role in welfare provision, as the Government is weak and relationships are often clientelist. Finally, the *Insecurity regime* is characterized by a model of predatory capitalism and a government which is often corrupt or non-existent.

With regard to Latin America, applying the typology of Esping-Andersen, it is generally accepted that the welfare institutions in the region throughout the twentieth century are best described as Bismarckian (Barrientos 2019). However, the development of various typologies of welfare system and social policy in Latin America has helped better capture the wealth of nuances, differences and common patterns among the groups of countries within the region (even intra-national), as well as the evolution of welfare institutions over time (e.g. Filgueira 1998; Barba Solano 2003, 2019; Segura-Ubiergo 2007; Martínez Franzoni 2008; Pribble 2011; Cruz-Martinez 2014, 2017; for a recent summary of the contributions of these typologies and their own proposals, see Cruz-Martinez 2019; Barba Solano 2019).

Filgueira's pioneering typology (1998) refers to the period before the crises of the 1980s and, in addition to social security as studied by the Mesa-Lago typology (1978, 1986), considers healthcare and education policies as strategic in the consolidation of social states. It distinguishes among three types of system. The *Stratified Universalism Regime* system presents high levels of coverage and institutionalization of the main public services, focusing benefits, especially social security and health, on the figure of the formally employed worker and his/her household. This type of scheme is similar to those classified as conservative-corporate in European classifications (Esping-Andersen 1990), and the benefits provided are stratified according to a worker's sectoral affiliation and occupational category. This category of countries includes Argentina, Chile and Uruguay.

Despite their differences in their economic models, the countries belonging to the *Dual Regime* (Brazil and México) have similarities. Democracy was established late in both. They expanded social rights mainly in the formally employed urban sectors, which favoured middle-income groups. These countries made great efforts to develop their education and health systems and lagged behind in their social security systems, whose benefits have been associated with labour status. In comparison with the rest of Latin America, they present intermediate rates of inequality, poverty, employment, pension coverage and education and health expenditure and social expenditure. Care responsibilities have traditionally fallen to families and women. The reforms of the 1990s and early 2000s seem to have consolidated the dualist characteristics of some countries. However, others have been able to start down the path towards universalism.

In the *Exclusionary Regime* of Bolivia, Ecuador and the Central American countries—with the exception of Costa Rica—the system serves a select group of the population, fundamentally in terms of pensions and health, who are included in the formal labour market, evidencing at the same time the substantial contribution made by the informal activity which characterizes these economies. Education policy reflect a dual logic approach, in which the services achieve moderate coverage, but the benefits provided are of varying quality, making the educational offer strongly stratified (Filgueira 1998).

One of the questions this book seeks to answer is the extent to which the reforms of the last twenty years have affected the variety and internal consistency of the regimes identified in one of these typologies (Filgueira 1998) and the social policy architectures present in the region, particularly in the case of social security, health, family policy and anti-poverty policies. Later in this chapter, the discussion of other typologies will be useful for understanding the components and architecture of social protection systems in the region as well as the factors which explain the paths they have developed along in Latin America.

1.3 How Social Protection Systems and Policies Are Changing in Latin America

One of the main objectives of this book is to describe how social protection regimes and social policies have changed since the start of the twenty-first century in Latin America. Measuring and conceptualizing change in these areas is not an easy task, especially if it is to be done from a comparative perspective. There are often obstacles linked to the existence of reliable and comparable data on the scope of social policies (Greve 2020; Nelson et al. 2020). However, the greatest difficulty consists of identifying concepts which can be applied to different contexts and which are sensitive to capture the various historical paths taken and the social or cultural diversity. In what has been described as 'the problem of the dependent variable', there has been discussion about what policies have to be included, which indicators and policy parameters are the most appropriate or how to estimate the extent and direction of change (Green-Pedersen 2007; Clasen and Siegel 2007).

The diversity of the typologies in the region reveal that there are various approaches to what policies and dimensions should be included to understand the scope of a welfare regime. This also reflects when a particular typology was elaborated. The pioneering typology in the region by Mesa-Lago (1978, 1986), focused on the first far-reaching social policy implemented in Latin America: social security. As we shall see, all subsequent typologies have included different policy sectors which reflect the development of more complex welfare systems. New policies, such as the incipient zero to three education or the Conditional Cash Transfers (CCT) programmes, have been or still need to be integrated into the existing typologies. For example, various chapters in this book analyse the extent to which the three groups of countries identified by Mesa-Lago according to the period of emergence of the pension systems and the level of development achieved ('pioneers', 'intermediate' and 'latecomers') remain useful for recognizing the current pension systems since, as we shall see, at least 28 countries in the region have implemented non-contributory pension programmes.

Social protection systems also change in perspective of the 'horizontal governance' or welfare mix, that is, the balance among different actors (public sector, private sector, third sector and the so-described 'informal sector', which includes the family) for the provision of needs (Spicker 2008). The typology proposed by Martínez-Franzoni (2008) classifies Latin American countries in the post-reform period 1998–2003 into three groups, taking this approach into account, and in particular the role of the family and the gender debate. In the state-productivist type of country (Chile and Argentina), public policy emphasizes the formation of human capital by supporting access to health and education services, in the provision of which the public sector has a limited role. In the state-protectionist regime (Costa Rica, Uruguay, Brazil and Mexico), social protection is mainly linked to formal employment but the government plays an important role; finally, in the non-state-familialist countries (Colombia, Ecuador and the vast majority of Central American nations), social policies are weak and labour markets are characterized by high levels of informality, which increases dependence on the family, and women's work takes on a strategic role in this regard. As we shall see through this book, various changes in the welfare mix are analysed (e.g. the increasing role of the market or the extension in public sector coverage), and in particular the still very unequal evolution of the role of the family and of women in different countries and with respect to the various social classes identified.

The authors in this book used a variety of indicators to assess the extent of change in social policies. In terms of policy change, the indicator of variations in social expenditure continues to be widely used because these data are easy to find and cover the main programmes in any country. However, a number of reforms are not reflected in social spending: it is an indicator that is too dependent on the economic situation or does not always reflect changes in citizens' rights. Therefore, other indicators are needed. Various chapters in this work evaluate changes in the policy architecture (Martínez-Franzoni and Sánchez-Ancochea 2016: 17). They particularly assess a variety of parameters, such as how benefits are calculated, their generosity and duration; the eligibility criteria or requirements for citizens to be entitled to services or social work benefits; or how they are financed or provided.

As we will see throughout this book, authors have also used a variety of conceptualizations to capture the extent of these changes. One is Hall's typology (1993: 278) which distinguishes: (a) first-order changes which consist of existing policy instruments being applied differently (e.g. increasing contributions or reducing benefits); (b) second-order changes which involves modifying such instruments, without changing the nature of the welfare regime (such as introducing new calculation rules for pensions); (c) third-order changes which modify policy instruments and introduce a new welfare approach(e.g. making a right or service no longer universal). While first and second-order changes can be regarded as part of normal policymaking activity, third-order changes imply a substantial change or in Hall's words, a 'paradigmatic' change.

Other contributors in this work have identified changes which fit Pierson's (2001b) typology, who explains that the type of reform depends on the nature of the social protection systems or regime. Based on Esping-Andersen's typology, liberal regimes tend to implement recommodification reforms, making individuals more dependent on the market to meet their needs; social democratic protection systems tend to implement cost-controlled reforms; and Bismarckian-conservative regimes prefer recalibrating reforms, either by rationalizing public programmes so that they can continue to meet the old welfare objectives, or by updating programmes to bring them into line with the characteristics of the new economic and social environment. Even within a single policy sector, one type of reform or another will tend to predominate.

We have also seen other ways to estimate change. The chapter on social security systems distinguishes between structural reforms and parametric reforms, which involve changes in the various parameters of the policy architecture. Moreover, a great majority of the changes in Latin America are *incremental* and consist of small modifications, of little transformative effect in themselves, although their sum over time leads to a substantial policy change. However, in addition to incremental changes, certain situations have opened a window of opportunity for path-breaking change, *radical changes*: transformative reforms with rapid impact. Authors have also proved that governments have for various reasons sometimes combined the *retrenchment* in benefits or services for the general population with '*expansión segmentada*', the extension of rights and benefits to specific groups, such as through CCT programmes (Midaglia and Villegas 2019), in at least two periods, the neoliberal period and also recently.

Finally, transformations in social protection systems are analysed in terms of *convergence/divergence* between countries within each regime or between policies and regimes within the region. However, as we shall see when reading the chapters in their entirety, it is certainly difficult to reach conclusions. Although some elements indicate that some convergence has occurred, this is undoubtedly very limited. Many countries have seen the spread of CCT programmes and non-contributory pensions, but there remains a great deal of diversity even in this policy area. We will also see very limited convergence in health policy. Some countries classified within the same regime, have also followed different routes, or even in areas such as gender and family policies, we can find convergence between countries for the higher income population and divergence within the same country between income groups.

1.4 Explaining Social Protection Change in Latin America

Richard Titmuss's (1974) analysis was the first to highlight the need to use a comparative perspective to understand the context from which social protection systems emerge. Since at least the 1960s and 1970s, scientists have tried to answer questions such as why some countries are able to develop a social protection system and others are not. What are the political, economic or social determinants relevant to the origin and development of the Welfare State? What factors explain the existence of different welfare regimes or the different scope of certain social policies in different places or periods? Heclo (1974) studied the reasons behind the differences between unemployment protection and pension policies in Sweden and the United Kingdom; Mesa-Lago, 1978 analysed the extent to which the existence of a social security system could anticipate the development of more complete social protection systems in Latin

America; and Flora (1987) investigated the causes of the development of the Welfare State.

With the crisis in the 1980s, researches tried to respond why do the social protection systems in different countries or regions of the world not end up converging (for example, some experienced a marked retrenchment and others did not), despite being subject to similar pressures (economic crisis or population ageing, for example)? Do the same factors explain the changes in social protection systems, in the various policies and in the different phases? (see Pierson 2001c; Green-Pedersen and Haverland 2002; Amenta 2003; Hichks and Esping-Andersen 2005; Hacker 2006; Segura-Ubiergo 2007; Pribble 2011, 2013; Cruz-Martinez 2017).

One recurring conclusion throughout this work is that several theories or factors are needed to explain changes in social policies across the region. Interestingly, several chapters also suggest that some of the factors (i.e. partisan government) have different weight in explaining changes in social protection systems over time (see also Pierson 2001a).

As regards functionalist perspectives (Wilensky 1975; Giddens 1973), the approach to development adopted, the degree and scope of processes of industrialization and urbanization, the degree of economic openness or—as we will see in a number of chapters—the phenomena of rural–urban migration and migration to third countries, and also epidemiological challenges (not only in reference to COVID-19, but more generally) serve to explain the emergence of new social needs in Latin America which put social stability and the process of economic development at risk and sometimes give rise to certain public policy responses (see Segura-Ubiergo 2007; Pribble 2013). The so-described 'New Social Risks' defined by Taylor Gooby (2004: 3) as those which people face 'during the course of their lives as a result of economic and social changes associated with the transition to a post-industrial society', also stimulate the transformation of protection systems, as is demonstrated in the changing role of women, or in the still not yet pressing problem of the aging of the population in the region.

According to neofunctionalist approaches, endogenous and exogenous functional pressures limit the ability of actors to make decisions about social policies because, depending on the context, certain ideas such as expansion or austerity tend to prevail over others (Van Kersbergen and Vis 2014). Governments are less generous and retrench social policies in times of scarcity, as occurred in Latin America during the 1980s and 1990s, when a new economic era began in the region, which implied the replacement of the protectionist development model (ISI) by neoliberal ideas with reforms concentrated on the curtailment of state intervention (Stallings 1992; Haggard and Kaufman 2008; Kaufman and Seguro-Ubiergo 2001; Huber and Stephens 2001). However, economic growth tends to facilitate the implementation of social policies and actors seem to be more receptive to certain universalist ideas or, for example, health policy paradigms, as we shall see (Altman and Castiglioni 2019; Levitsky and Roberts 2011; López-Calva and Lustig 2010).

Institutionalism theory essentially argues that certain characteristics of the political system (for example, the degree of development of bureaucracies, the fragmentation of power or the number of veto points, among others) or of the policies in place determine its potential for developing and reforming social protection systems (Huber et al. 1993). Filgueira (2013) explains that Latin American populism in non-democratic or pseudo-democratic political systems did not resolve the social inclusion challenges, due to the resistance of economic elites. Where some form of social welfare was implemented, its content and conditions were negotiated with specific interest groups, invariably belonging to the formal economy, which negotiated policies to benefit insiders (Santos 1979). This distributive dynamic helps explain why protection systems are incomplete, with deficits in the universalization of service coverage and significant levels of discordance in access to public benefits (Carneiro 2017). Almost all the chapters in this book seem to agree that this approach appears to explain well the difficulty of implementing reforms which would entail a change in direction for most programmes already present in the region. Vested interests from a variety of policy sectors have often put the brakes on reforms, especially when governments have attempted to implement ambitious changes. It is worth speculating whether this is precisely one of the reasons why, on many occasions, it has been easier to implement new programmes than to modify existing ones.

Political factors also help explain the development of social protection systems and their capacity for reform. In addition to the type of political regime, Huber and Stephens (2012), Segura-Ubiergo (2007), Cruz-Martinez (2017) and all the authors of the current work suggest that the process and degree of democratization is fundamental for the development or failure of development of protection systems in Latin America. Recently, Garay (2016) explained the mechanism by which democracies expand the social protection system to structurally incorporate outsiders (although still very insufficiently): electoral competition and social mobilization (Altman and Castiglioni 2019; Fairfield and Garay 2017; Garay 2016; Pribble 2013). The electoral competition in the region for the vote of large vulnerable sectors (outsiders), reinforced by social mobilization, benefits the enshrinement of assistance policies aimed at populations living in poverty (Garay 2016; Freitas and Sátyro forthcoming; Anria and Niedzwiecki 2016). Several chapters here point in the same direction. The social mobilization of students and indigenous groups, among other groups, has benefited the expansion of social protection in some countries.

One of the political factors whose weight seems different over time is the role of partisan government in developing social protection systems. According to the power resources approach, these systems are the result of conflict between social classes and, in particular, the strength of the working class, supported especially by social democratic parties and trade unions (Korpi and Palme 1998; Pierson 2001a; Iversen and Stephens 2008; see Niedzwiecki 2015; Pribble and Huber 2013 for Latin America). Perceptively, since the 1970s, some authors have pointed out that the decline in the power of social democracy and trade unions cannot explain the continued existence of public welfare programmes and see the need to shift the emphasis of analysis from the labour movement to the clientelism which has emerged around welfare programmes, for example, for pensioners (Pierson 2001a). They become important political actors when they have the capacity to mobilize and this can have electoral consequences. This perspective treats the middle class (Baldwin 1990), employers (Mare 2005), state workers (De Swaan 1998), or—as we will see in this book—women's movements, students or indigenous people as groups which also have interests in the development of certain policies (Minteguiaga and Ubasart-González 2013).

Furthermore, the analyses in this book accords unequal importance to the role of partisan politics in the current context because at least since the 1990s, the Latin American left-wing has also constrained by the financial crisis and the permanent austerity which followed it, while right-wing governments have been constrained by the support among their constituencies for certain welfare programmes (Sátyro 2013). Fairfield and Garay (2017), Niedzwiecki and Pribble (2017) and a number of the authors in this book find expansionary initiatives in several policy sectors (CCT, non-contributory pensions, healthcare and maternity leave) delivered by right-wing governments (Diaz-Cayeros et al. 2016; Osorio

Gonnet 2018). As explained by Abou-Chadi and Immergut (2019: 702) 'when electoral competition is high, parties should follow their vote-seeking incentives and pursue a strategy of vote maximisation by reaching out beyond their core constituency; in cases of low competitiveness, however, their policy-seeking strategies should dominate and they will follow their traditional ideological profile and the preferences of their rank-and-file members'. However, throughout this work, a number of authors suggest that the rhythm and orientation of reforms (i.e. the scope or aims of CCT) do vary according to the colour of partisan governments.

Finally, the role that international actors continue to play in the development and reform of social policies has been very relevant in the region. As we will also see in each of the contributions in this book, what could be described as 'soft [or hard] governance mechanisms' lead to public policy transfer or mutual learning processes which occur in the context of government membership of international organizations, or with the formation of formal or informal communities of interest in which public problems and their solutions tend to be defined homogeneously (Bianculli 2018).

1.5 The Results of Social Protection Systems in Latin America

Social protection systems have an impact on society. In recent years, some studies of the degree of development of social protection systems have included not only indicators on the architecture of the system, but also on its results, as in the case of the Multidimensional Welfare Index (MWI), which was applied to seventeen Latin American countries during the 1940s to 1970s and between 2000 and 2010, distinguishing three groups (Cruz-Martinez 2014, 2017).

Social protection systems are expected to have an impact on the elimination of poverty and inequality, either by increasing the income of certain citizens and through transfers—financed by progressive taxes and social contributions—or by providing public services for the population, or both. In addition, they can affect gender relations, the balanced between generations and social classes, and ethnic diversity, or they can impact on fertility rates, the population's level of education, employment and unemployment, economic growth and political stability.

However, some analysts have drawn attention over time to the fact that, despite the extension of the Welfare State, poverty and inequality persist (Hicks and Esping-Andersen 2005). It is easy to conclude from this that social protection systems alone cannot eliminate social problems. As we shall see throughout this book, all the authors attribute the increase in resources for implementing social and tax policies to the improvement in the economic situation and, in particular, to an increase in international prices for agricultural products which favoured regional growth (ECLAC 2017: 97; Fairfield and Garay 2017). Similarly, all the authors mention citizens' access to the formal labour market, with quality jobs and wages, as a key element, indispensable for minimizing inequality and poverty (see also Inchauste and Lustig 2016; López-Calva and Lustig 2010).

In Latin America, the debate on the 'distribution paradox' (Korpi and Palme 1998) continues to be particularly interesting. As we shall see in the following chapters, this has led to the production of growing evidence which seeks to elucidate the results and impact of targeted policies, such as CCTs, on poverty and inequality and also on family structure and the role of women. Similarly, after the failure of the strategies followed in the framework of the Washington Consensus, the classic debate has resurfaced as to what the effects of a commitment to targeted policies might be if they are not accompanied by policies which succeed in attracting and maintaining the middle classes as clients of public services, for example, in terms of the disaffection of a part of the citizenry which pays its taxes, or in terms of the deterioration in the quality of certain services which suffer from insufficient public investment justified by the need to reduce public deficits (see also Brady and Bostic 2015; Martinez-Franzoni and Sánchez Ancochea 2016).

Although the debate in Latin America has not reached the proportions it has in Europe, some of the authors in this book show the presence of a concern about the growing generational bias in public spending in the region and its effects, including political ones: the increase in spending on pensions, resulting both from the ageing population and from the implementation of new non-contributory pension programmes, as well as the potential implementation of long-term care programmes, particularly benefit older people. At the same time, other groups, such as those less able to exert pressure, are unable to make their demands heard on the political agenda.

Throughout this work, there is the constant expression of concern about the persistence of dualization. The basic objectives of the risk insurance of the Bismarckian regime reproduce differences in status and lead to the dualization of work and the protection system, between insiders—workers with long and stable careers who also accrue social rights—and outsiders. This phenomenon, which is also problematic in the European Bismarckian and in Southern Europe systems, takes on very important proportions in Latin America where a very high percentage of the population continues to work within the informal economy and therefore still has no access to quality social protection (see Rueda et al. 2015). Although the development of non-contributory pensions and CCT programmes has provided a certain level of protection to groups which did not have it previously, the results for two of the most important indicators for measuring the performance of social protection systems, decommodification and stratification, remain highly unsatisfactory, although as we shall see, there are major differences between countries. Some of the book's authors are also concerned about another type of dualization which affects families and which translates into progress towards more egalitarian models for living in the high and middle classes, but regression in other social groups.

Another recurring theme is the effect of social policy changes and reforms on the (weak) institutionalization of social protection systems, which have shown strong fluctuations in many of the countries in the region. Some authors seek to determine whether the new policies will be consolidated as a pillar of the social protection system and will manage to survive changes in government, even if they are accompanied by modifications in its architecture. In a number of places, recent progress appears to have been very relevant to the institutionalization of the social system, above all because it has involved the application of objective criteria and evaluations in the selection of participating households and the improvement of registries and information systems, thus limiting political interference in the access to public goods, which can be decisive in professionalizing the social protection system and giving it political and social legitimacy (Cecchini and Atuesta 2017).

Although it is not the main subject of any of the chapters in this work, throughout the contributions there is discussion of what effect the reforms to protection systems carried out since the 1980s had on the then dominant paradigms about the role of the public sector. In general, these effects are described as adverse, generating new, sometimes unforeseen, social problems. These negative effects of the neoliberal reforms ended up promoting new ideas and the resurrection of some which had lost support over time—such as the social rights paradigm, universalism and universal health coverage—and contribute to the mobilization of certain groups which demanded and in part achieved new social policies, thanks to which they were able to achieve some basic social rights. If these achievements can be consolidated, the formal incorporation of these outsiders into the social protection system can be a decisive step towards ending the usual clientelist distribution benefits mechanisms in some countries.

1.6 What Is Happening with Social Protection Systems in Latin America and What Are Their Future Challenges: An Overview of This Book

The book is organized in two parts. The first part analyses the welfare regimes in Latin America, the second deals with the most representative public policy sectors. In Chapter 2, **Gala Díaz Langou** studies the most relevant reforms carried out in the countries that are part of the Stratified Universalistic Regime (Argentina, Uruguay, Chile and Costa Rica). From the early 2000s, the social protection systems of the countries applying this regimen have, according to the author, undergone a process of recalibration. Although during this first decade of the twenty-first century there was a commitment to strengthening social protection systems, the neoliberal policies of the previous decades managed to consolidate corporate and private interests which were difficult to convince of the need for redistributive changes. Even so, by the end of this first decade, all countries saw an increase in social spending, especially as a result of the implementation of the CCT programmes. These countries also made an effort to improve the number of people integrating into the formal economy. These advances in both contributory and non-contributory social protection have helped to strengthen the overall coverage of the social protection system, yet the stratification remains. In addition to these problems, other challenges have yet to be resolved, in particular, the bias of the system towards the elderly, which may become more acute in the coming years given the increase in the dependency ratio, and the deficient protection of young families with children, single-mother families and children.

Chapter 3 by **Enrique Valencia** and **Carlos Barba** analyses social policy reforms in five countries belonging to the Dual Welfare Regime in Latin America (Brazil, Mexico, Colombia, Panama and Venezuela). The recent reforms of the three social policy sectors (pensions, health and CCT programmes) analysed in this chapter have been inspired by two opposing paradigms, one closer to neo-liberalism and the other to universalism. It is interesting to note that for these authors, the role of government ideology is key to explaining at least the beginning of the reform processes. Government partisanship determines the choice of one or the other paradigm which is considered to be the most adequate to solve certain perceived problems affecting the functioning of public policy. However, on many occasions, reforms have to be negotiated with different coalitions of national or international actors, which are more or less powerful. It is this negotiation process which leads to initial objectives often being watered down during the design phase or at the time of implementation. Policy learning processes have also been relevant in these reforms, and path dependence has been more important in some countries and policies than in others.

Despite being part of the same welfare regime, the scope of reforms has been different in different countries. In the case of pensions, some countries have implemented parametric reforms and others, structural reforms. In the case of healthcare, some countries have succeeded in imposing a healthcare approach, but in others the residual, market or mixed approach has been more important. Although the coalitions of actors involved in the design and promotion of the CCT programmes differed from country to country, a focus on promoting human capital through education, health and food prevails in all of them.

In Chapter 4, **Analía Minteguiaga** and **Gemma Ubasart-González** identify continuities and changes in the 'Exclusionary Regime'. A period of economic prosperity in early twenty-first century contributed to the improvement of social policies which benefited citizens in the three countries analysed in this chapter (Peru, Bolivia and Ecuador). However, the political orientation of the governments does seem to explain the continuity of the current neoliberal paradigm in one of the cases studied and the attempt to shift towards a more social model of protection system in the other two countries. In the latter two countries, left-wing governments, which to a large extent came to power through social mobilization—including of indigenous people—were committed to extending the coverage and quality of social policies; but neither were the routes they followed identical, nor were the results in terms of decommodification or stratification.

The interesting Chapter 5 by **Armando Barrientos** and **Martin Powell** examines the extent to which the reforms carried out in Latin America at the turn of the new century represent a movement from a conservative towards a liberal welfare regime. In part, this issue runs through many of the chapters of this book, particularly when different authors discuss whether the creation and development of CCT programmes has meant an extension of social protection of a residual or marginal nature or, on the contrary, whether it can become a gateway to the system which will allow the consolidation of rights and advancement towards a universal system.

The authors of this chapter analyse the spread of individual retirement accounts and, specifically, the subsequent effect of the 2008 crisis, when, after the fragility shown by the financial system, many governments decided to strengthen the public component of the contributory pension system. These latest reforms appear to have halted a trend towards the expansion of market mechanisms in the field of social protection. For their part, the introduction of CCT programmes and reforms to non-contributory pensions had a positive effect – albeit unevenly across countries – on reducing inequality and especially poverty, having helped provide a significant proportion of the population with some degree of market autonomy, and having strengthened the institutional basis of the social protection system. All this makes it doubtful that the Latin American region has transformed itself into applying a liberal-type regime, although it does seem to have consolidated its deep-rooted dualism.

The second part of the book analyses how different public policy sectors have changed in the region. In Chapter 6, **Gibrán Cruz-Martínez, Luis Vargas Faulbaum** and **Ricardo Velázquez-Leyer** explain the major progress made by the creation of non-contributory pensions in Latin America, where about half of all workers are excluded from contributory social security systems. Since the 2000s, at least six types of non-contributory pension systems can be distinguished in the 28 countries that have implemented this programme, which has been designed to combat old-age poverty by offering a flat-rate minimum income to adults above a certain age, with no links to their previous labour records.

The contributory pension system has also experienced numerous waves of reform since it began to be implemented in the region in 1930. The reforms implemented since the 1980s have dealt with the pressures from population ageing as well as certain perceived concerns, which have varied over time. The same pattern of change can be identified in the 1980s 'from pay-as-you-go systems with defined-benefits to systems of individual capitalisation and defined-contributions with the participation of the private sector', although the scope varied from country to country. Since the 2000s, the reforms have consisted of regulation and involvement of the State in the system.

During the 1980s, the role of international institutions, such as the WB and the IMF, was particularly relevant as reforms were set as conditions—sometimes welcomed by some domestic actors—to access financial rescue. Even so, the institutions and actors from each country shaped these reforms, resulting in different types of contributory pensions systems being identifiable today, between 4 and 6 according to the author. The degree of democratization of a country, which stimulates the mobilization of civil society and allows for the existence of electoral competition, as well as favourable economic conditions, seem to explain better the creation and development of non-contributory pensions than other factors, such as partisan government. In any case, the previous policy pathways affect the scope of reforms and the configuration of policies in all countries.

The results of successive pension policy reforms have not always been as expected, and sometimes there have even been setbacks, for example in terms of coverage. These failures have led to further reforms and particularly since the 2000s, to the development of non-contributory pensions which the authors of this chapter consider a third-order change. The two systems remain to be integrated. However, other problems, such as the number of workers participating in the informal economy, transcend the pension system itself.

In Chapter 7, **Guillermo Fuentes, Fabricio Carneiro** and **Martín Freigedo** explain that between the 1980s and the first decade of the twenty-first century, the region as a whole experienced three waves of health-system reform with initiatives which were uneven in scope, impact and in the number of countries affected. The objectives of these reforms varied over time to focus, in the last stage, on expanding formal coverage, improving accessibility for the poorest people and those belonging to the informal workers, and expanding the catalogue of benefits provided.

The development and evolution of health systems is the result of the interaction of various factors, including socio-demographic and epidemiological changes in the population. Similarly, the improvement in the economic situation has led to an increase in public spending, part of which has been allocated to health policy. The dissemination of certain ideas, such as Universal Health Coverage by international organizations such as the WHO, PAHO or ILO, has also been partly responsible for the deployment of new programmes and policies. However, it remains 'not possible to talk about a trend of catching up or convergence'. As research analysing previous changes periods had already shown, even now the reforms carried out between the end of the twentieth century and the beginning of the twenty-first century have not substantially modified the historically created structure outcomes in terms of coverage in each country.

The starting point for countries before the beginning of the twenty-first century and their institutional and public policy legacies have proven to be more powerful than the effect of the common challenges facing the region's health systems, the ideas coming from international institutions or internal coalitions in favour of reforms. In terms of results, all countries have advanced both in terms of coverage—especially with respect to the population excluded from the formal employment market—and in terms of health spending, where some countries have improved more than others, and serious problems of segmentation still persist in some parts of the region.

In Chapter 8, **Simone Cecchini** explains that the earliest CCT were introduced in Brazil in 1995, spread both in terms of population coverage and investment during the 2000s, stabilized after 2010, and experienced a slight reduction in coverage from 2014 onwards. In 2017, CCT covered almost 21% of the total population in the region and accounted for only 0.37% of GDP in 2017. In 2019, twenty countries were implementing a total of 28 programmes. In the last decade, the most substantive changes were the reform of these programmes to try to connect poor working-age people to the labour markets. Furthermore, to avoid certain eligibility problems or stigmatization, some governments have implemented unconditional cash transfers.

The introduction and further development of these programmes cannot be explained by a single factor. Government partisanship does not seem to have been decisive in the development of CCT. However, it does seem to influence the objectives pursued by a programme (some are more focused on the goal of ensuring a basic level of income and consumption, others on building the human capital of poor families), its targeting (more or less focalization) and the conditionality applied (more or less strong).

The diversity of programmes across the region show that local institutions or domestic political dynamics filter the impact of endogenous factors, such as the promotion of CCTs by international development banks, the direct cooperation between countries and the availability of empirical evidence showing positive results, verified by a large number of impact evaluations in different countries. As in the other policies analysed, the expansion of CCTs has also been enabled by the period of economic growth experienced in the region thanks to the boom in natural commodities.

With regard to their impact, and perhaps more than even their results in terms of poverty reduction, one of the most relevant achievements is that these programmes represented a gateway into social protection for a sizable proportion of the population which had hitherto been excluded because they did not participate in the formal economy, such as people living in rural areas or indigenous people. Some evaluations show an improvement in labour incomes and formalization for people belonging to the most disadvantaged groups in the population, which improved the well-being of the poor population, increased income levels, food consumption and access to health and education, and reduced child labour and mortality. The rights-based approach seems to have found a place in the public debate on social policy.

The future of these programmes does not seem to be in jeopardy. However, the reduction in the coverage of CCT since 2015, the worsening of the economic situation and some criticisms levelled against them related to coverage shortcomings or possible unwanted effects, present some uncertainties.

In Chapter 9, **Merike Blofield**, **Fernando Filgueira**, **Cecilia Giambruno** and **Juliana Martínez Franzoni** explain that despite social mobilization, expansive social policies and the improvement of the economic situation, neither governments nor markets have been able to respond to the needs of families and in particular of women. On the one hand, the unbalanced patriarchal contract in favour of men, which has peculiar features in the region when compared to Europe, continues to weight significantly in terms it legacy, which makes both institutional and intra-family policies and agreements very difficult to modify. On the other hand, in some countries there has been a progressive erosion of the structures and inequalities which made this imbalance possible, thanks to the expansion of education and the capacity to generate income by women. However, this has only occurred at high and middle-income levels.

In Chapter 10, **Natália Sátyro** and **Carmen Midaglia** also analyse the persistent challenges of family policy in the region and the degree of family policy implementation, although from a different perspective. The intensification of the New Social Risks (the incorporation of women into the labour market or the ageing of the population, among others) has highlighted the need to implement policies that go beyond fragmented and uncoordinated initiatives. Maternity, paternity and parental programmes, which in most countries are mainly financed by social security, show a marked diversity in the region in terms of coverage rates or generosity. The same is true of cash-transfer policies, which differ from one country to another, not only in terms of their generosity but also in their objectives, their coverage and whether they include conditionality mechanisms. Although many Latin American countries have made progress in institutionalizing a system of care for children aged three and over, the region still has a long way to go in providing public care for children aged zero to three. In recent years, some countries have also sought to develop long-term care policies more systematically. In sum, the scope for family policies remains highly uneven across the region, with the third sector and the market sometimes filling the gap left by the public sector.

Finally, Chapter 11 by **Natália Sátyro** consists of a case study on Brazil which warns that the advances in social protection achieved in the first two decades of the twenty-first century are far from definitive. The case analyses how the Temer government has implemented a huge retrenchment of social policies thought a constitutional amendment which imposed limits on the federal government's primary expenditures over twenty years. The author also analysed the factors which explain this radical shift in the Brazilian social protection system.

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PART I

Durability and Change in Latin American Welfare Regimes

CHAPTER 2

Stratified Universalistic Regimes in the Twenty-First Century: Widening and Compounding Inequalities in Welfare and Social Structure in Argentina, Uruguay, Chile and Costa Rica

Gala Diaz Langou

2.1 Introduction

The quality of life that people can aspire to in a country is, at least, partially determined by how that specific society has defined that vulnerability, risk and deprivation will be managed and/or socialized. The concrete fulfilment of the country's inhabitants' rights is therefore a function of how that given polity defines social protection. In this paper, we understand social protection as 'the public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society' (Norton et al. 2001). This

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approach allows different particular definitions to coexist depending on the beliefs of each society.

Social protection approaches vary both in time and in regard to new eventual demands that are deemed to be included in what should be socialized as social protection. These approaches differ from social protection systems, which are practical articulations of these approaches into policies, institutions and regulatory frameworks. Social protection systems, therefore, define the way in which social protection is provided, by whom, how it is regulated, which goes beyond the available combination of policies and programmes (Robles 2009).

Social protection approaches have long been based in Esping Andersen's models of well-being regimes: residual-liberal model, corporatist-conservative model and social-democrat model (Esping Andersen 2000). The residual-liberal model is focused in providing mitigation policies to manage risk through safety nets. More recently, this approach has also incorporated some elements of human capital promotion (through so-called "springboards") (World Bank 2001). It is targeted to individual with "bad risks" and the access criteria is centred in need/privation (which must be proven). The state has a minimum subsidiary role and the dominating solution for risk management is the market. The corporatist-conservative model is focused on workers and it provides access to benefits according to their labour market status. The state has an administrative role, and there is low solidarity between corporative groups but high socialization of risks within them. The social-democrat model understands social protection as a mechanism for the fulfilment of human rights. The state is responsible for guaranteeing access to those rights and the system targets everyone who is entitled to them (Esping Andersen 2000).

These are ideal types and, in practice, most social protection systems feature traces of all three models to different extents and are in constant dialogue with each other (Repetto 2009). The concrete representations of these approaches were first adapted for the Latin American region by Filgueira and Filgueira (2002). They advanced this classification by approaching Esping Andersen's ideal models to Latin American reality, according to the attained levels of social services and social security coverage. They defined three categories: exclusive regimes, dual regimes and stratified universalism. Exclusive regimes are characterized by being elitist social security and health systems where elites are benefited by public resources without there being any progressive redistributive mechanism. Examples of exclusive regimes are Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua and Dominican Republic. Secondly, dual regimes are characterized by being highly heterogeneous in their territorial distribution, in the resources, and in the social protection levels attained by the population. They may reach coverage levels similar to exclusive regimes in rural areas which coexist with high coverage levels in urban areas. Examples of dual regimes are Brazil and Mexico.

Finally, Filgueira and Filgueira (2002) categorize social protection systems in Argentina, Chile and Uruguay, taking into account the developments until the end of the twentieth century, with their concept of *stratified universalism*. This concept is the closest category in the region to Esping-Andersen's corporativist-conservative but that also includes some features of both the social-democrat and residual-liberal ideal types. The origins of these four countries' welfare regimes are closely linked to the protection of (formal and urban) workers. They fall under Mesa-Lago's category of "pioneer countries", since by early twentieth century began to develop their social security interventions (Mesa-Lago 1991). These countries are characterized by a fragmented origin of their systems, where occupational groups have different access to diverse benefits according to their labour market category. These systems were highly stratified and based on formal employment.

Filgueira and Filgueira (2002) argue that countries that fall under this concept had, towards 1970s, a solid state with levels of social protection associated to labour market participation protecting the majority of the population (therefore universalistic). All these countries offered extended levels of decommodification for diverse situations of employment interruption. The protection provided in these countries was also characterized by a sharp stratification of entitlements, conditions of eligibility, and levels of protection. Some occupational categories were notably better off (particularly state workers and professionals, those in urban services and manufacturing) and some had a poorer access to benefits (namely, the self-employed, informal sector workers, those chronically unemployed and rural workers). Due to the strong reproduction of biases in the occupation categories that these countries considered when differentiating access to welfare, especially in the last quarter of the twentieth century (and the beginning of the twenty-first century), with the rise of informality, the coverage rate of these systems fell. These limitations were highlighted specially during the 1980s, 1990s and early 2000s by the recurrent and severe economic crises and the rise of poverty and inequality in the region.

Costa Rica is a particular case that was absent in Filgueira and Filgueira (2002) initial categorization. In a subsequent analysis, Fernando Filgueira argues that Costa Rica is an outlier in his typology of social states. He explains how, in spite of it being an "intermediate country" in Mesa-Lago's classification, Costa Rica has advanced toward a mature stratified model in terms of coverage, supply and quality of services "without falling into the errors of stratification of the pioneer systems" (Filgueira 2005: 11). He claims that, in Costa Rica, there has been "a particular marriage between democracy and universalism" where, despite not having similar trajectories as the other three countries (i.e. Costa Rican society is not as mobilized), it is clear the "relevance of democracy as an independent variable pushing social state expansion" (Filgueira 2005: 23). Fleury (2017) also argues that Costa Rica (and Cuba) should be included in the universal category. Similarly to Filgueira (2005), she states that, in Costa Rica, universalization was an "outcome of social democracy, due to the interaction among political leadership in the absence of social veto actors, and the central role of technocrats in ensuring international alignment for the country" (Fleury 2017).

In this chapter we aim to update the discussion on stratified universalism in the Latin American region. By reviewing the history and social situation of Argentina, Chile, Costa Rica and Uruguay, together with the latest developments in the twenty-first century, we will seek to identify new trends and challenges to achieve social protection for these four countries. After this brief introduction, the chapter is structured in four other sections. First, a section regarding a succinct history of the social protection schemes of these four countries. It follows an analysis of the contextual changes that occurred since the early 2000s both regarding political and economic shifts as well as social and demographic transitions. Thirdly, we will explore how these countries' social protection schemes responded to the contextual changes. We will analyse the main trends in the adjustments that these social protection schemes experimented. Finally, the chapter concludes with a systematization of some of the challenges ahead that these countries' social protection systems will face in the near future. We will consider these countries' intrinsic heterogeneity but explore the challenges generally considering particularities where relevant. These challenges will be analysed regarding the recent shifts in the political, economic, social and demographic contexts as well as some very incipient reflections around the impact of the COVID-19 pandemic.

2.2 Historical Background of the Social Protection Systems in Argentina, Chile, Costa Rica and Uruguay

Three out of the four analysed countries were categorized by Carmelo Mesa-Lago (1991) as pioneer countries: Argentina, Chile and Uruguay had been the first countries in the region to institute social states (Mesa-Lago 1991). These three pioneer countries were strongly marked by a specific historical context by mid-twentieth century: the implementation of the ISI (Import Substitution Industrialization) model. This model, arose from ECLAC's work led by Raul Prebisch, as a central axis of economic and social development. Its main premise was to replace foreign imports with domestic production. It led to an important process of social and economic modernization. The development of these social states is closely linked to the characteristics of their import substitution models and the politics of each specific country. Albeit, it did so with a strong bias: the distribution of the benefits (in particular welfare policies) reached mostly urban formal population, leaving aside rural workers and those employed in the informal economy (Mesa-Lago 1991).

Argentina and Uruguay were the first countries to set up their social states by the first half of the twentieth century. In both countries a vigorous push for social and political modernization was mounted between 1912 and 1930 by the secular centre Radical Party in the case of Argentina, and, between 1917 and 1931, by the secular centre-left Colorado Party in the case of Uruguay.[1] These were the first countries to set up mass systems of basic education and some attempts at public health as well as the first social security schemes. As Filgueira (2005: 15) argues, "the Yrigoyenista [Radical Party's government in Argentina] and Batllista [Colorado Party's government in Uruguay] years of the 1920s would see not only an important expansion of vote and increasing mobilization of middle and working classes, but also the first clear cut pro-labour bills, and the expansion of public education, already started in the late nineteenth century". Chile's social state was built later on in the 1930s, based on what had been developed in the previous decade by the secular leftist

[1] The classification of the political parties during the twentieth century is based on Coppedge (1997).

government of Alessandri. Paradoxically, this effort to expand social security schemes, public works, labour laws and public health and education, was led by Ibáñez, a centrist military leader through a coup d'état.

Despite these similar beginnings, each country followed a particular path in further strengthening (and posterior weakening) of their social states. In Argentina, in spite of the instability of the political regime (with several coups followed by authoritarian governments in the subsequent decades), the trade unions remained important actors. By early 1940s, Perón would attempt the first allegiance between workers, a new party (Peronismo), and the state. To seal this alliance, Perón led the reform of the labour code, granted family allowances, established a minimum wage provided accident insurance, restricted the dismissal of workers, established corporate union led health insurances (Obras Sociales), expanded public health and social security. The trade mark Perón left on the development of Argentina's social state is the shift from Yrigoyen's more universalistic and pluralist approach to welfare towards a more corporatist route (Filgueira 2005).

In Uruguay, the expansion of the social state took place between 1930s and 1973, achieving almost universal coverage by the late 1960s (in family allowances, for instance). This process, led by the Colorado party, had also small but relevant participation of the Socialist Party and the Unión Cívica, who, in the 1940s, pushed and got passed, two bills that would become the building blocks or the social state: non-contributory universal family allowances and tripartite wage councils. The Uruguayan case is particular since this expansion of the social state was built upon parliamentary debate and consensus building, in a context of pressuring left leaning trade unions.

Throughout the following decades, in these two countries, the social states continued to expand. The bias towards urban formal population was strongly present. It was the small size of the rural population and the informal urban sector what helps explain how were the closest countries to achieve welfare regimes in the Latin American region (Filgueira 2005).

In Chile, the first groups to be included in the social protection system were also the professionals, public employees, mining workers and strongly unionized urban workers. The first elements of a social state (education and social security) were directed at them. Politically, this effort was led by the Christian Democratic Party, together with left wing political parties, in the Chilean Congress between 1940s and 1960s.

These parliamentary coalitions helped build a system that was characterized by disparities in access, cost and benefits, as well as an impossibility to reform due to the nature of the "*clientelistically* based political logic" (Filgueira 2005).

By 1970s, Argentina, Chile and Uruguay had built social states that shared many of the features that Esping-Andersen (1990) uses to characterize the corporative-conservative model for the industrialized countries. They shared relatively strong coverage rates as well as high public social expenditures. The main difference with the Welfare states of continental Europe that fall under this category is the existence of strong unemployment insurance schemes.

In Costa Rica, the development of the social state could not have been classified by Mesa-Lago as a pioneer country, since it mostly was built during the 1940s and 1950s. Costa Rica also stands out in the Latin American context due to its democratic stability. Particularly, in those two decades, with the Figuera's revolution (which included the suppression of the armed forces), Costa Rica started a path of "uninterrupted democracy, stable growth rates and increasing social performance" (Filgueira 2005). The social state developed in this context was also particular. First off, because its main and initial policy was the expansion of education and primary health care. Unlike the three other countries, unions in Costa Rica remained relatively weak, society moderately not mobilized and lobbies fairly absent, and, therefore, the social state shared more features of a universalistic approach than a corporative one.

By 1980s Argentina, Chile, Costa Rica and Uruguay joined paths as they had to rearrange their social states to face the economic crisis. All four countries experienced a trend towards targeted liberal type of social policies that inaugurated what Filgueira (2005) calls the "era of neglect" [of the social states]. In the southern cone countries, this lasted well into the 1990s (and early 2000s). Costa Rica was able by 1994 to revamp its social protection system with universal social services and the attempt to articulate the new small targeted programmes with the fundamental institutions of social protection. By the late 1990s, Costa Rican health care, pension and non-contributory social assistance coverage was close to 90%.

This was not the case in the other three countries where due to the strong reproduction of biases in the occupation categories that these countries considered when differentiating access to welfare, the rise of informality, the coverage rate of these systems fell. These limitations were highlighted specially during the 1980s, 1990s and early 2000s by the recurrent and severe economic crises and the rise of poverty and inequality in the region. In a vicious cycle between economic crises and weakened social states, Argentina, Chile and Uruguay strongly adopted the policies recommended by the Washington Consensus. This period left a liberal imprint in the social State that would last long into the twenty-first century.

2.3 Economic, Political, Social and Demographic Transformations of the Beginning of the Twenty-First Century

The first two decades of the twenty-first century were characterized by specific developments that framed the inception of new approaches towards social protection provision in the four stratified universalistic countries.

Firstly, after political, economic and social crises at the beginning of the century (especially severe in Argentina and Uruguay), these four countries (as well as the rest of the region) experienced an unprecedented economic recuperation. This was mostly associated with the commodities' boom that the world economy underwent in the 2000s: crude oil, copper, iron ore and soybeans were some of the top traded commodities and all of them were exported by these Latin American countries (Ocampo 2017). The terms of trade volatility related with the commodities boom had a positive effect on the government size (Vianna and Mollick 2018), which impacted in the fiscal and political space for more robust social protection systems. This boom was somehow decelerated by the 2008 economic crisis, but GDP growth rates were able to be maintained by all countries except for Argentina. Despite the effects of the crisis in commodities demand contraction and the much more hostile world economy that the region faced in terms of the demand of their exports, Chile, Costa Rica and Uruguay, after a brief slowdown, were able to continue in their previous economic growth trends. Argentina, on the other side, experienced a stagnation, especially after 2011.

Secondly, the turn of the century also brought a major change in the political arena as centre-left parties took government in all four countries: the Justicialist Party with the Kirchners in Argentina (2003–2015), the Concertación in Chile (since Lagos' election in 2000 until 2010), the Partido de Liberación Nacional (PLN) in Costa Rica (2006–2014) and the Frente Amplio in Uruguay (2005–2020). These new centre-left governments of the twenty-first century started to restrengthen the state as a public actor in the provision of all public goods and services, social protection included, with the promotion of new regulations, increased public spending and an expansion of coverage, building towards "new developmental welfare states" (Riesco 2007: 43) (Table 2.1).

These economic and political shifts were also accompanied with transformations in the social and demographic contexts. Throughout this period, the region experienced a substantial decrease in inequality. Argentina, between 2000 and 2005, experienced first a sharp increase (product of the 2001–2002 crisis), then a substantial decrease in inequality levels followed by a less dramatic decrease in inequality reduction (2005–2011) and then a stagnation since 2012. Uruguay's and Chile's performances were much more stable. Chile experienced a constant decrease in inequality throughout the whole period and Uruguay also did so after the initial increase due to the 2001–2002 crisis. Costa Rica's performance was much more erratic and was the only country that experienced a minor intensification in inequality in this period (0.014 points in the Gini coefficient) (Fig. 2.1).

In every one of these four countries, as is the case in the rest of the region, income inequality has, more recently, continued to trend downwards but is declining more slowly than over the 2000–2010 decade. This is especially true when considering the intersectionality between different inequalities (ethnicity, age, gender, migratory status, place of residence, etc.). Existing inequalities are compounded, and new ones created in their intersection. National statistical system's available data does not allow accounting for most of these diverse intersectionalities.

Mostly during the first decade of the new century, the whole region also experienced a substantial poverty reduction. Using a common per capita income definition and a poverty line of 5.5USD/day in PPP 2011, in diverse magnitudes all countries had positive performances during this period (Gasparini et al. 2019). This can similarly be observed using ECLAC's comparable poverty lines. The steepest decrease in poverty rates in Argentina and Uruguay was experienced mostly during the first half of that period, after an initial increase following these countries' economic crisis at the beginning of the century. Chile and Costa Rica experienced a swifter poverty reduction throughout the whole period, with a marked emphasis in 2011 and 2012 in Chile.

Table 2.1 Governmental administrations during between 2000 and 2020 in Argentina, Chile, Costa Rica and Uruguay

	Argentina	*Chile*	*Costa Rica*	*Uruguay*
2000	Fernando de la Rúa (centre UCR—Alianza)	Ricardo Lagos (centre-left Party for Democracy—Concertación)	Miguel Rodríguez Echeverría (centre-right Social Christian Unity)	Jorge Battle (right-wing Colorado)
2001	Adolfo Rodríguez Sáa (centre Justicialist Party)			
2002	Eduardo Duhalde (centre-left Justicialist Party)		Abel Pacheco de la Espriella (centre-right Social Christian Unity)	
2003				
2004	Néstor Kirchner (centre-left Justicialist Party—Frente para la Victoria)			
2005				
2006				Tabaré Vázquez (centre-left Frente Amplio)
2007		Michelle Bachelet (centre-left Socialist—Concertación)	Óscar Arias Sánchez (centre-right National Liberation)	
2008	Cristina Fernández de Kirchner (centre-left Justicialist Party—Frente para la Victoria)			
2009				
2010				

	Argentina	*Chile*	*Costa Rica*	*Uruguay*
2011		Sebastián Piñeira (right-wing National Renewal)	Laura Chinchilla Miranda (centre National Liberation)	José Mujica (leftist Frente Amplio)
2012				
2013				
2014				
2015		Michelle Bachelet (centre-left Socialist—Concertación)	Luis Guillermo Solís Rivera (centre-left Citizen´s Action)	
2016	Mauricio Macri (right-wing PRO—Cambiemos)			Tabaré Vázquez (centre-left Frente Amplio)
2017				
2018				
2019		Sebastián Piñeira (right-wing Chile Vamos)	Carlos Alvarado Quesada (centre-left Citizen‘s Action)	
2020	Alberto Fernández (centre-left Justicialist Party—Frente de todos)			Luis Lacalle Pou (right-wing Nacional)

Source Author

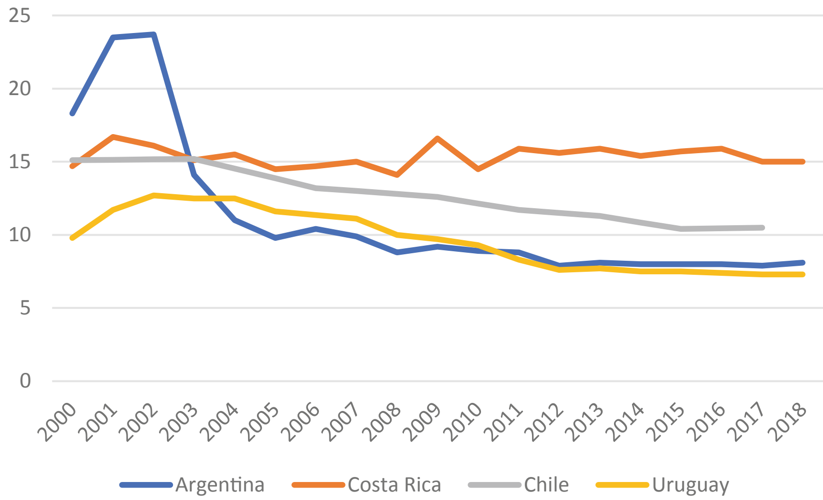

Fig. 2.1 Medium per capita income relation of the households: quintile 5/quintile 1. 2000–2018 (*Source* Author based on United Nations Economic Commission for Latin America and the Caribbean's [ECLAC] CEPALSTAT built on the basis of national household surveys. Visited May 2020)

However, the improvement in the social and economic situation slowly declined through the second decade of the twenty-first century. During the first decade of this new century, the region was experiencing a strong and long favourable macroeconomic cycle with progressive governments during most of the decade. During the second decade of the new century these transformations have changed in nature by adapting to the new limitations imposed by the more restricted macroeconomic context. Additionally, the political turns in Argentina and Chile that resulted in governments that failed to maintain the political priority towards lower income sectors and social policies. By 2018 the incidence of poverty in Argentina, Costa Rica and Uruguay was on the rise[2]. This sombre trend was expected to continue escalating in 2019 (ECLAC 2019) and, especially, in 2020 product of the effects of the COVID-19 pandemic (as we will analyse in the last section).

[2] In the case of Chile, the poverty line made comparable by ECLAC was not available by the time this chapter was published.

Youth, and particularly, infancy is one of the key determinants of poverty. There is a two-way linkage between demographics and poverty. On the one hand, families living in poverty tend to have more children, seeing their financial situation worsened by the arrival of the new-born (Reimers 2013). On the other hand, becoming a parent also increases the odds of falling under the poverty line (Repetto et al. 2016). In the whole Latin American region, the incidence of poverty among children under 15 years old is around 50% greater than the rate for the general population. This is known as the infantilization of poverty (Fig. 2.2).

The infantilization of poverty is not a new phenomenon in the region. However, during the first two decades of the twenty-first century, poverty among children decreased by less than in the rest of the population.

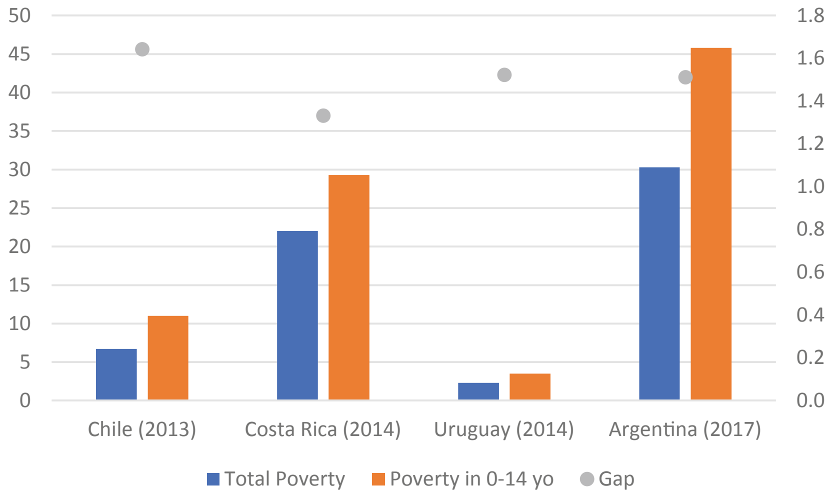

Fig. 2.2 Ratio between poverty rates in children aged 0 to 14 (right) and total poverty rates (left) in selected countries circa 2014 (*Note* Poverty rates between Chile, Costa Rica and Uruguay are from the same series and comparable. These, however, are not comparable with the poverty rates for Argentina) (*Source* Author based on United Nations Economic Commission for Latin America and the Caribbean's [ECLAC] CEPALSTAT built on the basis of national household surveys for Chile, Costa Rica and Uruguay and INDEC for Argentina. Both visited in May 2020)

The Latin American region also experiences a feminization of poverty. In the four selected countries, the poverty feminization index is above 1, and some of the highest of the region. Structural gender gaps in labour market and income are crucial obstacles to overcome poverty and to overcome gender as a determinant for being under poverty. Inequality remains a hallmark of the labour market and the female labour force. Women are still at a disadvantage *vis-à-vis* male peers in terms of career path, access to equal pay and even activity rates (Díaz Langou et al. 2019a).

The amount of time that women dedicate to domestic and care-related activities constitutes a problem in itself (because it is unpaid) and acts in detriment of their full participation in the labour market. Women show a lower activity rate that men in all countries in Latin America, and tend to get more precarious jobs, in the so-called "economy of the shadows" (Fernandez Kelly and Shefner 2010). Women are also segregated horizontally (in low-productivity sectors) and vertically (in lower-ranking positions), they are mainly found in low-productivity sectors as salaried employees, self-employed workers and domestic service providers (Diaz Langou and Florito 2017). A study by ECLAC concluded that if women had the same access as men to employment, poverty would fall between 1 and 14 percentage points in the region's countries (Gender Equality Observatory of Latin America and the Caribbean 2013). These gaps in the labour market have always been present, but during the last quarter of the twentieth century they were closing. With the beginning of the twenty-first century, the acceleration of the closing of this gap suffered a relevant slowdown and, in some cases, stagnated.

There is a linkage between the infantilization and feminization of poverty. Women with higher levels of education tend to have fewer dependent family members and more resources to pay for care services (ECLAC 2015). However, the burden of caregiving does not disappear, but moves to women with lower income. Women from these lower income sectors face a stronger burden: they have more children (and overall dependent population) to care for, they mostly work as carers themselves in precarious low paying jobs, and they lack other resources to alleviate the tension between productive and reproductive work. Therefore, the social distribution of caring activities is a complex matrix, where inequalities in terms of gender, family structure and class add to each other.

The way in which families are structured in these four countries has also shifted in the last twenty years. In 2000, nearly half of the families had a nuclear structure (bi-parental with children); while in 2017/8 the proportion of these fell to around one-third of the families. The overall proportion of families that had children in 2000 also fell: from 72 to 65% in Argentina, 84–71% in Chile, 87–76% in Costa Rica and 67–62% in Uruguay. This goes in line with the demographic transition that all of these countries are experiencing and the decrease in fecundity that goes with it. The proportion of single earner households grew enormously, both in terms of single-person households and in single-parent households.

However, these shifts in family structure are not alike throughout the income distribution. Lower income families are much more probable to have children than families in the higher income sectors. This gap has widened in the last 20 years: family structure is diverging more and more between income sectors. Particularly, there has been a rise in single-parent (single mother) families in the lower income sectors (Figure 2.3). Shows

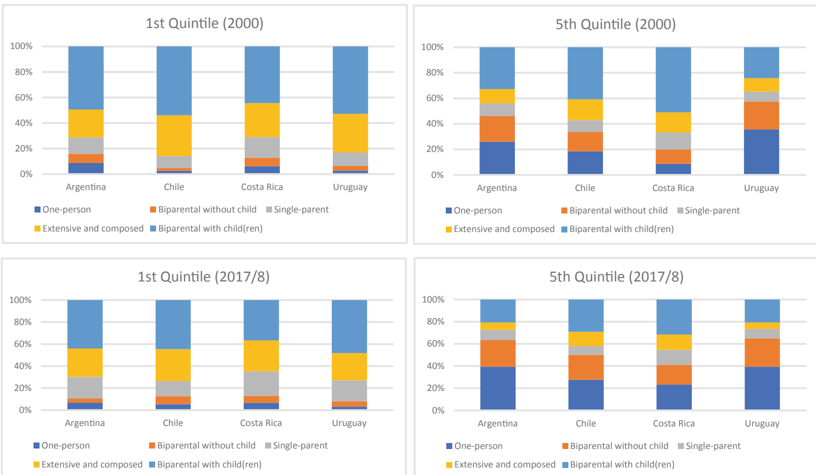

Fig. 2.3 Family structure in selected countries in 2000 and 2017/2018 in income quintiles 1 and 5 (*Source* Author based on United Nations Economic Commission for Latin America and the Caribbean's [ECLAC] CEPALSTAT built on the basis of national household surveys. Visited May 2020)

how these differences between income sectors comparing the poorest 20% (1st quintile in income distribution) to the richest 20% (5th quintile in income distribution) have widened in the last 20 years.

An additional macro-trend has experienced relevant changes in all of these four countries over the past 20 years. Argentina, Chile, Costa Rica and Uruguay are under a demographic transition. This is a key process for countries' development since it transforms the societal structures. Demographic transitions are triggered by declining mortality rates while fertility remains high, sparking a process of natural increase of the population that leads to an increasing dependency ratio. The second phase starts when fertility begins to fall, augmenting adult cohorts before ageing takes place. This critical period is called the demographic dividend, when dependency rates at their lowest and society, as a whole, experiences a window of opportunity. The third phase begins when fertility remains low but population ages, increasing dependency ratios (Caro Sachetti et al. 2019). Seizing the second phase of the transition is crucial for being able to face the restraints that will accompany the third phase. These will arise both from heightened fiscal pressure (from pension regimes and lower income due to a proportionally meagre labour force) and from an imbalance between care supply and demand (Scheil-Adlung 2015) due to population ageing (despite the declining need for child care).

Since the turn of the century, Argentina, Chile, Costa Rica and Uruguay have advanced in their demographic transitions and they are crossing their respective demographic dividends. The current situation is conducive to these countries' development: a greater proportion of the population in age to work can foster economic development and, simultaneously, there is a lesser need for public spending in economically inactive population (Díaz Langou et al. 2019a). These benefits of the demographic dividend, however, are not guaranteed: specific policies need to be implemented to materialize them and, eventually, extend this window of opportunity (Filgueira and Aulicino 2015). Firstly, fertility rates should converge between women from different income levels in order to prevent the widening of inequalities and the fall under the replacement rate. Secondly, new generations should receive quality education to be able to participate fully in a more technological labour market. Thirdly, people in an active age should indeed be able to be economically active, which means increased and better female participation in labour markets. These conditions are far from being met.

In sum, during the last 20 years, Argentina, Chile, Costa Rica and Uruguay have experienced relevant changes that should frame how each country organizes its social protection provision. These countries have experienced significant economic growth throughout this period which was combined with a shift towards the left during several periods in governmental administration. All of these countries also experienced reduction in their poverty rates (albeit, with different magnitudes) but structural inequalities remain and, in most cases, were intensified during the last 20 years. Social risk is more concentrated in families with children, particularly those led by single mothers that represent a paradoxical example of how, in these countries, there is still a long way to go to resolve the tension between productive and reproductive work. This problem will increase in the future as these countries further advance in their demographic transitions.

2.4 Welfare regimes in Argentina, Costa Rica, Chile and Uruguay After the Turn of the Century

Together with these contextual shifts, social protection systems in the four countries categorized as stratified universalistic regimes have also experienced some transformations in the past 20 years. These changes in their social protection systems have been conceptualized as to contribute to the resilience and recalibration of the welfare states (Hemerijck 2013).

2.4.1 The Transformations Experienced in the 2000s: From Neoliberal Reforms to a Rights-Based Turn?

The neoliberal reforms recommended by the Washington Consensus, in the whole region and in three of these four countries[3] in particular during the 1990s, faced a culmination with the turn of the century. Probably the most resounding case for it was Argentina's 2000–2001 crisis that illustrated the utter negligence of the neoliberal model to keep its promises (that free market and meagre state regulation would lead to economic growth and social development), especially in the social arena.

[3] Costa Rica, as explained in Section. 2, was the sole country to not implement with the same magnitude the recommendations that came from the international organizations from Washington.

The turn of the century brought renewed commitment to sturdier public sectors, in general, and, particularly, robust support for stronger social policies. However, the policies of these new welfare states were not being implemented in a vacuum: the neoliberal model had left a relevant legacy. The role of the private sector in each of the four countries had to be dealt with carefully, since their interests had solid representations and redistributive policies had hearty opponents (Filgueira 2013).

Probably the clearest characterization of the social protection model fostered during the first decade of the new century is the effort conducted by these four governments to expand it. Some authors argue this expansion to be evidence of a rights-based approach turn in social protection provision (Grugel and Riggirozzi 2018) finally implementing the premises of "basic universalism" long advocated for by the Inter-American Development Bank (Filgueira et al. 2006). However, we will argue that, due to the nature of this expansion, it is not the case.

The expansion of social protection during the 2000s was upheld based on three pillars: increased funding, extended coverage and pro-state reforms (Casanova et al. 2016). The third pillar (pro-state reforms) would also continue in the next decade, so we will delve into it in the next section. By the end of the first decade all four countries had experienced an increase between 39% (Chile) and 72% (Costa Rica) in their social expenditure per capita and between 18% (Chile) and 54% (Argentina) in their social protection per capita expenditure.

The largest vessel for the expansion of coverage were the Conditional Cash Transfer programmes (CCTs). These programmes were the most evident representation of the extension of non-contributory social protection mechanisms used to address the main challenge that the evolution of the labour markets together with the failure of neoliberal reforms had left behind: the lack and/or weakness of social protection provision for the most needed population groups (namely, those under poverty and/or in the informal sector). By 2010s, most countries in the region have some form of means-tested (mostly conditioned) cash transfer for families with children. The CCTs were used by the governments as flagship interventions on the social protection field, inasmuch that they started to consolidate as an anchor and entry point for the whole social protection systems. This, in turn, led to the peril that CEPAL has conceptualized as the "X-mas tree risk" where too much is expected out of the CCTs and they might not be fulfilling even their most basic objectives (Cecchini and Martínez 2011).

The strong focus on CCTs has also led some authors to claim that the expansion of social expenditure was mostly focused on social protection and, more particularly, on the fight against poverty (Fleury 2017). However, Argentina is the only one of these four countries where this hypothesis stands. In the other three countries, the expenditure increase was larger in other fields (mostly Education and Health).

Another vessel for increased coverage of social protection during this first decade of the new century was the effort conducted by the governments to formalize employment. Macroeconomic good performance together with an increase in the quality of employment enabled this increased formalization that, in turn, meant that larger proportions of the population could have access to contributory social protection. Between 2003 and 2011 these four countries experienced an increase between 5% (Costa Rica) and 34% (Argentina) in the rate of occupied population that contributes to the pension system. This growth had important impacts in social protection, first due to the extension of the traditional social insurances' coverage (such as family allowances, health insurances or pension systems) and, second, due to higher remunerations that meant to an increase in the social security systems' available resources (Casanova et al. 2016).

The expansion in both contributory and non-contributory social protection represented a step forward in terms of further universalizing the access to social protection. However, having this expansion been based on two quite separate channels, depending on occupational categories, the stratification of these systems was maintained. This has led some authors to claim that the Latin American region is experiencing a shift towards dual social protection institutions (Barrientos 2019). While this can be the case in several of the other Latin American countries, in these four countries categorized as stratified universalistic regimes this is not necessarily so. The stratification observed in these four countries, while maintaining a strong occupational bias, has managed to close socioeconomic gaps. For instance, the gap between occupied population from quintile 1 and quintile 5 that contributed to social security closed between 2002/3 and 2010/11 in all four countries (by 45% in Argentina, 17% in Chile, 8% in Costa Rica and 33% in Uruguay.[4]) Consequently, by the end of the first decade of the new century, one of the key premises of

[4] Author's calculations based on CEPALSTAT.

Filgueira and Filgueira's original characterization of stratified universalistic regimes still held: "the stratification of social services cushioned rather than reinforced the prevailing pattern of social stratification" (Filgueira and Filgueira 2002).

2.4.2 The Transformations Experienced in the 2010s: Slowdown of Progress and Blasts from the Past?

During the second decade of the twenty-first century, these four countries experienced some continuity of the progress made during the previous decade together with some setbacks. The economic global crisis of 2008 had started to leave sombre imprints in the region's previously flourishing macroeconomic performance. This deceleration of the growth cycles, together with political chances that in all countries except Uruguay shifted their orientation towards the right in the political spectrum, marked the context in which this slowdown of the progress in the expansion of social protection was going to be represented.

This slowdown is observed in terms of the more measured expansion of the coverage of social protection, in the weaker increase in social expenditure (especially since 2012–2013) and, also, in a feebler labour market regulation and efforts towards formalization. These trends were accompanied by the preservation of some of stratified universalistic regimes' features: namely, that their high social expenditure rates and strong institutionality.

Social expenditure in these four countries and, especially, social protection expenditure, had grown enormously during the first decade. This trend faced a slowdown (with the exception of Uruguay that maintained the growth rate for social expenditure during this period). In Argentina, Chile and Costa Rica, the period between 2011 and 2018 only represented a 35, 23 and 29%, respectively, of the overall growth of the investment since the turn of the century (Table 2.2).

The other feature that was kept and, in some ways, strengthened is the fact that these four countries have strong social institutions. These were strengthened throughout the 2000s, in line with the pro-state reforms that Casanova et al. (2016) identify as the third characteristical feature of that period. These reforms would continue during the 2010s.

The case of the institutions that protect children is a good example to depict it. In all four countries, most of international conventions regarding children's rights have been ratified and translated into national

Table 2.2 Growth in per capita Social Protection Expenditure for Argentina, Chile, Costa Rica and Uruguay between 2000 and 2018 and specific weight of each decade

	Overall growth	*2000–2010 (%)*	*2011–2018 (%)*
Argentina	$ 537	57	35
Chile	$ 159	83	23
Costa Rica	$ 163	68	29
Uruguay	$ 607	35	63

Source Author based on CEPALSTAT

laws and other regulations.[5] They also have specific institutions to implement those laws (the National Secretary of State of Childhood, Adolescence and Family/SENNAF in Argentina; the National Council for Childhood in Chile; the National Council for Childhood and Adolescence in Costa Rica and the Institute for the Child and Adolescent of Uruguay/INAU in Uruguay) that are responsible for implementing those regulations.

The current state of welfare regimes in these four countries are excellent examples of to which extent the conceptual categorization of Esping Andersen, introduced earlier in this chapter, represent ideal types somewhat far off from reality. In Argentina, Costa Rica, Chile and Uruguay by the beginning of the 2020s the configuration of social protection provision illustrates how different layers of past reforms can linger and cohabitate.

The neoliberal reforms of the 1990s left a strong imprint regarding the relevance of the private sector in social protection provision. In all countries, some of the entitlements of social protection schemes are managed or implemented by private actors. A quite evident example is the design of child care services that combine public facilities with private services or services provide by civil society organizations, usually subsidized with state funding (Salvador 2007). Despite acknowledgeable improvements

[5] In Argentina Law 26.061 for the Integral Protection of the Rights of Boys, Girls and Adolescents (and its Decree 415/2005); in Chile the Decree-Law 2.465 of the Ministry of Justice that created the National Service for the Underage and the Law 20.032 that establishes the System for the Attention of Childhood and Adolescence; in Costa Rica, the Decree 33.028 that created the Statute of this Council and the Decree 35.876 that issued the Guidelines for the social sector and fight against poverty regarding the implementation of local subsystems of Childhood Protection in eleven communities; and, lastly, in Uruguay the Law 17.823 that created the Code for Childhood and Adolescence and its regulatory decree 475/2006.

in the institutionalization of the care policies into care systems in Chile, Costa Rica and Uruguay, in these three countries as well as in Argentina, care policies faced serious challenges in terms of coverage and sufficiency. Additionally, coverage rates remained quite divergent between income sectors, highlighting the initial feature of these countries' social protection schemes and reaching families in urban contexts, professionals and higher income levels to a greater extent than children from more vulnerable contexts.

The initial conservative feature of these four countries' social states also lingers, for instance, in the family leaves schemes where occupational stratification is strongly maintained and the deficit in basic coverage has widened as a product of rising informality (Filgueira and Rossel 2017).

Many of the challenges associated with these developments are heightened by the widened inequalities presented in the previous sector (age as a determinant to access to welfare, gendered labour gaps, family structure, etc.) and, therefore, enable the reproduction of poverty in these families. In a context where the market-oriented bias still persists and the re-commodification reinforces the original disparities in access to social protection, households that are rural, informal, and female led experience a thorough infringement of their social rights. Social states in Argentina, Chile, Costa Rica and Uruguay have not been able to adapt in all necessary ways to these shifts in order to prevent this infringement.

2.5 Forthcoming Challenges and the Road Ahead

Throughout the first two decades of the twenty-first century, the four Latin American countries identified as stratified universalistic in their social states have experienced common challenges with particular implications for each national context. In spite of their natural domestic heterogeneity, these countries have failed to completely incorporate in their social protection systems the new risks that arise from contextual shifts.

The developments in the economic and social spheres in Argentina, Chile, Costa Rica and Uruguay accentuated an interacting set of risks. While large groups of the population were able to overcome a situation of poverty, another relevant portion of the population remains under poverty. Moreover, the divergence between well-off and vulnerable sectors continued to deepen in their reproductive behaviour and subsequent family structure. Risks are therefore compounded mostly in young families with small children that have precarious participation in the labour markets.

During the 2000s, Argentina (mostly between 2003 and 2010), Chile (between 2000 and 2010), Costa Rica (since 2010) and Uruguay (between 2005 and 2019) have experienced expansions in their social protection systems that were observed both in terms of their social spending and of the coverage rate in the social protection entitlements. These improvements have allowed millions of people to access social protection in a way that the governments from the previous decades neglected to do. Despite this good news, the original biases in the protection of individuals have been magnified by the process of compounding inequalities of the last twenty years. The social protection systems in these four countries were much more able to reach the elderly than to include young families with labour vulnerabilities.

This situation might be worsened by the uncertainties that arise with the third decade of the twenty-first century. The sanitary, economic and social crisis that will surely follow the COVID-19 pandemic in 2020 might lead to humanitarian crises in several countries (the four under study in this chapter included). ECLAC's estimates for the countries analysed in this chapter were grim. Projected GDP growth was negative in all countries ranging from −6.5% in Argentina to −3.6% in Costa Rica. Projected population living in extreme poverty for 2020 in a medium scenario was 5.5% in Argentina, 2.3% in Chile, 4.9% in Costa Rica and 0.3% in Uruguay; while projected population living in poverty for 2020 in a medium scenario ranged from 33.6% in Argentina to 4.8% in Uruguay. These countries are estimated to have a rise in Gini coefficient of 3% or more in Uruguay and Argentina and between 1.5% and 2.9% in Chile and Costa Rica (ECLAC 2020a; ECLAC 2020b).

The incipient impacts of the COVID-19 pandemic on social protection are already visible by mid-2020 (when this chapter was finalized). Inequalities of all sorts were being amplified through two main channels. Firstly, the labour market: those who were able to continue working and generating income during the period of social isolation were mostly highly qualified workers, from urban sectors, who could do their jobs remotely (Albrieu 2020). Secondly, care needs were more noticeable and had a deeper impact in restraining a greater and better labour participation of women due to the suspension of the educative cycle (Díaz Langou et al. 2020). Through these two channels the households that will receive the worst impacts of this crisis are the same that were already under greater social vulnerability: families with children, with precarious jobs, particularly in the informal sector, self-employed, chronically unemployed and rural workers. While the population most vulnerable to COVID-19 from a medical point of view are the elderly, socially a large part of the most vulnerable population remains to be children and women (especially young families with children) (Blofield and Filgueira 2020).

Including these families in the social protection schemes and prioritizing policies to reach them might seem inadequate in a context where sanitary policies are the clear urgency and when all projections highlight the shrinking fiscal space. However, Blofield and Filgueira (2020) have demonstrated that building an emergency social protection floor for these populations is not only feasible but also is the sole path that might save these countries from falling in an unprecedented humanitarian crisis.

By using the estimates of Filgueira and Espíndola, they estimated the cost of a system of basic cash transfers for families with children (Filgueira and Espíndola 2015). Blofield and Filgueira (2020) prove that, for the four countries under study, providing transfers equivalent to one poverty line per child for the vulnerable population implies a relatively feasible fiscal effort.

This emergency social protection floor is crucial to overcome the initial impacts of the crisis but is far from being the sole tool to face the old and new challenges of these four countries' social protection systems. Stratification is more present than ever and the new risks highlight the need to create new approaches to social protection.

On the one hand, it is necessary to include in the social states a strong, universalistic and right-based care system. The care crisis that is coming product of the end of the demographic dividend and that has been highlighted by the COVID-19 crisis will act as a direct vector in reproducing inequalities unless it is included as a major risk to be socialized within social protection schemes. By creating these care systems, the countries will not only be better off in facing the effects of the demographic transition but will also be able to set the basis for more developed and inclusive economies, since the multiplying impacts of care policies in terms of employment creation and economic growth are well documented (Diaz Langou et al. 2019b).

On the other hand, the third decade of the twenty-first century will provide a unique opportunity to rethink Latin American social protection systems. It might be the timeliest occasion to generate a debate that might debunk historical biases of Argentina, Chile, Costa Rica and Uruguay's social states in terms of access to social protection, and provide the space for a new social pact that might ensure the fulfilment of social rights for all from a truly universal perspective.

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CHAPTER 3

Actors and Social Reforms in Five Dual Welfare Regimes in Latin America: Brazil, Mexico, Colombia, Panama and Venezuela

Carlos Barba Solano and Enrique Valencia Lomelí

3.1 Introduction

During the last three decades, the social security and health systems of the dual welfare regimes of Latin America (LA) have undergone thorough reforms, and these countries have also developed numerous conditional cash transfer (CCT) programmes and social pension schemes. This has occurred in the context of a tension between two welfare paradigms:

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one of a liberal type and the other closer to universalism. We argue that the paradigms that orientated the reforms depended on the political ideology of the governments that carried them out, but the political alliances and supporting networks built by each government to support them determine their success and continuity.

The purpose of the work presented here is to classify the reforms, showing which paradigms were behind them, determining to what extent the reforms have had an effect on social well-being, and whether they have promoted or restricted the building up of rights and social citizenship, and also to analyze the impact of these reforms on five Dual Welfare Regimes (DWR): Brazil, Colombia, Mexico, Panama and Venezuela. Our analysis is focused on the actors who promoted the reforms, the social agenda that they proposed and the progress made in carrying out the reforms.

The work is divided into four parts; the first classifies the welfare regimes of the five cases studied during the period of import substituting industrialization (ISI). The second shows the welfare gaps between them as they were in the years 1970–1980, just before the reforms came in. The third part addresses the reforms to social security and health systems and the creation of Conditional Cash Transfer (CCT) programmes. To conclude, the fourth part assesses the impact of the reforms on indicators for social expenditure, poverty and income inequality, up until 2015.

3.2 Characteristic of the DWR of LA During the Period of ISI

Various studies have established similarities and differences in the processes of consolidation of the welfare regimes in Brazil, Mexico, Colombia, Panama and Venezuela during the period of ISI. In all five cases democracy was slow to get established, after 1980, and the forms of political inclusion tended to be corporative and vertical.[1] There was less "social mobilization" in those countries where "ethnic/racial diversity" was greater[2] (Pribble 2011).

The five countries adopted a variety of economic models: Brazil and Mexico proceeded with their industrialization, Panama established itself

[1] Particularly in the cases of Brazil, Mexico and Panama (Pribble 2011).

[2] Mexico, Brazil and Colombia (Pribble 2011).

as an economy based on logistical, financial and tourist services, Colombia as an economy exporting primary goods and Venezuela as an extractive rentier economy (Barba and Valencia in press). In spite of their differences, in four of the cases presented here, as pointed out by Mesa-Lago (1986, 2007), their social security systems had all been set up between 1940 and 1950, with Brazil, where this took place in the 1920s, the only exception.

In general terms these systems were not inclusive and equitable and were built on stratified forms of labor inclusion, co-existing with social assistance programmes and informal mechanisms concerned with the well-being of those without formal employment, that were associated with clientelist and patrimonial practices (Filgueira 2005; Barba 2003, 2007; Wood and Gough 2006; Martínez-Franzoni 2008). This created a great segmentation of institutions, stratified cover in social security and health, and a strong dualism between the rights of those participating in the formal economy and those of people who were not. This was an important factor that stood in the way of reducing poverty in those countries (Barba 2003 and 2007).[3]

In all five cases, the provision of care was considered a task for the family because it had come to be seen as being naturally a female responsibility, and in countries with a larger indigenous or Afro-descendant population, the tendency was to reproduce the social inequalities inherited from the colonial period all the more, along with gender inequalities (Barba 2007).

[3] As opposed to what happened in others, such as Argentina, Chile, Uruguay and Costa Rica, where there was more social homogeneity.

3.3 Welfare Gaps Among DWR in the 1970s and 1980s

Although there was a greater ethnic and racial heterogeneity in Brazil, Mexico and Venezuela, the rates of economic growth[4] and social expenditure[5] were similar in all of them, while the cover provided by social security was grater in Brazil and Mexico than in the rest of the countries of this cluster.[6] The five countries had similar figures for formal EAP,[7] educational cover[8] and the standard of living[9], as well as similar rates for poverty[10], inequality[11] and labour precariousness[12]. Table 3.1 provides a

[4] Between 1960 and 1970 the average GDP per capita for Brazil and Mexico (the most industrialized countries in this cluster) was 3.4; in the same stage, the average GDP per capita for Colombia, Venezuela, and Panama (the least industrialized countries in this cluster) was 3.1 (Urrutia 1993: Table 2.1).

[5] In 1980–1981 average social expenditure as a percentage of GDP for Brazil and Mexico was 11.8%, in the same stage such average for Colombia, Venezuela and Panama was 11.6% (Cominetti and Ruiz 1998: Table 2).

[6] In 1980 the average EAP insured as a percentage of the EAP was for Brazil and Mexico 41.5%, while such average for Colombia, Venezuela and Panama was only 33.0% (Isuani 1986: Table 2, and Tamburi 1986: Table 4).

[7] In 1970 the average formal EAP for Brazil and Mexico was 54.5%, while such average for Colombia, Venezuela, and Panama was a little bit greater: 57% (Thorp 1998: Table 6.4).

[8] In 1970 the average coverage of primary education for Brazil and Mexico was 72.3%, while such average for Colombia, Venezuela and Panama was 69.9%, the same year the average coverage of secondary education for Brazil and Mexico was 46.9%, while such average was greater in the rest of the countries of this cluster: 53.5% (Urrutia 1993: Tables 2.6 and 2.7).

[9] The relative standard of living index uses three variables: GDP per capita, life expectancy at birth, and the literacy rate in the adult population. It allows comparing the level of well-being of each Latin American country with the well-being of the United States in the same year, so always the attributed value is 100 for the USA. In 1970 such an average index was 64 for Mexico and Brazil, and 68 for the rest of the countries of this cluster (FitzGerald 1998: Table 9.5).

[10] In 1970 the average rate of total poverty (as a percentage of households) for Mexico and Brazil was 41.5%, a although it was smaller for Colombia, Venezuela and Panama: 35.3% (Altimir 1995: Table 2.1).

[11] In 1970 the average Gini coefficient for Mexico and Brazil was 0.590, and it was smaller for Colombia, Venezuela, and Panama: 0.530 (Altimir 1995: Table 2.1).

[12] In 1970 the average percentage of precarious employment (employment in the informal sector, domestic services, and employment in traditional agriculture) for Mexico

Table 3.1 Dual Welfare Regimes in the period of ISI (1940–1980). Typology developed by Carlos Barba[a]

Dual welfare regime sub-type	*Countries included*	*Historical contexts*	*Characteristics compared*
Industrialized	Brazil, Mexico[a]	Rapid industrialization. Greater labour informality. High degrees of ethnic and racial heterogeneity. Significant inequalities inherited from the colonial period	Similar to universalist regimes in the expansion of social rights, concentrated on formal urban sectors. Social policy favored middle income groups (industrial workers, public employees and members of the middle class). But the rural population, informal urban workers and indigenous peoples or Afro-descendants remained outside the main welfare institutions. An important institutional deployment of the sectorial systems of education and health. Less development, and slower, of their social security systems, segmented by social and labour status and regressive in terms of gender
Exporters of primary goods	Venezuela, Colombia and Panama	Weak industrialization. High rate of labour informality. Less ethnic and racial heterogeneity	Intermediate indicators in the context of LA for inequality, poverty, employment, social expenditure, coverage of social security and education and health Strong familialism in the care field

Sources Barba (2003, 2007, 2009); Barba and Valencia (2013). [a]In the work by Barba and Valencia (2013) we have reviewed some of the reforms introduced to these two welfare regimes during the first decade of the new millennium. Barba has also reviewed these reforms in a number of more recent publications (Barba 2016, 2018 and In Press) summary of the characteristics of this type of WR during the ISI period according to the typology developed by Carlos Barba.

3.4 Reforms of Pensions and Health Systems, and the Creation of Conditional Cash Transfers

In LA from the 1990s there have been two crisscrossing waves of social reforms, based on two opposing welfare paradigms. The first derives from a neoliberal perspective, backed by a global technocratic coalition, and has had a significant influence on reforms of pension and health systems and on poverty reduction programmes (Barba 2007). The second, which is closer to universalism in that it aims to build up rights and social citizenship, has been adopted by progressive governments and social coalitions with an important national component.[13] Following this paradigm, a new social agenda seeks to broaden the cover of social security through normative and institutional reforms, instead of strengthening the role of the market in the provision of social services and targeting State action on the poorest as proposed by the neoliberal paradigm (Barba 2018).

In this section we shall look at two major categories of reform: those of pensions and health systems, and then at a number of conditional cash transfers (CCT) programmes developed in the DWR. In the reforms and programmes considered, it is possible to see the imprint of actors pursuing opposing interests and objectives (Cecchini et al. 2014; Barba 2018).

3.4.1 Reforms of the Pension Systems

Two kinds of reform have been made of pensions system in DWR: parametric reforms and structural reforms. The second type of reforms was realized with the aim to replace the old pay-as-you-go systems with others based on individual savings and the private administration of pensions. Structural reforms were carried out by Colombia in 1994 and Mexico in

and Brazil was 47.5%, while such average for Colombia, Venezuela and Panama was 43.1% (Thorp 1998: Table 6.4).

[13] Support for these coalitions has come from a number of social movements whose demands express dissatisfaction with particular processes: the weakening of the social function of the State, the great tensions felt in the social security systems, the great instability of the family, atypical types of employment and an increasing absence of social security.

1997. While parametric reforms were carried out by Brazil in 1998 and 2003, as well as by Panama in 2000 (GES 2007: 2).

3.4.1.1 Parametric Reforms with Complementary Private Pensions

In Brazil and Panama these reforms did not aim to impose a new model, but to strengthen the workings of the systems already in play, through adjustments to three variables: the rate of the contributions to be paid in, the age of retirement and the size of the pensions to be paid out; and to complement these systems with private systems.

In Panama contribution pensions, called social security funds (*Cajas del Seguro Social*, *CSS*), were introduced in 1941, and during the period between 1998 and 2004, a technical team from the International Labor Organization (ILO) with methodological support from the United Nations Development Program (UNDP) carried out an actuarial study to facilitate the reform. After a stage of political negotiation and a financial crisis in the CSS, the reform was carried out in 2005. Two subsystems were set up: one paying out fixed benefits, which underwent a parametric reform[14] and a mixed subsystem that contemplates the possibility of private savings, but it is not very important. The coverage of this three-part system is very high: 81.7% of the population in 2010 (Rodríguez 2013: 31–32).

In Brazil with the adoption of the Federal Constitution of 1988, social security was recognized as a social right[15] and the separation between private-sector workers and those employed by the State,[16] that had been established in 1966 with the creation of the Social Security Institute (*Instituto Nacional de Previdência Social*, INPS) and the Social Security Institute for Public Servants (*Instituto de Pensão e Aposentadoria dos Servidores Estaduais*, IPASE), was confirmed. The 1988 Constitution allowed complementary and voluntary private funds to be established, and

[14] Retirement ages were raised and so were the quotas needed to obtain the benefit.

[15] Even though the first social security systems (Cajas) were started in the early years of the 20th century.

[16] There was also a semi-contribution plan that was set up for rural workers and another of benefits without contributions (Beneficios de PrestacionesContinuas), called continual contribution benefits.

these were also conceived of under a pay-as-you-go system[17]. However, in Brazil, the emphasis has always been on regarding social security as a public matter (Robles and Mirosevic 2013: 29–30).

In 1991 the National Social Security Institute was founded, but the logic of the system did not change: it still had greater benefits and rights for State employees. Two compulsory regimes were started: the first was for private-sector workers, and the second for people who were working for the government,[18] with much better conditions and benefits in the latter (Robles and Mirosevic 2013: 30–32).

3.4.1.2 Structural Reforms: The Creation of Private Pension Savings Schemes

Reforms of this type, which were made in Mexico and Colombia are emblematic products of a social policy agenda on a global scale, in which the main actors are *advocacy coalitions* (coalitions promoting social policies) whose members share the same belief system, and usually develop a strong consensus over the central idea of a policy but are flexible about secondary aspects (Gómez Lee 2012: 11–30).

In these reforms the most important external actors have been international financial institutions (IFI), especially the World Bank (WB) and the Inter-American Development Bank (IDB), while the principal actors domestically have been organized private interests and ministries of the economy and finances (MEF) who appoint specialized technical *reform teams* to design and apply the reforms, that are advised by international experts and are financed by the IFI (De León 1994: 176; Orenstein 2005: 177–178; Gómez Lee 2012: 11–30; Valencia 2018).

The reforms came in response to a big financial crisis in the pay-as-you-go systems, in the context of a low rate of economic growth.[19] A number of studies show that the reforms were the product of pressures from the

[17] Complementary social security is voluntary and is administered by the private sector through profit making and non-profit making bodies and they run collective social security plans for employees in specific companies, co-operatives or unions (Robles and Mirosevic 2013: 32).

[18] And would have mixed financing: with contributions from employees and the State.

[19] The pensions systems were in a parlous state, with 40% of pensions expenditure going to the pensions of state employees, at a time of high rates of unemployment, high inflation and an ageing population (Grindle 2002: 87–90).

IFI, but they were also supported by domestic actors such as the MEF and coalitions of private interests.

The aim of these reforms has been to give up the old pension systems,[20] with defined benefits, set up at various times in the twentieth century, and replace them with private pensions, in which the contributions are fixed, on the basis of individual savings accounts, and the benefits are pre-financed through individual savings and investment in private accounts, but their amounts are not defined in advanced because they depend on the individual's savings and income from the invested funds: so processes or mechanisms of redistribution are not allowed. To sum up, in this model the risk and the reward are assumed by the individual (Orenstein 2005: 181–182) (Table 3.2).

The process of reform closely follows the logic of deploying policies promoted by the *advocacy coalitions*, with their strong consensus on the central ideas of policy and considerable flexibility in secondary aspects, as happened with the WB proposal of 1994, which did not seek to replace the model of saving for retirement with a radically different one[21], just to follow a model with three pillars (Gómez Lee 2012: 11–30).[22]

The WB sought to facilitate the application of the reform, while recognizing the existence of powerful local actors opposed to any radical reform. Their flexible approach is evident in the cases of Mexico and Colombia, where the reforms did imply a change of paradigm in both cases, though their scope varied.

The most radical reform was that of Mexico, which followed the Chilean model of closing down the public systems and replacing them with the new systems of capitalization through individual accounts. The

[20] In which the State and employers are responsible for managing the systems, and income taxes are used to pay for those who have retired, with benefits defined in advance which may be redistributed between generations and are linked to the beneficiary's whole employment trajectory in order to maintain the standards of living of recipients prior to retirement. In this scheme the risk is shared by all the workers in order to provide social security against a lack of income, old age, disability, and emergencies (Orenstein 2005: 181–182).

[21] As in the case of Chile.

[22] The social reforms applied in the 1990s had the significant participation of technical teams directed to making structural changes supported by a discourse of modernizing institutions, criteria such as the free market, freedom of choice, financial rationalization, and re-structuring the systems of providing services (Uribe 2007: 446).

Table 3.2 A global social policy applied to the reform of pension systems in Latin America

Earliest reforms	*Model of reform*	*The promoting coalition*	*Application of the government's agenda*	*The opponents*	*A flexible reform model*
In Chile in the 1980s	The Chilean reform started to be promoted as a model of reform by the World Bank in 1994[a]	Coordinated by the World Bank (WB) includes:	• Through the creation of technical teams for the reform appointed by governments	The International Social Security Association	A pensions system with three pillars:
		• The United States Agency for International Development	• With the international support of agencies belonging to the promoting coalition	The ILO	• Minimum pensions for the poor paid for by the State
Creation of a private sector system of individual funding that replaced the pay-as-you-go systems		• The Inter—American Development Bank (IADB)		National public employee unions	• Compulsory pension based on individual savings administered by private organizations
		• Tax or finance ministries in Latin American countries		Opposition political partie	• Voluntary savings funded by individual accounts or employment pension schemes
		• José Piñera Ex Labor Minister under Pinochet • International Monetary Fund • UNDP			

Sources Original elaboration based on: Orenstein (2005: 189–194) and Banco Mundial (1994). [a]With publication of the report titled *Adverting the Old Age Crisis*

Colombian reform was closest to the WB model: a public system of distribution, complemented by a private system and a solidarity insurance fund to subsidize the contributions of those who did not have access to the social security system, and give financial support to those in extreme poverty (GES 2007: 4).

The long road taken by reforms to Mexico's pension systems[23] clearly illustrates the orthodox process of reform promoted by powerful technocratic coalitions (techno network) of a transnational type in Latin America and in particular in the Dual WR (Table 3.3).

Table 3.4 shows the path followed by the reforms in Colombia and illustrates a heterodox process, adjusted to the model proposed by the WB in 1994, in which the relative veto power of certain national actors at the stage of implementing the reform is also noticeable.

3.4.1.3 Results of the Pensions Reforms in the Welfare DR of LA

The results of these reforms have been a greater segmentation due to the multiplication of schemes, with different rules applying to those affiliated to the regimes before they were reformed and those who joined later, a growing polarization (due to the veto power of the unions opposed to the reforms) and a continuation of the old patterns of exclusion (Valencia 2018: 189).

CEPAL (2006: 36–37) considers that the capitalization reforms have not translated as had been expected into an increase in the participation of the productive sector, due to the limited or non-existent capacity to save of important segments of the population, as a result of the tendency towards informal and precarious employment during the last few decades. This has meant that the reforms have turned out to be ineffective in extending insurance cover to sectors traditionally excluded, in the informal economy, which has led to labour inequalities being transformed into insurance inequalities.

The figures also show that in every case where pension systems based on individual accounts were introduced, coverage rates and benefits levels either stagnated or went down, while administrative costs increased significantly, and the risks stemming from fluctuations in financial markets now fell directly on pensioners and could translate into the loss of all their

[23] Carefully analyzed in Valencia (2018).

Table 3.3 The process and the actors in the reform of pensions systems in Mexico, 1992–2016

Antecedents	*Objectives*	*Agenda of reforms*	*Promoting coalition*	*Design of the reform and relevant actors*	*Approval and relevant actors*	*Actors with veto power*
Financial crisis faced by pay-as-you-go pension systems in Mexico in the context of a low rate of economic growth[a]	Fundamentally economic:	Process played out in various spaces and moments[b]:	A "techno network"[g] integrated by:	*Centro de Desarrollo Estratégico para la Seguridad Social* (1993)	Presentation and approval of Law by legislators from different parties	Unions grouped into confederations[k]
	• To deal with fiscal imbalances	• Creation of a private pillar in 1992: SAR[c]	1. National and international entrepreneurs with interests in the financial and pensions markets			
Non inclusive, strongly segmented systems, with a hierarchy of benefits	• Increase domestic (national) savings	• Creation of a technocratic center to reform pensions systems: CEDESS[d]	2. Technocratic politicians[h] with the capacity to turn themselves into financial entrepreneurs or pension fund administrators, or financial advisers and officials of multilateral or financial organizations of an international character[i]	Working team created by the Tax Office (*Secretaría de Hacienda*) to design the reform of the IMSS pension scheme (1995)	Social Security Law of 1995	

Antecedents	*Objectives*	*Agenda of reforms*	*Promoting coalition*	*Design of the reform and relevant actors*	*Approval and relevant actors*	*Actors with veto power*
	• Develop financial markets	• A succession of reforms of pension and retirement regimes of the IMSSe (1997); employees of the IMSS (2004)	3. Multilateral organizations or international financial institutions[j]			Employee unions in IMSS, PEMEX, and ISSSTE
	• Create private administrators of pension funds and reinforce the insurance sector	• ISSSTE[f] (2007)		Team to design the reform of the pensions for ISSSTE (2003 and 2007) and for Pemex (2015–2016)	Reform of the statute of IMSS employees (2004)	
	• Make the economy more competitive and able to grow	• Collective contract of Pemex workers (2015)				Opposition parties[l]
					Reform of the ISSSTE Law (2007)	The armed forces

Sources Valencia et al. (2012); Valencia (2016: 315–320); Valencia (2018: 175–191). [a]Between 1985 and 2014 per capita GDP grew by 0.9% on average. [b]Apart from the systems mentioned here (which are the most important) other pensions schemes were also reformed such as those of the workers of the national electric company la Comisión Federal de Electricidadand the public universities. In 2016 there were 42 public schemes. [c]RetirementSavingsSystem, Sistema de Ahorro para el Retiro. [d]Centre forthe Strategic Development of Social Security, Centro de Desarrollo Estratégico para la Seguridad Social. [e]Mexican Social Security Institute, Instituto Mexicano del Seguro Social. fInstitute of Social Security and Services of State Employees,Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado. [g]Which, to quote (2018): "… joins… technical knowledge to beliefs held in common, a political fabric and private interests". [h]Who work for the central bank, el Banco de México, the Department of Tax and Public Credit, Secretaría de Hacienda y CréditoPúblico, the Ministry of Foreign Affairs, Secretaría de Relaciones Exteriores, the Energy Department, Secretaría de Energía, the Department of Social Development, Secretaría de Desarrollo Social, and the National Bank of Foreign Trade, Banco Nacional de Comercio Exterior. [i]Who studied or are professors at the ITAM, Autonomous Technological Institute of Mexico (Instituto TecnológicoAutónomo de México)and have an academic historycovering important universities in the USA, such as: Yale, Stanford, Chicago, MIT-Massachusetts Institute of Technology, Harvard, and UPenn. [j]World Bank (WB), International Monetary Fund (IMF), Inter-American Development Bank (IADB), Organisation for Economic Cooperation and Development (OECD). [k]*La Confederación de Trabajadores Mexicanos* (Confederation of Mexican Workers), *la Unión Nacional de Trabajadores* (National Workers Union) and *el Movimiento Unificador Nacional de Jubilados y Pensionados* (United National Movement of Pensioners and Retirees). [l]*El Partido de la Revolución Democrática*, Party of the Democratic Revolution

Table 3.4 The process and the actors in the reforms of the pensions system of Colombia, 1992–2016

Antecedents	*Objectives*	*Agenda of reforms*	*Promoting coalition*	*Reform design and relevant actors*	*Approval and relevant actors*	*Actors with veto power*
Constitutional reform of 1991 that consecrated the State as a Social State	To deal with fiscal imbalances	Creation of the General Pensions System in 1993 through the passing of Law 100	Private administrators of pension funds (APF)	Transitory Commission, constitutionally established[d]	Presentation and approval of Law 100, by legislators from different parties	The armed forces.
In the contradictory context of economic opening, liberalisation and deregulation of markets	Increase savings within the country and strengthen the financial sector.	Creation of two compulsory pension regimes for salaried employees and the self-employed who could opt for:	Multilateral organisations and International Financial Institutions		This Law established gradual parametric changes (increased the qualifying number of weekly contributions, increased earliest retirement age)	Teachers' unions
		The Average Premium Solidarity Regime[a] with defined contributions				

(continued)

Table 3.4 (continued)

Antecedents	*Objectives*	*Agenda of reforms*	*Promoting coalition*	*Reform design and relevant actors*	*Approval and relevant actors*	*Actors with veto power*
Old system of distribution provided cover for pensions and against professional risks to private sector workers through the Institute of Social Securities, *Instituto de Seguros Sociales* (ISS), financed with worker-employer contributions	To improve the efficiency and sustainability of the system	Or the Regime of Individual Savings with Solidarity			It did not allow the Institute of Social Securities to disappear and be replaced by a single regime of individual accounts run by the APF	University unions
In the case of public sector workers, there was a plethora of security regimes for pensions directly financed for each institution	Improve system coverage	Also, in 2003 the Solidarity Pension Fund, *el Fondo* Solidaridad, was passed, with Law 797[b]			This led to the formation of a parallel or dual system	

Antecedents	*Objectives*	*Agenda of reforms*	*Promoting coalition*	*Reform design and relevant actors*	*Approval and relevant actors*	*Actors with veto power*
						National oil company workers Union
	Create private administrators of pension funds	Until 2010 there was also another regime called: "*Ahorro exceptuado*" (exceptional savings) for the armed forces, the national police, the legal profession and public universities. With their own rules of affiliation[c]			However, the Law required the gradual elimination of a plethora of funds and security schemes, forcing their affiliates to choose one of the two schemes on offer	
						Opposition political parties
					But the same law made it explicit that the armed forces, teachers, and the oil company would retain their special regimes	

Sources Ocampo (1992), Mina (2013: 12–15), GES (2007: 3). [a]*Régimen Solidario de Prima Media*. [b]To subsidise the pensions of those unable to pay contributions to either of the established schemes. [c]Up until 2008, 25% of the population making contributions belonged to the distributive system, 66% paid into the regime of private savings and only 6.2% into the exceptional savings regime. [d]Which suggested a design that sought to reconcile opposing points of view

Table 3.5 Performance of pensions systems in the Dual WR of LA (around 2015)

Country	*Population ageing stage*[a]	*Type of system (core)*[b]	*Coverage of pensions for senior citizens*[c]	*Poverty of those over 65 (%) in 2014*[d]	*Amount of average monthly pension payments received in 2010 (both sexes, in PPP)*[e]
Brazil	Advanced	Public-Mixed	High	15.8	667.5
Colombia	Moderately advanced	Mixed-Parallel	Low	21.3	926.6
Mexico	Moderate	Private	Low	30.6	232.2
Panama	Moderately advanced	Public-Mixed	Medium	15.8	532.5
Venezuela	Moderate	Public	Medium	19.8	363.5

Source Original elaboration based on ILO (OIT 2018: Table 2.2) [a]According to the criterion used by CEPAL. [b]According to the criteria of this work. [c]Till 2011. [d]Figures of CEPAL. [e]Including contributive and non-contributive schemes

life's savings. Furthermore, this reform failed to produce an improvement either in fiscal or in financial terms (OIT 2017: 104–107).[24]

According to estimates by the ILO (2018: 70) the coverage of pensions and the poverty levels of senior citizens in the Dual WR, around 2015, were better in the one country that did not introduce reforms to its pension system (Venezuela), and in those countries that brought in parametric reforms in combination with complementary private schemes (Brazil and Panama). However, these indicators were lower for the countries that set up private pension schemes based on individual savings accounts (Mexico and Colombia) (Table 3.5).

It is not surprising in this context that since the middle of the first decade of the century, a topic central to the agenda of reforming insurance schemes has been the creation of a non-contributive component, focused on the population over 65 without access to the contributive pensions[25] (Table 3.6).

[24] The costs of the transition from one distribution system to another were underestimated.

[25] For lack of space we shall not go into this subject in any great depth in this work.

Table 3.6 Social pensions in Dual WR in Latin America (2018)

	Programme	*Years of start and finish*	*Annual Expenditure (% GDP)*	*Monthly transfer (Dollars)*	*Coverage (% of over 60s)*
Dual WR with universalist reforms					
Brazil	*Benefício de Prestação Continuada*	1996–	0.77	261	7.4
	Previdência Rural	1993–	1.14	261	23
Panama	*Programa Especial de Transferencia Económica a los Adultos Mayores* ("*120 A LOS 65*")	2009–	0.28	120	26
Venezuelaaa[a]	*Gran Misión en Amor Mayor*	2011–	0.23[b]	477	19.8
Dual WR with liberal reforms					
Colombia _[c]	*Programa Colombia Mayor*	2012–	0.12	25	26.2
Mexico	*Pensión Para Adultos Mayores*[d]	2007–2018	0.15	30	38

Source CEPAL (2020A). [a]Refers to 2012. Data for 2013–2018 are not complete in the ECLAC database. [b]Refers to the budget. [c]Refers to 2017. Between 2003 and 2012 there was another programme, called *Programa de Protección Social al Adulto Mayor* (Social Protection Program for theElderly). [d]Originally called *Programa de Desarrollo Social y Humano 70 y más* (Program for Human and Social Development 70 and over). In 2019 the pension program for the welfare of senior citizens, *Pensión para el Bienestar de las Personas Adultas Mayores* ("Elderly Welfare Pension"), was started, increasing the pension to 65 dollars and coverage to 53.7%

3.4.2 Reforms of the Health Systems

In the dual WR, health reforms were concentrated on the period between 1984 and 2005: in Mexico in 1984 and 2004, in Brazil in 1990, in Colombia in 1994, in Panama in 1996 and in Venezuela in 1999, 2002 and 2005[26] (Mesa Lago 2004, 2005, 2007). As in the case of the reforms of pension systems, these reforms were undertaken because the public health systems were facing a serious deterioration in the early 1990s (Grindle 2002: 86–88).

Again the reforms followed two opposite paradigms: the residual paradigm that encourages fiscal balance, market mechanisms, decentralizing services, the promotion of a private pillar, competition between service providers, reducing costs, efficiency, the division of tasks and financial sustainability. And the sanitarist, aiming for universal coverage, equality, prevention, guaranteeing rights, services that are free of charge and comprehensive, with social and community participation (Grindle 2002: 86; Mesa-Lago 2007: 161).

The design of the health reforms fell to groups of experts but during the stages of being approved by Congress the reforms suffered important modifications[27]. When it came to applying the reforms the original design was put under a lot of pressure from groups with opposing interests and the reforms also faced considerable technical difficulties because reforms of this kind implied the provision of different services, and structural inequalities in accessing them that had been inherited from previous stages (Grindle 2002: 87–109; Mesa Lago 2005: 34).

The reforms followed contrasting paradigms, sometimes hybrids, and aimed for distinct objectives. In Brazil and Venezuela, the reforms followed a sanitarist paradigm and the objective was to create universal health systems, capable of guaranteeing the right to health for all citizens. In Colombia and Mexico, the reforms were guided by a paradigm of structured pluralism,[28] where the central idea was that of competition between public and State regulated private institutions, which did not however have the same objectives. In Colombia, the reform sought to reconcile sanitarist, mercantile and corporative visions in the context of the introduction of a new Constitution in 1991 that consecrated the

[26] For reasons of space we shall not address these reforms in detail as they are the most studied of the three types studied here.

[27] For example, to exclude powerful public employee unions from the reforms.

[28] Lordoño and Frenk (1996) propose linking functions (regulation, funding, coordination and employment), and the services provided (social security, private insurance schemes, protection of the poor), where regulation is the responsibility of ministries of health, funding is public, the different health institutions are combined, and there is pluralism in the offer of services (public, social security, mercantile and focalised).

social State in law but in a contradictory situation of economic opening, liberalization and deregulation of the markets. In Mexico the idea was to introduce a reform that would incorporate those sectors that did not have access to private or social security services, through a focused scheme (Alvarado et al. 2008: 114; Bonniec 2002: 207; Bonvecchio et al. 2011: 279; Capriles et al. 2001: 34; Cohn 2008: 88; GES 2007: 3; Giovanella 2013: 23, 73; Gómez and Nieto 2014: 734; Mesa-Lago 2007: Table 7.1; OCDE 1998: 96; Pereira 2001: 56; Tolentino 2009: 252; Uribe 2009).

Reforms in DWR were top-down, with the exception of Brazil. Most were promoted in a context of changes to the Constitution, with the exception of Mexico. Their design tended to be technocratic and the ministries of health, work and social security were responsible for appointing the teams of planners, with Mexico again providing an exception, as the main role was played by the tax office (*Secretaría de Hacienda*). Getting the reforms passed meant complicated negotiations with various political parties, that were settled in the Congress, but the results were often different to those hoped for. Getting them applied was even more difficult because it required confronting coalitions of actors who were intent on reorienting the reforms and succeeded in doing so, so the negotiations always expressed a fight between market and sanitarist conceptions, where the predominating tendency was that of the veto power of corporations and the market (Dión 2006: 44, 67 and 72; Fleury 2007: 149; Hunter and Sugiyama 2009: 44; Melo 2014: 3; Pêgo 2010: 53; Uribe 2009: 46–7; Viana et al. 2013: 218).

To conclude it should be noted two things: the first one is that the orientation of the reforms has been marked by the political ideology of the governments that promoted them. Left-wing governments promoted sanitary reforms, centre-right governments liberal reforms. The second one is that the success and the continuity of reforms have depended on state resources and the capacity of governments to form alliances and supporting networks of an international, national and local character (Grindle 2002; Mesa Lago 2005).[29]

[29] For a detailed analysis of this subject it is worth consulting: Barba and Valencia (mimeo.); Mesa Lago (2005, 2007); OPS (2018); Bonvecchio, et al. (2011); Alvarado, et al. (2008); Uribe (2009).

3.4.3 *Conditional Cash Transfer Programmes*

The consolidation of the conditional cash transfer (CCT) programmes in the DWR, started in LA during the second half of the 1990s with the experience in Brazil of municipal and state programmes, and the first national CCT programme of the region, in 1997 in Mexico, which was initially called Progresa and then went on to be called Oportunidades in 2002 and finally Prospera in 2014[30] (Progresa—Oportunidades—Prospera, PROP). After these seminal experiences, CCT expanded over the region in the form of various national adaptations (Barba 2019), with heterogeneous promoters, and was also developed in countries with Dual WR.

It is no surprise that the CCT should have started in these countries because for a good part of the twentieth century they had made attempts to include more of the population in social protection mechanisms, but leaving important segments of the population out; and with the big crisis of the 1980s, the weaknesses of their social protection systems showed up with greater clarity.

In this context, a number of coalitions promoted the application of new actions by the State to deal with poverty: *Progresa*, in Mexico in 1997, *Bolsa Família* in Brazil in 2003,[31] *Familias en Acción* in Colombia in 2000 and *Red de Oportunidades* in Panama in 2006. The development of CCTs in DWRs was significant but uneven, with wide coverage[32] and low or very low spending.[33] These four programmes had some central elements in common, in particular the fact that the CCT aimed to encourage investment in the human capital of families through education, health and food (CEPAL 2020A; Barba 2019). The coalitions promoting them were heterogeneous giving the programmes

[30] Vera (2019) considers that there was a break between *Progresa-Oportunidades* and *Prospera*, with the incorporation of elements of productive and labour inclusion. In this work we consider Prospera to be a continuation of Progresa-Oportunidades.

[31] The origin of *Bolsa Família* can be traced back to a series of actions by municipal and state governments, undertaken since 1995, and a national programme focused only on education in 2001, called *Bolsa Escola* (Valencia 2019).

[32] In 2018, Brazil, Mexico, and Colombia stand out with a coverage of 26.8, 24.1 and 21.5 of their population, respectively; on the other hand, in Panama the coverage only reached 7% (CEPAL 2020B).

[33] In 2008 spending represented iin Brazil 0.44% of GDP; in Mexico, 0.35% (refers to the budget), in Colombia, 0.21% and in Panama a meager 0.04% (CEPAL 2020B).

their individual characters. These coalitions succeeded in getting national programmes consolidated, and influenced the spread of CCT abroad (especially *Progresa* and *Bolsa Família*, but also *Familias en Acción*).

The original idea might have formed inside or outside the country. In the case of PROP a solid national coalition focused on a central belief in the importance of investment in the human capital of families in order to break the chain of the transmission of poverty from one generation to the next, got the programme started in association with a group of government officials working on demographics (who introduced significant changes to the original design, especially with regard to the role of the female in the family) and managed to forge a strong alliance with an international coalition of academics, and officials from international financial institutions (Valencia 2019).[34]

In the case of *Bolsa Família* different approaches from within the nation combined in a coalition of human capital formed by municipal, state and federal officials, from different parties, a coalition advocating unconditional citizen income formed by militants and legislators from the *Partido del Trabajo*, and a coalition in defense of food security that emphasized the right to food and was formed by activists from NGOs, and municipal, regional and federal officials; these approaches continued with the creation of the federal programme *Bolsa Família*, following a decision by President Lula da Silva in 2003 (Valencia 2019)[35]; as a result of the convergence of these three coalitions, the programme is "hybrid": a combination of guaranteed citizen income and the strengthening of human capital (Ivo and Torres 2010). Probably its hybrid nature downplayed the importance of the alliance of this programme with the international coalition for human capital.

By contrast, in *Familias en Acción* and in the *Red de Oportunidades,* the original idea was foreign and to a large extent, though both these programmes imported the central ideas of the *Progresa-Oportunidades* programme, they also followed *Programa Puente* from Chile. *Familias*

[34] Several analysts point out a small influence from the experiences of the Bolsa Escola programme, through school grants, at the stage when Progresa was being designed (Morais 2017: 141; Valencia 2019).

[35] Several analysts point out a small influence from the programme Oportunidades in 2003 in the combination in a national programme of the three elements: education, health and nutrition (Valencia 2019). Another influence was from Puente (Chile), with regard to the strategy of support for families (Morais 2017: 139).

en Acción was designed with knowledge of the programmes *Oportunidades* (Mexico), *Bolsa Escola* (Brazil) and *Puente* (Chile); it is of special relevance that the "technical and operative guidelines of Oportunidades were adapted to the case of Colombia" (Núñez and Cuesta 2006: 247) so in this way it was "modeled" on the basis of *Progresa-Oportunidades* (Attanasio et al. 2010: 183), following contacts between Colombian government officials and academics and officials associated with the Mexican programme (Urrutia and Robles 2018: 2) and under pressure from the WB (Garzón 2013: 44). Also taking an active part were officials from the Ministry of Education who adopted an approach "based on efficiency" (Morais 2017: 107–108). In addition to receiving this influence from the national and international coalition of human capital, in the history of *Familias en Acción* there has been a convergence of other actors: the programme started as part of the *Plan Colombia*[36] (Urrutia and Robles 2018: 7–8), in the context of a serious economic crisis and peace negotiations; so there was a complicated convergence of matters of security (to deal with drug cartels and guerrillas), humanitarian concerns (peace) and social policies (Balen 2014: 56–57; Vera 2017). Taking part in the initial creation of information systems were economists and think-tank members (Balen 2014: 37). Further, the Constitutional Court included to some extent a human rights approach in 2004, when it required the government to protect the rights of displaced persons and the government decided in response to include them as beneficiaries of *Familias en Acción* (Balen 2014: 53–54); and in 2012, Law 1532 was passed to ensure the continuity of the programme, establishing that 100% of families in a situation of poverty and all displaced families should be beneficiaries of the Programme (Vargas 2015), which was re-named *Más Familias en Acción* (Castilla 2014: 69).

The programme *Red de Oportunidades* in Panama was also designed as an adaptation of other programmes in the Latin American region (Him 2017: 115), especially with regard to the experience of the *Progresa-Oportunidades*,[37] and the *Programa Puente* in Chile, from which it took

[36] Plan signed by the president, Andrés Pastrana, with the United States government to combat drug cartels and guerrillas (Vera 2017: 94). At first the WB and the IADB were reluctant to get involved in a programme of CCT linked to this security plan (Garzón 2013: 81; Balen 2014: 28).

[37] Personal communication from an official of Oportunidades in Mexico: designers of the Red de Oportunidades were in the offices of the Mexican programme.

the strategy of family support (Arim 2009: 52; Rodríguez 2010: 25). Those who took part in the design were officials from the social cabinet of the national government and from local governments, and also international experts (Him 2017: 114), who were explicit in adopting the approach of accumulating human capital and of applying targeted policies to deal with poverty (Rodríguez 2010: 14). The strategy adopted to design the programme was top-down, "due to the need to fulfil the terms and conditions of the international financial institutions" (Him 2017: 115).

These experiences are all associated with a strong international human capital coalition, formed of academics and officials from international financial institutions, especially the WB and the IADB. This coalition has made loans to the programmes, put pressure on governments to adapt the programmes, organized the sharing of experiences, and helped to spread them in the rest of LA and worldwide. However, this is a heterogeneous association. The four experiences have been supported with loans either to start up the programme (*Bolsa Família*, *Familias en Acción* and *Red de Oportunidades*) or to make sure it continued (PROP and the rest). *Bolsa Familia* received loans from the WB and the other three received them from the WB and the IADB (Him 2017: 114; CEPAL 2020A). PROP also received technical and financial support from the IADB to conduct an evaluation.[38] The WB and the IADB have been very important in spreading the programmes of these dual regimes, especially *Progresa-Oportunidades* and *Bolsa Família*; the programme that has been presented by these institutions as a paradigm is PROP, as it centres its design on an approach concerned with the accumulation of human capital and it has promoted evaluations since the beginning, and for other reasons. For example, on the World Bank web page there were 5,442 entries for *Progresa-Oportunidades* up until 2010 and 2,040 for *Bolsa Familia*; on the IADB web page, there were 432 and 110, respectively, according to a study by Morais (2017: 142–143). According to a WB report (Fiszbein et al. 2009: 6) "What really makes Mexico's program iconic are the successive waves of data collected to evaluate its impact, the placement of those data in the public domain, and the resulting hundreds of papers and thousands of references that such dissemination has generated". There is no doubt that PROP, *Bolsa Família*, *Familias en Acción*

[38] Personal observation of one of the authors of the present text.

and *Red de Oportunidades* were supported by the international coalition for human capital, and in turn, the first three of these have collaborated in consolidating the coalition and its dissemination worldwide.

3.5 The Impact of the Reforms

Certainly, some things have changed with three decades of reforms. Since the 1990s, Brazil and Panama appear to have reduced their welfare gaps considerably, while Mexico and Colombia have made smaller achievements, though these are by no means insignificant. The case of Venezuela is however uncertain because of its profound economic and political crisis. Brazil and Panama are closest to the universalist regimes of LA (with widespread, though not universal, social security, complemented by important non-contributive initiatives), Colombia and Mexico have kept their dualism (with important non-contributive initiatives whose approach is minimalist) and Venezuela is caught up in a process where the central agreements are breaking up as a result of the ongoing crisis. Behind the current situation are the different strategies followed by these countries, which vary between a vision centred on the State (clearly the case of Brazil and Venezuela), a vision more closely aligned to the market (clearly true of Mexico and to a lesser extent of Colombia) and a gradualist perspective as in the case of Panama.

The five dual regimes showed divergent economic performances (Table 3.7): initially Brazil, Venezuela and Panama showed a significant dynamic, but only the latter kept it up; Brazil went through important recessions without recovering growth. Colombia and Mexico had low rates of growth, that was more constant in the case of Colombia. In this macro-economic context (from 2000 to 2018), all the countries increased their social expenditure, most significantly in Venezuela and Brazil, and to a lesser extent in Colombia and Mexico in the framework of a conservative macro-economic policy (Table 3.7). Even with the crisis, Brazil maintained its tendency to increase social expenditure, which was probably the result of institutional inertias from previous agreements. Until just before the crisis in Venezuela, this country and Brazil were close to the average for OECD countries.

The regimes with universalist reforms reduced poverty very significantly, to around half, at least until the economic crisis came back again after 2014; at which time Brazil slowed the momentum of its poverty reduction a little, while Venezuela started to show signs of a social crisis

Table 3.7 DWR in Latin America: growth and social expenditure 2000, 2008, 2015 and 2018

	GDP 2000[a]	*GDP 2008*[a]	*GDP 2015*[a]	*GDP 2018*[a]	*Social budget 2000 (% of GDP)*[b]	*Social budget 2008 (% of GDP)*[b]	*Social budget 2015 (% of GDP)*[b]	*Social budget 2018 (% of GDP)*[b]
Dual WR with universalist reforms	**3.6**	**6.8**	**−1.3**	**2.5 −4.9**	**10.6**	**11.8**	**14.5**	**13.3**
Brazil	4.4	5.1	−3.5	1.3	12.5	14	16.3	17.7
Panama	2.7	9.9	5.7	3.7	8.4	8.4	8.5	8.8[e]
Venezuela	3.7	5.3	−6.2	−19.6	10.8	13.1	18.8[f]	n.d.
Dual WR with liberal reforms	**3.9**	**2.2**	**3.2**	**2.4**	**7.4**	**10**	**11.8**	**10.7**
Colombia	2.9	3.3	3.0	2.6	8.4	11.3	13	12.6
Mexico	4.9	1.1	3.3	2.1	6.3	8.6	10.5[g]	8.7
Latin America	**3.8**	**4**	**−0.2**	**1.0**	**8.5**	**9.5**	**11.2**	**11.3**

Source CEPAL (2020C). [a]Rate of growth of GDP at constant prices (based on national sources). [b]Social budget of the central government(based on national sources). [c]Not including Venezuela. dIncluding Venezuela. [e]For 2017. Rodríguez (2013: Table 9) notes higher social expenditure figures for Panama, that are proportionally even higher than in Brazil. [f]For 2014. [g]Ordóñez (2016: 186) notes higher social expenditures figures for Mexico, close to the Colombian case. n.d.= no data in 2015 with an increase of four points on the poverty index, unlike Panama which maintained a downward tendency. In the regimes that undertook liberal reforms there was also a reduction in poverty, especially in Colombia where it went down by around 40% and Mexico with a marginal reduction. All of these regimes achieved reductions in income inequality (measured by the Gini coefficient), most notably in Brazil (up until the crisis) and in Panama; in the regimes with liberal reforms the tendency was the same, but at a slower rate. Venezuela still had one of the lowest rates of income inequality in Latin America during this period. However, with the crisis, a good part of what had been achieved in this area by Brazil was lost. It should be pointed out that in general, reductions in inequality, when they occurred, were proportionally less than the reductions achieved in figures for poverty (Table 3.8).

It is probable that social security coverage increased in countries that undertook universalist reforms, especially in the cases of Brazil and Panama and to a lesser extent in Venezuela. Some indicators[39] for Brazilian (in 2017) and Panamanian social security show a coverage of roughly two-thirds (CEPAL 2020A) and 80%, respectively,[40] and although Venezuela got to above half, it fell several points with the crisis.[41] Mexico and Colombia maintained indicators for social security coverage of a third, with a slight increase in Colombia.[42] If these dynamics can be confirmed, with other indicators, it will be possible to show, with greater clarity, the institutionalized dualism of the regimes with liberal reforms, and the universalist tendency of the others. It is clear that the regimes with structural pension reforms, Colombia and Mexico, did not radically change the real participation rate in the social security system of those in employment, so they had to create social pensions with a wide coverage but an extraordinarily weak expenditure; whereas the regimes with universalist reforms only modified their pensions systems parametrically and created social pensions that were noticeably more generous and had bigger budgets. In short, the regimes with universalist reforms tried

[39] In the cases of Brazil, Colombia, México, and Venezuela we used the indicator of employed people supported by a social security schema in 2017 (CEPAL 2020c).

[40] Rodríguez (2013: Table 23) shows social security coverage for 2010 of 81.7% in Panama.

[41] It fell from 55.6% in 2011 to 43.4% in 2014 (CEPAL 2020c).

[42] The figures are as follows: Mexico with 30.1% in 2016 and Colombia, 37.3% in 2017 (CEPAL 2020c).

Table 3.8 DWR in Latin America: poverty and income inequality, 2000, 2008, 2015 and 2018

	Poverty 2000 (*% of the population*)[a]	*Poverty 2008* (*% of the population*)[a]	*Poverty 2015* (*% of the population*)[a]	*Poverty 2018* (*% of the population*)[a]	*Concentration of income 2000* (*Gini coefficient*)[a]	*Concentration of income 2008* (*Gini coefficient*)[a]	*Concentration of income 2015* (*Gini coefficient*)[a]	*Concentration of income 2018* (*Gini coefficient*)[a]
Dual WR with universalist reforms	**37.5**	**25.6**	**21.7**	**16.7**	**0.511**	**0.481**	**0.468**	**0.519**
Brazil	38.4[b]	25.3	18.8	19.4	0.576[b]	0.536	0.511	0.540
Panama	29.8	26.8	17.9	14.5	0.564	0.528	0.516	0.498
Venezuela	44.2	24.7	28.3[c]	n.d	0.392	0.379	0.378[c]	n.d.
Dual WR with liberal reforms	**51.3**	**43.9**	**37.1**	**35.7**	**0.548**	**0.543**	**0.514**	**0.498**
Colombia	53.8[d]	44.6	30.5	29.9	0.567[d]	0.572	0.524	0.52
Mexico	48.8	43.1	43.7[e]	41.5	0.528	0.513	0.504[e]	0.475
Latin America	**44.0**[f]	**33.5**	**29.0**	**30.0**	**0.531**[d]	**0.500**	**0.467**	**0.462**

Source CEPAL (2020C). [a]On the basis of questionnaires applied in households of the nation. [b]In 2001. [c]In 2014. [d]In 2002. [e]In 2016. [f]In 2001.
n.d. = no data

to have new forms of social inclusion that were more relevant than those of Colombia and Mexico.

Some of the regimes considered increasing public commitment to the health system with greater expenditure, in the framework of the reforms addressed here. Among the reformers with universalist tendencies, the case of Brazil is of special interest with its increase in public expenditure on health, a reduction in out-of-pocket citizen expenses and an increase in services provided, achieving total coverage of the social protection system, following the criteria of the ILO (including those covered by social security and those covered by the SUS) (ILO 2020). In spite of the limitations of the Brazilian health system this tendency stands out, although it will probably suffer reversals with new policies promoted by the right-winger Jair Bolsonaro, especially those of slowing down expenditure.

In the same segment, Panama practically maintained its expenditure and reduced out-of-pocket citizen expenses, as well as improving services. It is paradoxical in this group that Venezuela should report to the ILO (2020) total coverage by the social protection system, but in the last few years of crisis, the country's social expenditure has been drastically reduced and out-of-pocket citizen expenses have increased so much as to become the highest of any in the dual regimes. Wide coverage with an abrupt reduction in services has meant weakness in the services provided and the need for citizens to spend more.

The liberal reformers have also shown heterogeneous results: the public commitment of Colombia to health increased and the country's expenditure on health is the highest among the dualist regimes, with the lowest (though fluctuating) out-of-pocket citizen expenses of any in the group, while the commitment by Mexico is the smallest (not counting the critical case of Venezuela) and with a lowering of out-of-pocket citizen expenses but with these still the highest of any in the dualist regimes (again, not counting the critical case of Venezuela); in spite of progress made by the reforms in these two regimes, according to the ILO (2020), they have not managed to include the whole population in the social protection system and there is still a sector of those excluded.[43] To sum up, the health reforms of Brazil and Colombia appear to have obtained the best

[43] The population covered by health social protection was in 2010 87.2% in Colombia and 85.6% in Mexico, included social security and the non contributory schemes (ILO 2020).

results, but with the doubt remaining of what will happen in the former country in the near future (Table 3.9).

The dualist regimes tried to overcome a good part of the limitations of their social security systems and the significant exclusion of large sectors of the population, with social pensions, conditional cash transfers, new health packets to help achieve universal coverage, and protection for labour fortified with increasing minimum wages.

As explained above, these initiatives have been heterogeneous as ratified by the TMC: Panama promoted a basic pension with a monthly transfer four or five times the size of that of Colombia or Mexico (Table 3.6), though less than half the amount of the Brazilian and hardly a quarter that of the Venezuelan system, and designed an extremely minimalist CCT programme, with the smallest expenditure of any of the dual regimes and the smallest maximum cash transfer per household, while promoting an increase of nearly 40% in the minimum wage from 2000 to 2018. Thus, the universalist tendencies in Panama are associated with a degree of minimalism. Brazil shows more generous pensions and transfers, with the CCT programme having the widest coverage and the largest sums per transfer, and the greatest social expenditure[44] (including increases to basic pensions and the TMC), and it has had the largest increase in the minimum wage of all the dual regimes (doubling between 2000 and 2008) (Table 3.10), although with the general slowdowns we have mentioned several times.

By contrast, Venezuela, with no important CCT programme in the last few years, shows signs of a severe crisis in its universalist tendencies, with minimum wages going down (Table 3.10); while the increase in social expenditure in general (in 2014 the highest in all the regimes considered) is countered by a serious decline in health expenditure and an economic depression that will make it difficult to keep up the social expenditure and generous social pensions. Colombia increased its social expenditure, and to a lesser extent its minimum wages (by only about 24% between 2000 and 2018) (Table 3.10), but its CCT featured weak expenditure (half that in Brazil and Mexico), meagre transfers (half the size of the Brazilian) (CEPAL 2020B) and the lowest social pensions among the dualist regimes, although social expenditure increased. It is probable that the associated wage increases, low but constant economic

[44] According to the figures of Rodríguez (2013) Panama would have a larger social budget than Brazil.

Table 3.9 DWR in Latin America: health expenditure, 2000, 2008, 2015 and 2018

	Public health expenditure (%GDP)[a] 2000	*Public health expenditure (%GDP)[a] 2008*	*Public health expenditure (%GDP)[a] 2015*	*Public health expenditure (%GDP)[a] 2017*	*Out-of-pocket expenses (%)[b] 2000*	*Out-of-pocket expenses (%)[b] 2008*	*Out-of-pocket expenses (%)[b] 2014*
Dual WR with universalist reforms	3.9	3.6	3.4	2.9	37.9	36.2	37.4
Brazil	3.5	3.5	3.8	4.0	38.0	31.5	25.5
Panama	4.8	4.7	4.3	4.4	26.0	25.8	22.3
Venezuela	3.4	2.6	2.0	0.2	49.7	51.3	64.3
Dual WR with liberal reforms	3.1	3.7	4.1	3.9	31.2	36.1	29.7
Colombia	4.2	4.8	5.1	4.9	12.2	21.4	15.4
Mexico	2.0	2.6	3.1	2.8	50.1	50.8	44.0

Source WHO (2020). [a]Domestic expenditure on health by the government in general. [b]Out-of-pocket expenses as proportion of total expenditure on health. [c]In 2009

Table 3.10 DWR in Latin America: real minimum wages 1990–2018

	Real minimum wage						
	1990	*1995*	*2000*	*2005*	*2010*	*2014*	*2018*
Brazil	73.8	87.2	100.0	128.5	182.1	203.6	211
Colombia	98.2	94.2	100.0	107.2	115.2	123.2	123.8
Mexico	143.5	112.9	100.0	101.3	100.5	101.7	116.6
Panama	82.4	88.0	100.0	104.5	113.3	123.9	136.7
Venezuela	103.4	117.2	100.0	103.7	93.8	94.1	n.d.

Source CEPAL (2020C). n.d. = no data

growth, and new minimalist programmes (CCT and social pensions), have combined to diminish poverty and inequality in this regime. Mexico, pioneer among the national CCT programmes and with a large coverage, is the country with the smallest wage increases in the countries studied (except for Venezuela in recent years), and even a serious decline if we take the 1990s into consideration (Table 3.10); and one of the lowest social pensions (similar to that of Panama) although with a large coverage, like the new health package (large coverage but limited services).

Finally, to sum up, we propose the following classification: Panama has a regime tending towards universalism and Brazil a regime also tending towards universalism but that has been limited and is now being held back. The Venezuelan dualist regime with a universalist project is currently immersed in a political crisis and in danger of breaking up with the depression of the economy. By contrast, Mexico and Colombia have institutionalized their dualist features (and minimalist programmes) but have in recent times shown a different performance, with Colombia tending to be more progressive.

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CHAPTER 4

Reviewing Exclusionary Welfare Regimes: Andean Countries (Bolivia, Ecuador, and Peru)

Analía Minteguiaga and Gemma Ubasart-González

4.1 Introduction

This chapter focuses on three Andean countries—Bolivia, Ecuador, and Peru—that have historically shared similar trends in social welfare provision, but have revealed important divergences in recent years that have yet to be examined or comprehended in depth. Bolivia, with 11 million inhabitants, Ecuador with 15, and Peru with 30 are located in the northeast of the Latin American sub-region, between the Andes and the Amazon. These are multicultural and multilingual countries with

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important indigenous populations. They share fragile and highly dependent economies, with development models based on the exploitation and export of natural resources and agricultural production. For all three, establishing public institutionality has been a challenge, both in terms of public policy oversight and planning as well as securing state presence and authority in remote territories (jungle, highlands, etc.). In this sense, their welfare systems during the twentieth century have experienced a lagging and limited development and have been categorized as "exclusionary" (Filgueira 1998; Barba 2003) and "familiarist" (Martínez Franzoni 2007) within the existing typologies, in contrast with other "pioneer" or extremely "late" welfare systems in the region (Mesa-Lago 1985). Additionally, the three countries share a similar ethnic population makeup, where Indigenous peoples comprise and important proportion of the national population, making welfare provision increasingly complex given that socio-economic inequality is combined with ethno-cultural difference.

The three countries also began the new millennium under the impact of austerity measures imposed by the Washington Consensus: economic contraction and social spending cuts had negative effects on inequality, poverty, and indigence. Migration was one of the few ways out for an important percentage of people in Bolivia, Ecuador, and Peru (Aliaga 2017). The twenty-first century was inaugurated by important social mobilizations; citizen discontent towards political elites and the system's very functioning triggered the development of important forms of contentious politics (Chávez et al. 2011; Ramírez 2011; Garay and Tanaka 2009) propelled by a wide array of actors: indigenous people, miners, youth, left-wing groups, among other. The gas wars in Bolivia (2002–2003), the outlaws' or *forajidos*' rebellion in Ecuador (2005), or the protests that led to the destitution of Fujimori in Peru (2000) stand out in this period of social, political, and institutional instability.

In Bolivia and Ecuador, these disruptive processes culminated with regime change. In January 2006 *cocalero* union leader Evo Morales, of Movement Towards Socialism (MAS, for its Spanish acronym) won the Bolivian elections and in January 2007 Economics Professor Rafael Correa, of the progressive platform *Alianza PAIS*, won the presidency in Ecuador. Both victories gave way to constituent processes with vast (and novel) citizen participation that culminated with the approval of new political constitutions (2009 and 2008, respectively). Morales and Correa inaugurated governments that challenged neoliberalism and its economic and social model through several measures, especially the strengthening of public institutions. The two countries' new political constitutions were complemented by a dense array of new legislature to support public policy.

On the contrary, Peru registers a long continuity of the neoliberal economic and social model. In 2000, then President Alberto Fujimori was impeached for bribing opposition legislators and businessmen. Fujimori, who was later convicted of crimes against humanity, fled the country shortly after. During the first decade, some welfare policies were timidly restructured without any great modifications in their general orientation. In 2011 Ollanta Humala defeated Keiko Fujimori, the former president's daughter, and introduced a slight change in the discourse behind state action: the social agenda gains greater relevance. However, in this short parenthesis the welfare regime is not substantially modified (Murillo 2012).

This chapter aims to examine welfare in these Andean countries from a complex perspective that can account for how different projects of social integration and various (sometimes) opposite ways of *making society* play out in the welfare debate. Revealing, as Offe claimed, that within social welfare "one finds the original, intact, central and permanent problem [of social reproduction][1]" (1990: 77). A perspective capable of "identifying the structural problems that make social cohesion and social continuity problematic instead of self-evident, and [...] identifies the means of 'social integration' through which a given system overcomes or not its specific structural problems" (Offe 1990: 77).

This chapter aims to compare development of three welfare models that initially share multiple characteristics and later, during the turn of the millennium, embrace different political paths: Bolivia and Ecuador seek to try out a post-neoliberal scenario (Grugel and Riggirozzi 2012) while Peru maintains important strokes of continuity with its neoliberal past. These political wagers affect not only public policy (politics) but also the political system (polity) by introducing relevant changes (Thwaites Rey 2010). This work focuses on each country's social agendas and their impacts, relying on statistical data[2] as well as the analysis of specific policies (relevant either for their scope and intensity or for their innovative character). As a general stroke, the different welfare models are placed in

[1] All quotes translated from Spanish by the authors.

[2] The statistical data used has been retrieved primarily from the Economic Commission for Latin America and the Caribbean's Databases and Statistical Publications (CEPALSTAT) because it enables working with comparable time series.

relation to the development model and the type of state that is built (our sought to build) in each country.

The first section revisits the theoretical and methodological scaffolding of welfare regime literature in Latin America and the Andean world and situates the welfare models in Bolivia, Ecuador, and Peru within the typologies created for the region. The second section inquires about the welfare paradigms that arise in each of the three cases, relating them with the development model and type of state formation. The third section analyzes the welfare model built by each state using quantitative and qualitative data inspired by the classic dimensions of decommodification, stratification, and commodification coined by Esping-Andersen (1993) and Martínez Franzoni's (2007) defamiliarization. The chapter ends with conclusions that focus mainly on the role acquired by the State in each of the three Andean countries, seeking to understand how the dynamics of corporatism and the logic of targeted v. universal scope unfold.

4.2 Welfare Regimes in the Andean World

Since the 80s, several contributions in the field of social welfare studies were developed in Latin America. The analyzed variables and the selected indicators, the classifications and typologies were heterogeneous. However, all of them, until the work of Martínez Franzoni (2007), emphasized two spheres: the state and the market. This led to some blind spots in the comprehension of the region's welfare systems, characterized by weak states in the provision of goods and services, underdeveloped and dependent economies, and highly informal labour markets. Which forced other spheres (community or family) to take on important responsibility on the provision of social welfare with subsequent effects in terms of social integration and the configuration of societies. Spheres and productivities that were not always adequate to provide welfare services as a matter of rights, nor sufficiently researched.

Chronologically, first was the pioneer work of Mesa-Lago in 1985—prior to Esping-Andersen's book (1990). It focused on the historical evolution of social security systems, which implied identifying the dates in which countries first incorporated pension programs for social security, as well as the levels of development achieved. He determined the existence of three groups: pioneer, intermediate, and delayed (1985: 5–8). Mesa-Lago's classification constitutes a first attempt at regional comparison.

In it, Peru, Ecuador, and Bolivia were classified within the intermediate group.

While social security programs in pioneer countries were established (gradually and in a fragmented way) in the 1920s, in the intermediate group they were established in the 1940s—influenced by the Beveridge report and International Labour Organization conventions—trying to avoid stratification problems identified in pioneer countries. Intermediate countries reached medium coverage and development, had less stratified systems than those in pioneer countries,[3] costs were lower, and the overall financial situation was better than in the first group (despite already presenting disparities among the countries within the group). Only three countries[4] in this group had 50% of their labour force protected, oscillating between 18 and 50% (1985: 274). Finally, the delayed group registered its take-off between 1960 and 1970 and had the lowest coverage rates—between 2 and 19%. It is important to indicate that countries in the pioneer group had a fundamental social policy component that improved social security coverage: welfare programs or non-contributive pensions (focalized and of minimum benefits) that increased protection.

As examined in the first chapter, Filgueira (1998) advanced an effort of those characteristics and introduced for the first time the notion of "regimes" in Latin America in his analysis of the 1930–1970/1980 period. His contribution determined the existence of three types of regimes: stratified universalism, dual, and exclusionary (Filgueira 1998). The countries analyzed in this chapter were placed in the exclusionary regime[5] category, which are characterized by elitist social security systems that exclude important social sectors (with around 20% of coverage), despite having education and health systems that could be categorized within dual regimes. According to Filgueira, in exclusionary regimes elites take over the state apparatus, extract revenue from its primary economies, and avoid the creation of collective goods. A small number of formal/salaried workers and public servants were benefitted while informal workers, peasants, and blue-collar workers were largely excluded. Countries with exclusionary welfare regimes have highly unequal and

[3] This is why he considers them "relatively unified systems" (1985: 7).

[4] Venezuela, Panama, and Mexico.

[5] Although Filgueira didn't include Peru in his analysis, due to its indicators it would belong to the "exclusionary regime" category.

heterogeneous social structures, especially in terms of wealth distribution between urban and rural sectors, within different rural areas, and between central and peripheral urban areas. In other words, the way the market operated territorially created "clusters" of social protection provision configurations.

Barba (2003, 2004) elaborated the next typology. The research period was the same as Filgueira's, although later works included the neoliberal stage (2007). Barba's typology closely follows Filgueira's (1998), and re-names the regimes as: "universalist, dual, and exclusionary". Ecuador, Bolivia, and Peru were again placed within the last group. The exclusionary type is characterized by: (a) a two-tier drop in all analyzed indicators, such as social spending, social security coverage, access to health and education services, and the degree to decommodification of social welfare; and (b) a progressive proliferation of regressive ethno-cultural heterogeneity within social protection systems and of informal labour markets (2007: 203). In dual systems, these elements developed in a stratified manner, favouring the urban population and organized sectors incorporated in the ISI economic model while excluding the rest of the population (Barba 2003).

It is important to stress that the component of ethno-cultural heterogeneity had been absent from previous typologies. Exclusionary regimes not only register a strong deterioration in social protection systems and a high degree of labour informality but also an increase in ethno-cultural heterogeneity (Valencia 2010: 72). However, it does not acquire great relevance in the analysis of welfare systems, for example as one of the factors of inequality in the dimension linked to stratification (Adelantado et al. 1998).

Martínez (2007, 2008b) delivers the most recent and complete typology of welfare regimes in the region despite its exclusive focus on the neoliberal period (until 2005). As examined by the first chapter of this book, the relevance of her work stems from the recognition of the region's particularities: inefficient labour markets, weak states and public policy, and a central role of the domestic realm and of female labour[6];

[6] In another study, the ways in which this was leveraged by the critique of specialized research conducted by feminists that questioned what they called a "dominant" masculine vision of welfare that emerged in the 90s (Minteguiaga and Ubasart-González 2017). Various contributions were made in by these interpretations (Orloff 1993; Sainsbury 1996; Skocpol 1992; among others). However, most centred on decommodifcation.

these characteristics determine the informal nature of the region's welfare regimes (Martínez Franzoni 2007: 85), although with varying degrees. Despite the practicality of using the welfare regime literature, Martínez identified certain theoretical and empirical gaps. For example, she argued that the analysis prevalent in welfare regime literature was centred on "the state rather than on the welfare regime", that "gender and the sexual division of labour were absent from social arrangements that gave place to welfare regimes" (Martínez Franzoni 2008a: 13), and that they lacked sufficient emphasis on the informality of labour markets and state fragility.

Martínez's typology identifies four dimensions of welfare: the degree "commodification" of the labour force; the degree of "decommodification" produced by public policy, the degree of "familiarization", and "performance or welfare outcomes" (2007: 11–14). From this starting point, the author identifies three types of welfare regime in the region: "state-productivist, state-protectionist, and familiarist" (2007). Ecuador, Peru, and Bolivia were placed in this last group despite the existence of relevant differences in "degrees" among them. There is an internal division regarding the degree of *familiarization*. The three countries depend heavily on the capacity of women, families, and communities to mitigate social risk due to a weakened state and almost inexistent public policies; having weak states their levels of decommodification are low. Thus, informal practices are very relevant; "the majority of the population depends solely on family and community arrangements in the context of exclusionary labour and public policy" (Martínez Franzoni 2007: 25). An important percentage of the population lacks access to public services and labour markets lack the capacity to formally absorb the available workforce. Finally, in familiarist countries poverty rates are high.

After the neoliberal stage, Filgueira's 2013 contribution stands out, which attempts to capture what happened in this period involving a wave of "progressive" or "left-wing" governments. In his essay, he contends that the region goes through a fundamental change in its social policies and its conception of social citizenship linked to a greater transformation related to the "decline of a conservative modernization, as Barrington Moore conceived it" (Filgueira 2013: 17). According to Filgueira, the region's "left turn" had to be understood as "a political solution to the second and final incorporation crisis of a conservative form of modernization, of which the 'Washington Consensus' was its last project" (2013: 17). The move towards universal social policies would occur, according to Filgueira, through the possibility of confronting the narrow corporatism and restricted focalization that characterized state action in the fields of welfare provision and political economy in Latin America. The contributive scheme based on the formal labour market and focalized interventions linked to necessity and means-testing should give way to another that incorporates at least three pillars: a strong non-contributive component, a host of universal provisions, and a contributive or market pillar to secure access to non-basic goods and services (Filgueira 2013: 43–44).

4.3 ¿New Welfare Paradigm? Development Models and State Transformations

Barba (2005) proposes a conceptual distinction between welfare paradigms and regimes. The first alludes to the group of social policy ideas, theories, and suppositions in a given historical moment. They participate in the construction of the problems over which social policy justifies its intervention. Paradigms are linked to the ideas of a desired form of society and the horizon of common sense that guides political projects to reach these desired forms. The second alludes to a descriptive dimension, the form and intensity of the realization of welfare. To this effect, the governments and coalitions inscribed in the "progressive tide" proposed a shift in the welfare paradigm. This is the case for Bolivia and Ecuador, while Peru does not register such a shift.

4.3.1 Change Is Constitutionalized in Bolivia and Ecuador

New political constitutions represented a turning point for the rules that governed politics, polices, and public management in Bolivia and Ecuador. Both countries sought to establish social pacts based on new normative orientations that focused on social wellbeing, beyond its Eurocentric conception. In the two countries, the concept of social wellbeing was permeated by the Indigenous cosmovision embodied in the concept of Living Well or Good Living (Sumak Kawsay), which played an important role in welfare provision (Le Quang and Vercoutère 2013; Minteguiaga and Ubasart-González 2015b). Furthermore, Viciano and Martínez Dalmau (2010) contend that the wave of new Latin American constitutions is unique. The constitutions of Venezuela (1999), Ecuador (2008), and Bolivia (2009) produced a "new Latin American constitutionalism" that surpassed the "neo-constitutionalism" that inspired the constitutions of Spain (1978) and Brazil (1988), among others. Its peculiarities are above all related to the processes adopted (involving ample participation from different social sectors), which inevitably presupposed substantive changes in content.

From an external point of view, the three Latin American constituent processes "assume the necessity to legitimate the social will for change through an impeccable constituent process of democratic nature and, although the results are in great measure unequal, achieve the approval of constitutions that aim, definitively, towards the constitutional state. Theory and practice merge, thus, in the new Latin American constitutionalism" (Viciano and Martínez Dalmau 2010: 26). There is emphasis on the processes underpinning the creation of these constitutions, which encouraged participation of numerous political and social actors and relied on prolonged deliberation. From within, Martínez Dalmau (2008: 75) stresses their "innovative content (originality), the relevant extension of the law (breadth), the capacity to conjugate technically complex elements with accessible language (complexity), and the reliance on the activation of people's constituent power for any constitutional change (rigidity)". In other words, there is a process of creating constitutions in the political, social, and cultural context of the twenty-first century: new agendas (with new social conquests) that respond to more complex circumstances with broader and more detailed articles.

Concerning the welfare model, Bolivia and Ecuador's constitutions share certain innovations in regard to previous constitutions, primarily: (1) the definition of the type of state stresses the obligation to guarantee the material conditions of subsistence and development—social rights gain significance: a "unitary social state" in Bolivia,[7] a "constitutional state of law" in Ecuador.[8] (2) A set of "highly fundamental rights" is conceptualized above "fundamental rights" in the Bolivian constitution, and "living well or *buen vivir* rights" in the Ecuadorian constitution accompanied by the establishment of a national system for inclusion and equality for their realization (art. 340). (3) Both make reference to the

[7] "Bolivia is constituted as a Unitary Social State of Plurinational and Communitarian Law (…), and guarantees equal development through the redistribution of economic surplus in social, health, education, and cultural policy" (art. 1 Constitution).

[8] "Ecuador is a constitutional State of rights and justice, social, democratic, sovereign, independent, unitary, intercultural, plurinational and secular" (art. 1 Constitution).

life cycles and the rights linked to them, complementing or fulfilling basic welfare rights (Minteguiaga and Ubasart-González 2015a).

4.3.2 New Welfare Paradigms in Bolivia, Ecuador, and Peru

Classic welfare paradigms were conceived in developed capitalist countries and were grounded on the realities of the twentieth century. The transformations produced in the new millennium in Latin America had to consider these realities but also rethink them. Thus, this paper proposes new concepts to examine the logic that operated in the three analyzed countries over the past years, taking into account their unfavourable starting points. Bolivia and Ecuador opted for a state-welfarist paradigm (each with an emphasis on plurinationality on dismantling corporatism, respectively). In both cases, the normative construction of their political wagers relied heavily on the effort to build public institutionality and prioritize welfare policies in a broad sense (social, labour, fiscal policies, etc.). The Peruvian paradigm is identified with a residual-assistentialist proposal (focused on poverty and focalization) in which the subsidiary character of the state as well as the fragmented character of social policy remains (Table 4.1).

The welfare paradigm as defined in this text is tightly related to the particular development model and the specific type of state formation in each national context. For this reason, there is a brief description of the development model and state formation each country sought to implement; in some cases they materialize (completely or in part) and in others they remain in the field of discourse. Bolivia and Ecuador opted for the inauguration of a "post-neoliberal" period (Ramírez and Minteguiaga 2007). The development model sought to gain national sovereignty and reduce raw material export dependency, although with different "transitions" to get there. Both countries opted for more public intervention in the economy combining efforts to strengthen the state and to achieve social citizenship (Marshall 1998). It was not a simple turning back to the developmental Latin American ISI stage or a reworking of the Keynesian-Fordist model of Europe's glorious thirties, with their potentialities and limits.

Bolivia sought to recover the state through nationalizing strategic companies as well as acquiring more resources (royalties and taxed on the exploitation of natural resources) to invest them in great part on the social

Table 4.1 Main characteristics of the development model, state, paradigm, and welfare regime in Bolivia, Ecuador, and, Peru

	Bolivia	*Ecuador*	*Peru*
Welfare paradigm	Statist-welfarist	Statist-welfarist	Residual assistentialist
	Priority on incorporation of plurinationality	Priority on countering corporatism within welfare systems	Priority on the fight against poverty
	Based on the Living Well (Sumak Kawsay) ideal	Based on the Living Well (Sumak Kawsay) ideal	Focalized approach
	Weak universalism and continuity on focalization	Strong universalism and continuity on focalization	
Development model	Post-neoliberal/Return of the state	Post-neoliberal/Return of the state	Neoliberalism
	More resources: higher revenue from and taxes on natural resources' exploitation	More resources: debt renegotiation, higher revenue from and taxes on natural resources' exploitation, progressive taxes	Insertion in the international market through Free Trade Agreements
	Nationalization of strategic sectors (i.e. hydrocarbons, electricity, telecommunications)	Investment in infrastructure and in strategic sectors	Export-led development through the promotion of extensive agriculture
	Control over public debt	Promotion of basic national industry to favour endogenous development (limited achievements)	
		Start of a transformation in the production model: from extractive-primary to a knowledge and biodiversity-based economy (limited achievements)	

(continued)

Table 4.1 (continued)

	Bolivia	*Ecuador*	*Peru*
State	Decentralization under the notion of autonomous territories (departmental, municipal, indigenous, communitarian)	The state secures relative autonomy from interest groups	No important state transformations are identified
	Partial development of national planning (e.g. a planning ministry was set up, and a national development plan drafted)	Development of the state's steering role, public policy planning, creation of the National Secretariat for Planning and Development, coordinating ministries, and national plans	
		Decentralization processes	
		Institutionalization of social control and citizen's participation	
Welfare regime	Moderate progress on universalization (coverage and reduction of inequalities in education and health)	Progress on universalization in terms of coverage and rights through the construction of national health and education systems	Focalized policies maintained
	Focalized policies maintained	Focalized policies maintained	No significant progress on universalization or against corporatism
	Progress against corporatism (pensions expansion	Progress against corporatism (pensions expansion and defragmentation of special regimes)	

Source Prepared by the authors

agenda. The nationalization of hydrocarbon, electric, and telecommunication companies were the first measures adopted by Morales' government. These were complemented with the renegotiation of taxes, royalties, and reference prices in contracts with private companies, in adherence to the Hydrocarbons Law of 2005. Additionally, public policy during Morales' tenure had an important indigenist mark that materialized in closing the inequality gap by ethnicity and revaluing indigenous culture, knowledge, and justice.

More was spent and state intervention in social investment was expanded and prioritized: an important set of pro-poor measures was developed, effectively leading to more equality. These transformations, along with a favourable economic context gave way to marked improvements in socio-economic indicators. However, state action (public policy) remained centred on conditional cash transfers and focalized programs,[9] while NGOs and international cooperation organisms kept and important role. Despite manifest improvements in the analyzed period, the prevalence of poverty and unsatisfied needs in the country, as well as the lack of a stable and consolidated public administration partly account for the conceptual and operative continuity observed in the social agenda. National planning and the extension of development policies gain relevance in Bolivia, but less completely than in Ecuador. [10] Some authors contend that one of the greatest obstacles in building state capacity has been the absence or deficit of an intellectual elite capable of proposing a strategic panorama in line with new national and international conditions.[11]

Ecuador began work on three fronts to recover the state (and simultaneously transform the development model) (Ramirez 2016). First, the (re)appropriation of resources for the state through the renegotiation of

[9] The "Bolivia Changes, Evo Delivers" (direct resources to municipalities and communities) program, the national post-literacy program "I can continue", the "More investment for water" program, or the "Dignity fare" for low electricity consumption, among others.

[10] Bolivia only publishes the 2006–2011 National Development Plan.

[11] "The constellation of power that emerged from public consultations allowed the MAS to proceed with a massive substitution of State personnel. These new personnel no longer came from the middle urban classes, that had some sort of preparation to exercise their functions and competencies in public administration" (Grebe López 2009: 149).

the external debt with the launch of an audit and the declaration of illegitimacy of some tranches[12]; an increase in royalties from the exploitation of natural resources paired with the strengthening of public companies in strategic sectors, and the redefinition of contracts with transnational companies; and building up of a solid and progressive tax system. It sought to promote endogenous development prioritizing national capital and domestic savings as means for public investment in basic infrastructure as well as in the development of strategic sectors. Ecuador also opted for a move towards an economic model and productive structure centred on knowledge and biodiversity that could introduce the care economy as added value (Ramírez 2016, 2017). The second front was the recovery of the state's (relative) autonomy and its planning capabilities. On the one hand, there is a process of dismantling corporatism within the state, regaining certain degrees of autonomy in relation to interest groups (banking and financial actors, businesses, international organizations, NGOs) that sustained the neoliberal policies of limiting state economic intervention and state powers' "disregard" and "privatization" of welfare policies. On the other, there is a recovery of the state's capacity for public policy oversight, regulation, and control. The state consolidates its planning capabilities at a substantive level (it directs and prioritizes state intervention) and a procedural level (through decentralization, deconcentration, and citizen participation processes). Furthermore, Ecuador enshrined its planning system in the constitution and tasked the National Secretariat for Planning and Development[13] (a ministry-ranked state body) and coordinating ministries with securing the system's operation. New forms of national planning and public management that tried to incorporate transversality, citizen's participation, social control, and multilevel government logics were rehearsed (Grebe 2009; Ramírez 2012). The third front was robust social investment and expansion of welfare policies. There is a quantitative increase in the amount of resources but there are also qualitative changes: the design of structural policies of universal scope, increasing the quality and coverage of key services for the realization of social rights.

[12] It goes from a budgetary effort of 24% in 2006 to 4% in 2012 (Senplades 2013).

[13] Senplades, for its Spanish acronym.

Peru reveals more elements of continuity. A development model focused on improving participation within the global economy complements its residual-assistentialist paradigm, relying on free trade agreements with countries of the centre as well as the periphery (De Miguel et al. 2007). The promotion of development was carried out through the encouragement of raw material exploitation (above all, metal and minerals), extensive agriculture, and the creation of a national industry (textile and agroindustry) with low added value geared towards exports for the international market. State reforms were mainly concerned with adaptation to economic globalization. The series of governments during the 2000s had different approaches to the social agenda but its neoliberal core was not challenged (Arrambide 2020; Lynch 2013). Attempts to structure some welfare policies were made after Fujimori's removal and there was progress on universal coverage for basic benefits through the Integral Health System, non-contributive pensions for seniors, and conditional cash transfer programs. As of 2011, Humala's government carried out an expansion of non-contributive pensions and launched a program to improve the economic condition of young people. These measures are taken within a residual-assistentialist welfare paradigm and a development model and a state formation that did not mutate substantially, although the latter changed at a formal level through the reorganization of public institutionality during the last period (e.g. the creation of the Ministry of Women and Vulnerable Populations, and the Ministry of Development and Social Inclusion, which developed Peru's National System for Development and Social Inclusion) (Lavigne 2013).

4.4 Welfare Regimes in Andean Countries in the Twenty-First Century

Having explained this, there is a long way from the paradigm to the regime. Paradigms inform public policy, even if the implementation contexts are challenging. As Filgueira (1998) notes, the establishment of a welfare state with a social-democratic orientation faces enormous difficulties in Latin America. On one hand, there is no prior process of capital accumulation, or an economic development capable of producing solid industrial bourgeoisies, or robust unions to push for suitable labour markets, or a public institutionality capable of overcoming these limitations. Thus, the social context at the beginning of the twenty-first century in most Latin American countries, more so in the Andean region, was unfavourable and complex, with large sectors submerged in poverty and exclusion. Given this, the movement from the normative ideal (paradigm) to the concretion of public policies (regime) undertook during the "progressive tide" encountered serious limitations. Although the commodities boom opened a window of opportunity, it was not seized in the same way in every country. Ecuador's paradigm, and in a lesser way Bolivia's, started their path towards what Filgueira (2013) considers the challenges of the region's welfare systems: facing corporatism and focalization.

To understand Latin America one must observe how much (i.e.: how much income is procured, how much is spent, coverage, and provisions) and how (i.e.: institutionality, prioritization of sectorial policies, universalism v. focalization and segmentation, and distribution of responsibility among spheres). To proceed with the analysis we apply the four analytical dimensions identified by Esping-Andersen (1993) and Martínez Franzoni (2007): decommodification, stratification, commodification/quality of the labour market, and defamiliarization to identify the continuities and changes in the welfare models of the three examined countries. There is specific emphasis on the main welfare policies developed during the analyzed period, as well as their results, and their impacts on the economic and social structure.

4.4.1 Decommodification: Health, Education, and Transfers

Decommodification "is produced when a service is provided as a matter of rights and when a person can sustain his or her life without depending on the market" (Esping-Andersen 1993: 41), that is to say when the realization of social rights and subsistence is removed from the market sphere. Previous studies (Minteguiaga and Ubasart-González 2013) have undertaken the task of applying the concept to the Latin American context, exploring two dimensions: (1) the degree of decommodification of the services that enable the realization of social rights key to welfare: the extension and quality of the provision of public education and health services; and (2) the possibility to subsist in a situation dependence: cash transfers. What follows is a comparative analysis of social spending indicators in health and education as well as coverage, which reveal the main characteristics of social policies in the three countries.

<u>Social spending during economic growth</u>. At the beginning of the 2000s, Ecuador was the country with the lowest social spending as percentage of its Gross Domestic Product (GDP) in Latin America

(3.9%). With the arrival of Rafael Correa to the presidency this tendency changes: social spending as percentage of GDP more than doubled between 2006 and 2009, reaching 9.2%, and reached its highest level in 2013 (9.6%). Bolivia and Peru enjoyed a superior staring point, 12.3% and 9.5%, respectively (see Fig. 4.1). Both maintain that level of social spending with a slight upward trend. Social spending encompasses spending in education, health, and social protection. Emphasis in each sector differs by country: at the end of the period Ecuador leads spending on health, Bolivia leads spending on education and social protection, and Peru increased in spending on health and sustains spending levels on education and social protection.

Increased coverage in education and health. The increase in social spending in Ecuador, but also the expansion in absolute terms of available resources in Bolivia and Peru due to regional economic growth translates into coverage expansion and better quality for public health and education services. In education, we use secondary education net enrolment rate as indicator. The universalization of primary school access in these countries was accompanied by an increase in secondary schooling. Net enrolment in Bolivia and Peru in 2000 was at 65% and in Ecuador it didn't reach 40%. By 2017 Bolivia had reached 76.4%, Ecuador 85.5%, and Peru 85.6%. Ecuador's achievement was particularly remarkable; they advanced towards the construction of a national education system and

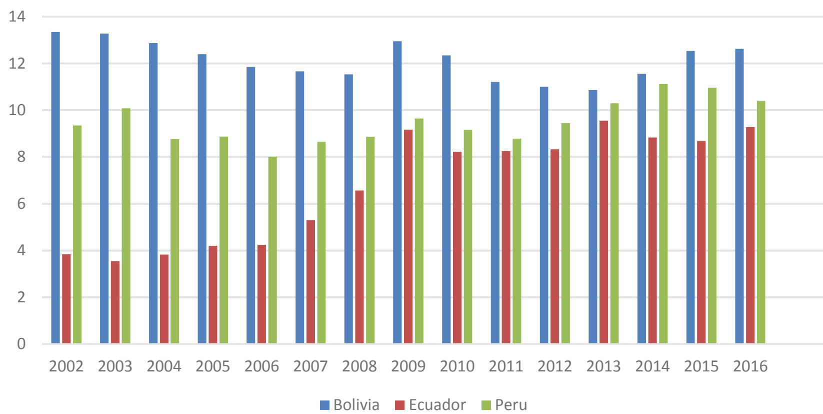

Fig. 4.1 Social public spending as percentage of GDP (*Source* See note 2)

emphasized the recovery of the steering role of the state in education policy (Minteguiaga 2012). Education was enshrined as a right, barriers were eliminated (e.g. enrolment fees were eliminated and textbooks, uniforms, and meals were freely provided), infrastructure was multiplied throughout the national territory, teachers were encouraged to continue their academic training, salaries were improved, and working hours were extended.

In regard to health services there are indirect indicators that allow for comparison. The trend is similar in the three countries (see Fig. 4.2). The mortality rate associated to tuberculosis (included in the Millennium Development Goals) improves in the three countries, particularly in Ecuador. This is associated to the creation of a national health system and the universalization of access to healthcare as a right (Peña 2019), which relied on the extension of the primary healthcare network, gratuity for basic medication, and at-home services in working-class neighbourhoods. Working conditions and salaries for healthcare professionals were improved. In Bolivia, more resources were allocated to health services; however, there were no substantive qualitative changes. Its system is still comprised by four sub-sectors: public, private, social security, and NGOs. Gratuity only applies to "maternal health services (antenatal, delivery, and postpartum care), child healthcare services (vaccines and comprehensive

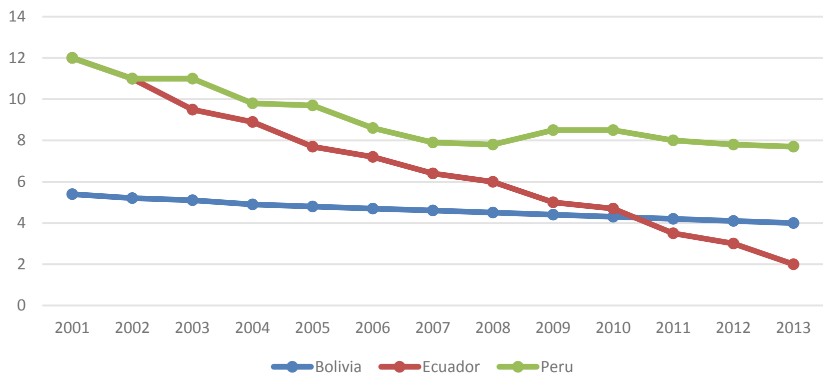

Fig. 4.2 Tuberculosis-associated mortality rate (per 100,000 population) (*Source* See note 2)

care up to the fifth birthday) and healthcare services for seniors (comprehensive care after 60)" but other services are not covered for people without insurance (Monterrey 2013: 21).

Other important indicators are those related to maternal health. The proportion of births with the assistance of health professionals had a positive evolution in the three cases, reaching 91.3% in Ecuador and 96.4% in Peru, although it remains a challenge in Bolivia (71.3%). In Peru, the General Health Law (1997) regulates the system, divided between a public sector (managed by the health ministry) and a private sector. Since the approval of this law (which entails the suppression of absolute financing by the state), the main concern has been the lack of resources: "public health spending has a low priority in social public spending and is primarily geared towards ensuring access to geriatric and maternal healthcare" (Lavigne 2013: 25).

Transfers (contributive and non-contributive). There are two types of transfers to support people who cannot access the labour market to guarantee subsistence: contributive and non-contributive transfers. Pensions for people who have not contributed to the social security system or haven't contributed enough and conditional cash transfers (inspired in Mexico's Progresa-Oportunidades or Brazil's Bolsa Familia)[14] are non-contributive.

In Bolivia, social security has two components: the short-term Compulsory Social Security (health, common illness, maternal health, and occupational risks) and long-term Social Security (disability, old-age, and death). The Law 065 of 2010 expanded the system, favouring independent workers, women, and wageworkers. In Ecuador, the social security system is shaped by the centrality of the Ecuadorian Institute of Social Security (IESS, for its Spanish acronym), but there are also the Peasant Social Security (SSC, for its Spanish acronym), ISSFA (exclusively for the armed forces) and the ISSPOL (exclusively for the police). During the Correa government, these last two organizations were reformed in an attempt to reduce inequalities in access to benefits between their affiliates and IESS affiliates. Ecuador's social security system guarantees the array of services listed in the ILO's C102 convention. In the

[14] There are varying evaluations of these types of measures. A recent study of the Bolivian and Ecuadorian cases contests that these programs have transformed its focus towards social investment despite reinforcing paternalist and coercive practices (Naguels 2016).

framework of the reforms, the legal obligation of affiliation is established for employers, a volunteer social security is created, the SSC is expanded, and a specific pension for homemakers with a contributive and a non-contributive component is crafted.[15] In Peru, contributive pensions depend on three regimes: the National Pensions System, Live ID (*Cédula Viva*), and the Private Pension System. In 2008, Congress approved the creation of a new Social Pensions System, which has yet to be implemented. Pensions are basically for seniors, although they also "provide disability pension, surviving spouse's pension, orphan's pension, and a pension for the dependent parents of a deceased worker" (Lavigne 2013: 13).

In a labour market context marked by an important level of informality and low affiliation to social security systems, contributive transfers protect only a small part of the population, although with increasing disparities among countries (seethe commodification section). For this reason we will focus on the second: non-contributive transfers.

In Bolivia, in 2012, three of every ten citizens benefited of several of these programs. The Dignity Income (*Renta Dignidad*) crafted in 2008 for people 60 years old and older: people who do not receive a pension have access to US$29 a month, and those who do access to US$22 (with the exception of people who receive an income from the Treasury). The Juancito Pinto Bonus, created in 2006 to incentivize school enrolment, consists of a yearly cash transfer of US$25. The Juana Azurduy Bonus, created in 2009, is designed to incentivize the use of public health services for expecting mothers and children. It is a one-time conditional transfer that reaches the maximum of US$260 (MEyFP 2013). These three cash transfers are financed with resources from the Direct Hydrocarbon Tax (IDH, for its Spanish acronym), generated through the nationalization of hydrocarbons (Monterrey 2013: 8).

In Ecuador, during the government of Rafael Correa, there were three benefits: the disability assistance pension, the senior assistance pension, and the Human Development Bonus (BDH, for its Spanish acronym). The first two are not conditional but they are exclusively for people under the poverty line, although less restrictive than the BDH. In the three cases, the cash transfer was of US$50 a month (Minteguiaga and Ubasart-González 2013).

[15] The Organic Law for Labour Justice and Recognition of Work in the Home, approved in April 2015.

In Peru, the Together (*Juntos*) program is directed to people living in poverty, specifically to "homes with children under 14 years old, pregnant minors, parents, widows and/or seniors. Its main goal is to lift children out of poverty. In 2011 it oscillated between a minimum of US$7.7 to a maximum of US$36 per household" (Lavagne 2013: 19). There are also two types of pensions for vulnerable seniors. The minimum old-age pension created in 2001 for people who have contributed to the social security system for at least 20 years, but who receive pensions below the minimum amount established. "In 2009, the monthly allocation was of US$160.7" (Lavagne 2013: 15). And the national solidarity assistance pension 65 created in 2011 for seniors who live in extreme poverty: when it was created its monthly value oscillated between US$45 and US$90. It is linked to the Together program.

4.4.2 Stratification: Poverty, Inequality, and Historical Fractures

The concept of stratification accounts for the organizational modalities of Welfare States that "help to determine the articulation of social solidarity, class divisions, and status differentiation" (Esping-Andersen 1993: 81). That is to say, organizational traits that impact the degrees in which members of a given society collectively assume responsibility for the lives of others (degrees of solidarity), and the particularities and characteristics of the inequality and difference produced by Welfare States (singularities of class inequality and status differentiation). This concept thus incorporates an interesting idea: the form the Welfare State adopts is not only a mechanism that intervenes in an existing unequal structure (to correct it), but is also a stratification system in itself—an active force in the configuration and ordering of social relations (Esping-Andersen 1993: 44). Below, there is a comparative presentation of poverty, indigence, and inequality indicators and a quantification of fiscal revenue in each of the analyzed countries. It highlights the relevant gender and ethnic gaps, which are added to those of class.

Advances in poverty and equality indicators. The debt crisis and neoliberal policies had plunged Latin American countries into high rates of poverty and extreme poverty and into intensifying prevalent inequalities. During the 2000s, the three countries managed to improve both indicators (see Fig. 4.3). In Bolivia, poverty dropped from 57.1% in 2001 to 27.7% in 2018, in Ecuador it decreased from 47.4 to 18.3%, and in Peru from 37.3 to 13.6%. The same pattern applies to extreme poverty. The

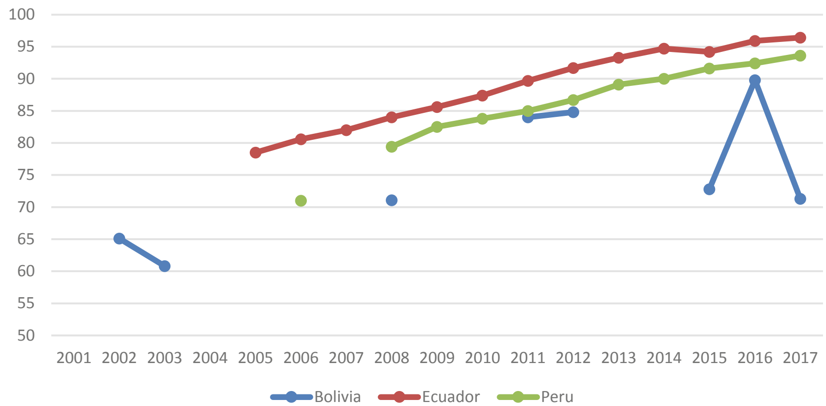

Fig. 4.3 Births attended by skilled health personnel (%) (*Source* See note 2)

inequality indicator (the Gini coefficient) tends towards convergence in the three countries although Bolivia has a higher performance (0.196), Ecuador an intermediate performance (0.157), and Peru shows lesser progress (0.109) (Fig. 4.4).

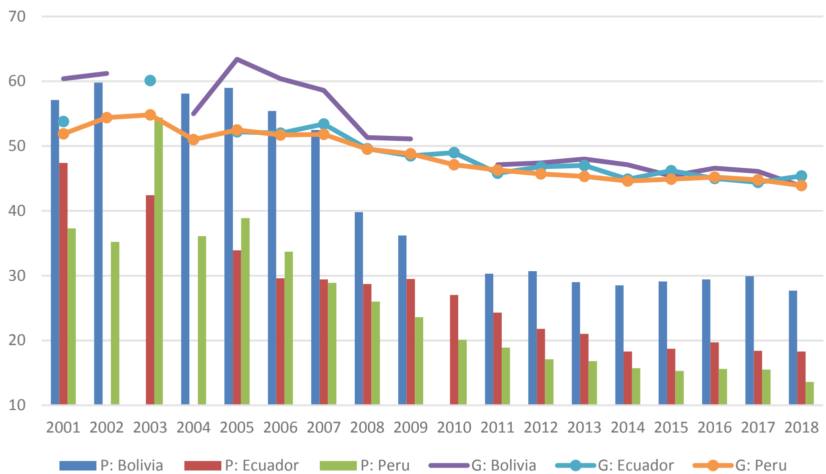

Fig. 4.4 Poverty (%) and Gini Coefficient (0–100) (*Source* See note 2)

More resources, more taxes. One of the main characteristics of exclusionary welfare regimes is the limited nature of resources secured by the state's coffers, which hinders the effective implementation of a social protection agenda and generates public debt. Tax revenue has historically represented just a small part of total state revenue. Since the change in the economic and political cycle, Latin America has witnessed an increase of total state revenue through extractive industries, less payment of external debt, and an increase of tax revenue (including social contributions). The Ecuadorian and Bolivian cases reveal an upward trend in the arrays of tax revenue income and contributions since the arrival to power of Evo Morales and Rafael Correa. Between 2010 and 2011, corresponding with the approval of Law 065, there is an important increase in social security contributions in Bolivia, going from 1.5 to 4.9% of the state's total revenue. In the Ecuadorian case, a more moderate increase in social security contributions is identified. Between 2008 and 2013 there is an important surge in tax revenue, going from 11.7 to 16.3% due to new legislation and more robust internal revenue institutionality. In Peru there is clear trend towards the stabilization of state revenue, in which resources from social security contributions have an overall minor role (Fig. 4.5).

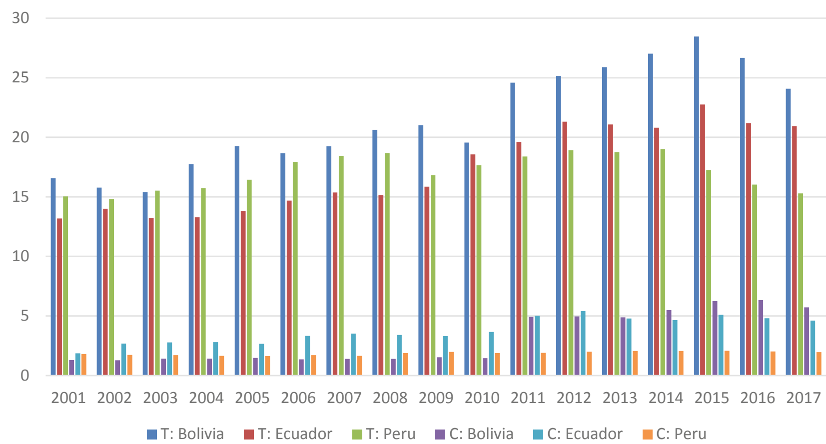

Fig. 4.5 Total tax revenue + Contributions (as percentage of GDP) (*Source* See note 2)

Ethnic and Gender Gaps. Class fractures are not the only to affect Andean societies. Others, such as ethnic and gender fractures, are superposed and make social inequalities even more persistent and structural. In the case of the three countries reviewed the ethnic fractures gain extreme relevance: indigenous people and people of African descent have been historically discriminated against, causing restricted access to economic resources, as well as health and education services, among others. Despite the fact than during the "progressive tide", governments addressed the ethnic gap, especially in Bolivia, they haven't managed to close the gap which materializes in poverty and extreme poverty indicators. Another structural fracture is that of gender (see the commodification and defamiliarization sections). Weak social states in these contexts have laid great part of the burden of welfare and care provision on families, i.e. women. They have carried out reproductive work in the private and invisible realm of their homes, negatively affecting women's access to salaried labour, formal education, and health services. Gender-based violence, in all its shapes, has also hampered women's fulfilment of social citizenship.

4.4.3 Commodification: Informality and Social Security

There is an inescapable link between social welfare, work, and employment. It is necessary to analyze the reach and quality of the labour market. Social welfare studies have understood the concept of commodification basically as citizens' access to the labour market. In this paper, commodification does not refer solely to the evolution of the economically active population but also to other indicators that shed light on the quality of the labour market: (a) labour regulations (working conditions, social security affiliation, minimum wage, working hours, etc.); and (b) productive policies and policies for the transformation of the production model.

Economically active population remains stable in the 2000s with a subtle downward trend in Bolivia and upward trend in Peru. In Ecuador there is a pronounced drop between 2005 and 2010, but the indicator recovers between 2010 and 2015. In 2018, Bolivia registered an economically active population of 68%, Ecuador of 65.2%, and Peru of 72.2%. The decrease in Ecuador was similar for men and women. It is counterintuitive because of the expectation of a progression towards the closing of the gender gap (women's economically active population is 14 point behind men's). Some services and transfers might have addressed social needs, but social policies with a strong family component might have discouraged women's participation in the labour market. For example, the "Joaquin Gallegos Lara" mission—a monthly stipend given to care takers of people with disability and a specific socio-economic condition—has been an important decommodification measure, but it could have contributed to the further familiarization of welfare provision (Minteguiaga and Ubasart-González 2014).

Informality in the labour market remains structural in Andean countries although there has been a downward trend in recent years. Bolivia, with some of the highest levels of informality, reduced the rate of informality from 94.1% in 2006 to 76.9% in 2007, reaching a historical low of 72.7% in 2013. Ecuador presents a reduction of labour informality from 75.5% in 2007 to 60.2% in 2014, despite a reversal in the trend after 2014. Peru's informality rate remains stable, with a slight downward trend, reaching 59%. However, formalization in this country played against quality: the MYPE law (2003), intended to promote the development of small businesses, sought to formalize workers of small businesses allowing for seasonal and temporary contracts with lower salaries and with no compulsory social security affiliation. Additionally, the gender gap in informality is much more pronounced in Peru than in Bolivia and Ecuador: in 2017 informality among men reached 52.4% while among women it reaches 66.1% (in Bolivia 78% versus 79.7% and in Ecuador 63.1% versus 67.1% in the same year).

Increase in the affiliation of workers to a social security system is a trend throughout the 2000s. Ecuador's progress is particularly relevant, reaching a maximum of 46.1% of workers in 2015 (compared to only 27.4% in 2001). This is directly related to the Labour Ministry's active role in regulation (the compulsory nature of affiliation, including for domestic workers which were previously excluded form labour regulations) and institutionality to proceed with labour inspections (control). Peru managed to incorporate 35.7% of the labour force (compared to only 16.8% in 2001). Bolivia registered a low 18%; however, its starting point at the beginning of the new millennium was 9.7% (2002). The gender gap in social security affiliation for Ecuador and Bolivia does not exceed the five per cent points (in 2012 and 2013 the gap is closed for the Ecuadorian case), in contrast with Peru, where the gap is of almost 15 per cent points. In the three countries the role of unions and collective bargaining is weak.

4.4.4 *(De)familiarization: Labour Market, Time-Use, And Fragilities*

(De)familiarization depicts the "availability of unpaid female work in the social division of labour" (Martínez Franzoni 2007: 12). This concept approaches the study of welfare provision that allows for the reproduction of life, analyzing the actors who bear this responsibility, namely the family. Needless to say, the family is not a neutral sphere; in it important ruptures in the social structure are produced and reproduced, and public policy, specifically social policy, affect it. The are two approaches to understanding this dimension in case studies: (1) indicators that reveal gender inequality in the social structure, focusing on productive and reproductive work, which are pertinent to study the welfare regime model; and (2) public policy for care and welfare provision in the family as the predominant sphere, with an emphasis on how they are developed, implemented, and the effects they produce. This section examines comparative indicators on time use, teenage pregnancy rate, and access to education disaggregated by gender. This complements previously presented data on labour market inequality.

With regard to productive labour, the previous section revealed a more limited participation of women in the salaried labour market in all cases, and a higher rate of informality and lower levels of social security affiliation in the Peruvian case. In regard to reproductive work, women continue to play a central role. Bolivia witnessed a steady decrease in the indicator "women exclusively dedicated to household work", reaching 18.3% in 2009. However, the trend later reversed and the indicator increased to 20.4% in 2013. In Ecuador it slightly increased between 2004 (28%) and 2014 (30.9%).[16] These numbers are coherent with the decrease in economically active population among women mentioned above. It is also interesting to observe the total amount of time distributed according to the type of work. Work done by women is made invisible and goes unpaid, which places them in a disadvantaged position when seeking access to resources and services. In 2010, women in Peru dedicated an average of 39.9 hours to unpaid work a week and 22.6 hours to salaried work while men's time was distributed in the following way: 15.7 hours to unpaid work and 44.5 hours to salaried work a week. In 2012, in Ecuador the distribution was similar: women allotted 37 hours

[16] No available ECLAC data for Peru.

to unpaid work and 20.7 hours to salaried work in average while men allotted 9.9 hours to unpaid work and 44 hours to paid work.[17]

Another indicator that captures family "obligations", which disproportionately burden women, in these countries is early childbearing.[18] The percentage of teenage pregnancy is highly significant. In the 2010-decade in Bolivia 11.9% of girls under 17 years old became mothers (many were forced to do so), in Ecuador 16%, and in Peru 8.3%. With the exception of the Peruvian case, these numbers are growing and reveal a prevalent social problem regarding access to information and methods of family planning as well as widespread sexual violence against children. The number of pregnant girls under 15 years old is alarming: in Bolivia they represent 3.3%, in Ecuador 3.8% and in Peru 2.1% of all girls under 15.

However, in regard to access to education active public policy has closed the gender gap in these countries in terms of net enrolment to secondary education. In Bolivia, the net secondary school enrolment rate among men in 2017 was 76% while among women it was 76.9%, in Ecuador it was 84.2% among men and 86.5% among women, and in Peru it was 86.4% among men and 84.7% among women—the only case where men are enrolled in secondary school in a higher rate than women. In the case of Bolivia and Ecuador, the gap was closed in 2008 and 2007, respectively.

Investment in welfare policies expedites closing the gender gap. More resources in health and education can translate, as it has in Bolivia and Ecuador, into improvements in maternal health and equal access to education. Regulation of the labour market has also contributed in closing the gender gap. Despite improvements, the challenge of addressing sexual and reproductive health and of countering the prevalence of sexual violence remains. Those issues defined in moral and/or religious terms are the ones where the least improvement has been made.

[17] No available ECLAC data for Bolivia.

[18] There is no statistical data that allows for the comparison of available public care services for children between 0 and 3 years old, seniors, etc., but it has historically been minimal and targeted people with high vulnerability.

4.5 Conclusion

In the three analyzed cases poverty rates declined throughout the 2000s. Inequality has also tended to decrease but it has done so in varying intensities. Gini coefficient variations reveal important progress for Bolivia, intermediate progress in Ecuador, and more modest improvement for Peru. Having identified this, this indicator usually captures general increases in available resources for consumption by socio-economic depressed sectors. Having more to spend should improve people's quality of life a priori. However, it is important to probe whether this increase in available resources has been paired with an expansion of social rights and the generation of more opportunities. For this reason it is important to focus on the welfare outcomes of public education and health policies and social protection policies, as well as others such as tax and labour market regulations that pre-distribute and redistribute resources. The possibility to realize social rights and to build social citizenship is connected to social spending, but also to the types of public action undertaken. Thus, it is imperative to understand the institutions that enact policy, the regulations in place, and the perspective that informs policies, and distribution among spheres of social welfare provision.

A country's development model and state type define its welfare regime. Throughout this paper we have analyzed the Ecuadorian and Bolivian cases, where the governments of Correa and Morales inaugurated a series of state, economic, and social transformations with the goal of overcoming the neoliberal project and its effects of social welfare and protection. The Peruvian case was also studied and it revealed greater continuity with the neoliberal model.

In terms of decommodification and stratification the first two cases register greater progress: welfare outcomes in health and education, inequality reduction, or tax revenue increase. In terms of commodification, Peru registers higher levels of economically active population and lower levels of informality, although with an important gender gap. In the dimension of defamiliarization, Ecuador and Bolivia have been more efficient in their move towards shortening inequalities (in access to education and the labour market) than Peru, despite setbacks in the first case and slow progress in the second in matters related to sexual and reproductive health and violence against women. Despite commonalities between the welfare regime that Evo Morales and Rafael Correa opted for and their outcomes, there are important differences.

In Bolivia there are more resources allocated to the welfare system than before and a larger part of it went to public social spending. State action acquires a "pro-poor" orientation through, for example increases in conditional cash transfers and new pensions. The plurinational character of the state and society and its implications for social inclusion policy becomes centrepiece. There is a modest real transformation of the development model and state organization. There are moderate advances in the universalization of access through the expansion of coverage and reductions of inequality in access to education and health but focalized policies and programs remained. Bolivia also incorporated some non-contributive components; however, the issue of fragmentation was not resolved.

In Ecuador there is an important commitment to reconstructing public institutionality in its territory and national planning recovers steering capacity over the state apparatus. Regulatory activity regains importance. Ecuador also registers important progress on the transformation of the production model (energy autonomy, infrastructure, promotion of basic industries, etc.). This enables higher degrees of universality in social policy in terms of coverage and rights; this is important because it derives from the construction of national health and education systems with territorial reach. Focalized policies are also kept but there is more progress on the fight against corporatism, on the incorporation of non-contributive components, and defragmentation of special social protection regimes.

In Peru, the "war on poverty" approach and programs launched during neoliberal hegemony remain dominant. There is progress on social inclusion through the expansion and improvement of the labour market through measures that sought to reduce informality. Social policy continues to be fragmented and focalized despite attempts to restructure it to secure stability over time and a more comprehensive focus.

To conclude, during the post-Washington Consensus cycle Latin America witnessed an important dispute over the proper role of the state. This paper has evaluated marked differences between the paths taken by Bolivia and Ecuador in comparison to that taken by Peru. Although the different progressive options sought the recovery of public institutionality, they did so with different emphases that determined the disparities between the governments of Evo Morales and Rafael Correa. In the majority of countries where the Executive branch veered to the left there is a distinct interest in recovering the state's capacity to oversee major social policies (education, health, social protection) and an increase in the economic resources available for their implementation. However, only a few carried out a profound transformation of the state, reformulated public institutions' relation with business and social actors, and introduced substantive modifications in national and regional planning. In this regard, positive yields by the welfare regime in the Ecuadorian case are likely related to having embarked on such a transformation, seeking to rethink the development model.

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CHAPTER 5

How 'Liberal' Are Latin American Welfare Regimes?

Armando Barrientos and Martin Powell

5.1 Introduction

The two most significant social policy reforms in Latin America since the turn of the new century, the spread of individual retirement accounts and social assistance programmes, signal far reaching change in the region's welfare institutions. The paper considers the extent to which these reforms shift Latin America countries towards a liberal welfare regime. At their core, liberal welfare regimes demonstrate a preference for market solutions to social problems (Myles 1998: 342). The chapter discusses whether welfare institutions in Latin America are becoming liberal and the likely implications for welfare outcomes. This is important for at least three reasons. First, the analysis will test whether theories developed to

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understand welfare institutions in early industrialisers are relevant to Latin American countries. Second, assessing the extent of welfare regime change in the region will throw light on the resilience of welfare regime types outside early industrialisers. Third, the discussion will contribute to the evaluation of the distributional outcomes from recent welfare reforms in the region.

In the classification of welfare regimes proposed by Esping-Andersen's *Three Worlds of Welfare Capitalism*, liberal regimes feature 'means tested assistance, modest universal transfers, or modest social insurance plans…the state encourages the market' (Esping-Andersen 1990: 26). Beyond this core feature, the literature that followed the *Three Worlds of Welfare Capitalism* has not been successful in developing a more comprehensive description and analysis of the liberal welfare regime. Empirical and institutional studies have broadly identified liberal regimes with the type of welfare institutions present in the USA, the UK, Ireland, Australia and New Zealand, but an exact match has proved elusive. A constant in the social policy literature is that the countries assigned to the liberal welfare regime taken as a group show worse decommodification outcomes than countries in the conservative and social democratic welfare regimes.[1]

The reform of pensions and the growth of social assistance appear to signal a shift to a more liberal regime, but further analysis will help qualify this hypothesis. The introduction of individual retirement accounts in ten countries in Latin America underlined a clear policy shift towards market provision of pensions and, to a lesser extent, health insurance. It was vocally justified by their proponents in terms of improving the work of markets—labour, insurance and financial markets. Yet, these reforms do not appear to have fully displaced Bismarckian social insurance. Aside from Chile and Costa Rica, individual retirement accounts attract less than a quarter of the labour force, much less in some countries (Kritzer et al.

[1] Castles writes: "…there is almost no scholarship focused centrally on these [English-speaking] countries' social policy experience in the manner of, say, the literature on the 'Scandinavian model'" …"the story of the English-speaking world - of social policy retreat in some countries and of a gradual clustering of all these nations towards the bottom of a wide variety of social and economic policy distributions - has undoubtedly been a source of dismay to many policy commentators in these nations". Francis G. Castles, "The English-Speaking Countries," in *The Oxford Handbook of the Welfare State*, edited by Francis Castles, Stephan Liebfried,Jane Lewis, Herbert Obinger and Christopher Pierson (Oxford: Oxford University Press, 2010: 632). Perhaps some stigma is attached to the liberal welfare regime.

2011; OECD/IDB/The World Bank 2014). And there has been significant policy push-back since the 2007 financial crisis (Arenas de Mesa 2019). The expansion of social assistance in all countries in the region, the second significant welfare reform, also appears to signal movement in the direction of a canonical liberal welfare regime (Teichman 2007). Yet from a different perspective, this expansion represents a major—overdue and welcomed—expansion of state provision directed at disadvantaged groups historically excluded from social protection (Barrientos and Santibañez 2009; Rofman et al. 2015; Villatoro and Cecchini 2018). In contrast to the canonical liberal welfare regime, the reach of social assistance in the region is far from being residual.[2] The inconclusiveness of pension liberalisation and the scope of social assistance expansion raise doubts about the extent of the shift towards a liberal welfare regime.

The paper will focus on three key dimensions of welfare regime analysis: (i) the evolution of the welfare mix, in particular pension schemes and social assistance; (ii) stratification, that is the ordering of social actors in terms of their interests and value and (iii) outcomes, here assessed by reference to poverty and inequality effects. In the canonical interpretation of Esping-Andersen, regime outcomes are measured by decommodification, the extent to which welfare for particular individuals is independent of their market outcomes. This is not a straightforward evaluative concept to apply in the context of Latin America, or perhaps anywhere else for that matter. A pensioner is typically decommodified if she has withdrawn from the labour market and is supported by pension transfers. In a social insurance setting, decommodification depends on a history of (formal) employment and contributions. Decommodification in retirement is therefore dependent on a lifetime of commodification. Recent literature for high-income countries has linked measures of distributional outcomes to regime type (Kammer et al. 2012).

The discussion will focus on Latin America as a region, as opposed to specific countries.[3] There is significant heterogeneity in welfare institutions and outcomes across countries in the region, but we argue there is

[2] Health reforms in the region, not covered in detail in the paper, have strengthened the coverage of primary health care, the role of the public sector in articulating health care, and public provision. However, provision and financing remain stratified according to socio-economic status. Daniel Cotlear et al., "Overcoming Social Segregation in Health Care in Latin America." *The Lancet* 385 (9974) (2015): 1248–59.

[3] This is the focus of the other chapters in this volume.

sufficient commonality to support a regional approach. To a large extent, the conclusions of the analysis in the chapter apply to all countries in the region, with varying intensity. The chapter is organised as follows: Section 1 discusses the canonical liberal welfare regime and its associated literature. Section 2 traces the evolution of welfare institutions in the region, paying particular attention to post-Bismarckian reforms. Section 3 undertakes an assessment of the 'liberal' quality of the reforms. A final section speculates on future trends and concludes.

5.2 Liberal World of Welfare Capitalism

In the social policy literature, the liberal welfare regime is primarily associated with a stronger role for market forces in the provision of welfare. Beyond this core feature, the liberal welfare regime is underspecified. The main purpose of this section is to revisit this literature in search of more detailed description of this regime. The section begins by revisiting the canonical liberal welfare regime, with a view to identifying gaps and areas of contention, and to weigh whether examining 'real' regimes throws further light.

5.2.1 The Liberal Welfare Regime in Esping-Andersen

A number of scholars have produced welfare state typologies (Powell 2015; Powell and Barrientos 2011; Powell et al. 2019), but the dominant typology in recent years has been Esping-Andersen's (1990) *Three Worlds of Welfare Capitalism*, which is based on three principles: social rights or decommodification (the extent to which an individual's welfare is not reliant upon the market), social stratification and the relationship between state, market and family. On the basis of cash benefits, and largely ignoring services such as health care, he identifies three main welfare state regime clusters among advanced economies: a liberal cluster represented by the Anglo Saxon countries in which the welfare state has a residual role, a conservative cluster represented by Germany in which the family has a pre-eminent role and a social democratic cluster in which the welfare state is the dominant institution.

The *Three Worlds of Welfare Capitalism* outlines a 'liberal' welfare regime, in which means-tested assistance, modest universal transfers, or modest social insurance plans predominate. Benefits cater mainly to a clientele of low-income, usually working-class, state dependents. Entitlement rules are strict and often associated with stigma; benefits are typically modest. In turn, the state encourages the market, either passively—by guaranteeing only a minimum—or actively—by subsidising private welfare schemes. The consequence is that this type of regime minimises decommodification effects.

The archetypical examples of this model are the US, Canada and Australia (Esping-Andersen 1990: 26–27). However, Esping-Andersen (1990: 27) warns that 'there is no single pure case'. For example, the American social security system is redistributive, compulsory and far from actuarial. At least in its early formulation, the New Deal was as social democratic as was contemporary Scandinavian social democracy. Welfare regimes as identified by Esping-Andersen are 'ideal types' highlighting core features arranged so as to aid theorisation.

In later work, Esping-Andersen (1999) upholds the same three worlds, but the framework underlying type differentiation changes in significant ways. In response to the feminist critique, defamiliasation had been added to decommodification as key outcomes. The public-private dimension now becomes the family-state-market nexus, or the welfare mix. Social policy is now identified with the need to address social risks, and the welfare state is strictly just one of the key institutions studied. The three main welfare producing institutions are deployed in different measures in different countries to reduce social risks. The liberal welfare regime is now distinguished by a narrow specification of social risks as essentially market failure. The liberal welfare regime is said to have three core elements: social guarantees are restricted to 'bad risks'; there is a narrow conception of what risks should be considered 'social' and there is substantial state encouragement of private markets (Esping-Andersen 1999: 74–76). Further, the market is dominant with minimal decommodification (Esping-Andersen 1999: 85).

5.2.2 *The Elusive Core of the Liberal Welfare Regime*

In the period after 1990, a number of scholars have explored the key features of the Liberal welfare regime. Most draw on Esping-Andersen (1990), and present variations on his theme.

Myles and Pierson (1997: 446) argue that in the comparative literature on welfare states, the term 'liberal' has become almost synonymous with a tradition of means-testing inherited from the past. Myles (1998) states that traditional social assistance programmes were designed in the poor law tradition, which distinguished the 'deserving' from the 'undeserving' poor. Liberal welfare regimes are characterised by a preference for market solutions to welfare problems. As a result, the volume of social spending in these nations is low and inequality is higher as a result. Basic security schemes are more likely to be means-tested and social insurance benefits modest.

Spicker (2013) brings to the discussion 'Liberal values' of individualism, rights, pluralism and economic liberalism. He argues that Esping-Andersen's (1990) classification based on two key factors: commodification and the extent of collective provision, and that this narrow focus misses important dimensions in the liberal position such as individual rights, voluntarism, pluralism and localism. He concludes that Esping-Andersen's simplistic association of liberalism and market provision with residualism is potentially misleading, as apart from being market-orientated, a liberal welfare state is one that is based in individual rights, pluralistic and localised. According to Deeming (2017), liberal welfare regimes have a preference for private insurance. This flows from a dominant work-centred ideology and commodity logic. Social stratification is largely determined by the returns to competitive individualism in the market. Countries belonging to the liberal world have low levels of decommodification and high levels of market stratification, and the liberal welfare state is typically defined as a minimum welfare state, or a safety net of services for the poor population. Bochel (2019) associates the liberal welfare regime with low levels of social rights; extensive use of means-testing; a focus on the poor; the subordination of the welfare state to the market; comparatively low levels of public social spending and a focus on equality of opportunity rather than on equality of outcome.

However, several scholars stress that there are significant problems in defining the term 'Liberal' and 'Liberal welfare regime' (Deeming 2017; Spicker 2013). According to Bochel (2019), the term 'liberal' is used in many different ways and there is no consensus that it is necessarily appropriate to describe the model as outlined by Esping-Andersen. There are several reasons why it is difficult to arrive at a clear sense of liberal welfare regimes from this material. First, it is difficult to see which of this long list of attributes are the key to Liberal Welfare Regimes. Is it one characteristic such as a high degree of means-testing, or low social expenditure, or a series of characteristics such as low decommodification, high stratification and an emphasis on the market within the welfare mix? Are some characteristics more important than others? Second, the institutional analysis in the original Three Worlds was based largely on cash benefits and ignored services (Powell 2015; Powell and Barrientos 2011; Powell et al. 2019). Deeming (2017) points out that the 'Liberal' UK National Health Service provides an example of governmental intervention based on social democratic principles of universality and equity. In the field of healthcare, the UK is closer to social democratic Sweden than it is to the US, another member of the liberal welfare regime. Myles (1998) stresses that Esping-Andersen's approach is based on a typology of welfare institutions, not of particular welfare programmes. In liberal regimes workers are expected to depend more on the market for their welfare, but countries with liberal regimes differ fundamentally in programmatic design. The design of old age pensions in Canada, for example, more closely resembles that of Sweden than that of the USA. And US Social Security is more similar to the Bismarckian design of Continental Europe than to that of Canada or the UK (Myles 1998: 342). As Deeming (2017) puts it, reality rarely conforms to the idealised pattern of the liberal model, and liberal principles rarely apply across all social programmes in market liberal societies. Third, the Three Worlds distinction is based on a narrow statist view of welfare that ignores 'social policy by other means' such as occupational and fiscal welfare (Castles 2010; Powell et al. 2019). For example, Australia and New Zealand have been regarded as examples of the 'wage earners' welfare state', where—put simply—wages policy, in large part, substituted for social policy (Castles 2010; Castles and Mitchell 1993). Similarly, pointing to public social spending or 'welfare effort' misses the ''hidden welfare state' in the USA and elsewhere, where policy tools such as 'tax credits' and 'tax expenditures' serve the same or similar social welfare functions found in other welfare states (Deeming 2017; Howard 1997; Powell 2019).

5.2.3 'Real' Liberal Welfare Regime

All the issues discussed above mean that it is problematic to point to a broadly agreed and temporally fixed list of Liberal Welfare Regimes features (Castles 2010; Spicker 2013). There is little consensus among country specialists on the fit of real-world country examples with notions of liberal political idealism found in the Three Worlds. They continue to classify different countries as 'liberal' using a variety of different indices and measures (Deeming 2017). Similarly, Bochel (2019) points out that it is possible to argue that few, if any, states actually come close to the ideal-type liberal model, and indeed that very term 'liberal' is problematic as 'liberalism' can be associated with many different approaches to social policy and there is no agreement on what a 'liberal' welfare state might look like.

Scruggs and Allen (2006) noted that the exclusively English-speaking identity of countries in the liberal type is actually the result of a mathematical error in Esping-Andersen's (1990) index construction. As # (2010: 634) comments, this means that 'Britain is not just a borderline case, it is not a member of the liberal world at all'. Deeming (2017) notes that Esping-Andersen's (1990) theorisation of the social democratic and conservative worlds is always clearer than the liberal one, which is more widely debated. He continues that many critics claimed Esping-Andersen misunderstood the development of social policy in the English-speaking nations with his European-centred theory, and that he over-estimated the congruence between linguistic and cultural heritages and accompanying welfare arrangements in Anglo-American nations.

While Esping-Andersen (1990) regarded six or seven nations as 'Liberal', Castles and Mitchell (1993) saw Ireland, Japan, Switzerland and the USA as Liberal, but Australia, New Zealand and the UK as a fourth 'radical' category of welfare capitalism within their alternative 'families of nations' classification, based on their index of benefit equality and welfare expenditure. In particular, it has been argued that nations such as Australia and the UK could be considered 'non-liberal' and the fit with the 'liberal' model presented in Three Worlds would certainly be questionable (Castles 2010; Deeming 2017; Bochel 2019). Castles (2010) notes that Esping-Andersen (1990) came to recognise the UK as a borderline case, with high decommodification in 1950 while failing to point out that New Zealand was widely recognised as a pioneer welfare state by the 1930s.

Ferragina and Seeleib-Kaiser (2011) reviewed 23 quantitative studies analysing welfare regimes. On the basis of the consistency of the classifications, only the USA was a 'pure' liberal country (i.e. classified more than 80% of the time in the same regime type), while Canada, the UK, Australia and Japan were 'medium-high internal consistency countries' (classified between 61 and 80% of the time in the same regime type) and New Zealand and Ireland were 'medium internal consistency countries' (classified between 51 and 60% of the time in the same regime type). Finally, Switzerland is regarded as a 'hybrid' (not classified in the same regime type in more than 50% of the studies). They write that the liberal regime is the least cohesive and occupies 40 per cent of the total spectrum (six countries out of 15), with the USA being the only ‘true’ liberal country, while the UK was included in five different regimes.

Powell et al. (2019) have updated this review, which adds value as it is based on a clearer search strategy and includes more recent material that was not available in earlier reviews. They find that the more recent studies are more diverse in their findings than earlier ones, with much less consensus on the classification of countries (Ferragina and Seeleib-Kaiser 2011). In fact most of the nations are placed in the same broad group by only around 50% of the studies (i.e. their ‘medium internal consistency countries’). No nation reached their ‘pure’ threshold, with the greatest level of agreement for Sweden (Social Democratic: 14/20 = 70%), Germany (Conservative: 13/19 = 68%), France (13/20 = 65%) and Australia (Liberal: 11/17 = 65%). Recent years have seen growing interest in a wider range of nations (Kim 2015). For example, Powell et al. (2019) point out the selection of nations is restricted to studies that focus on Esping-Andersen’s (1990) original group of 18 ‘advanced capitalist democracies’, and Esping-Andersen’s regime analysis has been termed ‘Eurocentric’ and ‘Swedocentric’, associated with ‘ethnocentric western social research’, a ‘Western lens’ and a ‘social democratic bias’. There are a number of arguments that suggest that the worlds of welfare may be a historically and geographically bound typology based on particular notions of the welfare state (Ferragina and Seeleib-Kaiser 2011; Powell and Kim 2014; Powell et al. 2019). It remains an open question whether Esping-Andersen’s (1990) approach extends to more recent OECD nations such as Korea and Turkey (Powell and Kim 2014; Powell and Yoruk 2017), let alone very different non-OECD nations (Gough 2004).

In sum, the liberal welfare regime remains an elusive type, both conceptually and empirically. Its core distinguishing feature is a preference for market responses to social problems, but beyond this core the regime remains underspecified. Efforts to identify particular countries with the liberal welfare regime have had mixed success. The liberal welfare regime encompasses a broad and varied range of countries, showing increasing overlap with the conservative welfare regime (Palier 2010). The next section will therefore rely on the core feature of the liberal welfare regime, the primacy of markets and state subsidiarity, to assess reforms in Latin America.

5.3 Latin America's Welfare Regimes: Institutions and Evolution

Have Latin American countries moved in the direction of a liberal welfare regime? This section reviews two areas of social policy reforms highlighting institutional identifiers of a liberal welfare regime. The discussion will consider the market forces in pension scheme provision and the expansion of social assistance. The focus will be on reforms in the new century, but the section begins by taking stock of the evolution of welfare institutions in the last century.

5.3.1 *Welfare Institutions in the Second Half of the Twentieth Century*

Welfare institutions in Latin America in the twentieth century are best described as Bismarckian (Barrientos 2019d). Occupational social insurance institutions emerged in the pioneer countries—Argentina, Mexico, Chile, Uruguay and Brazil—in the early years of the twentieth century (Mesa-Lago 1978). Industrialisation and the gradual political incorporation of workers in the post-WWII period led to the establishment of new social insurance funds. Aside from schemes covering the military, police and high-level civil servants, the emerging social insurance funds remained localised and largely outside state sponsorship. Other countries followed suit, Costa Rica being the most successful. By the 1960s, stratified occupational social insurance funds covering workers for life course, employment and health risks, could be found in all countries in the region.

The policy environment was propitious to the expansion of social policies. The expansion of the franchise, proportional representation in the election of legislatures, and secret ballots now provided incentives for workers organisations to engage in the political and policy processes (Collier and Collier 2002; Dix 1989; Malloy 1979). Import substitution industrialisation (ISI) policies came to be sustained by political coalitions of industrial interests and urban workers coalescing around developmentalist governments (Wibbels and Ahlquist 2011). Authoritarian elites supported occupational social insurance expansion as a means to co-opt newly enfranchised groups of workers and to access the accumulated funds of older schemes. Governments entered the pension 'business' (Blinder 1988).

The government supported expansion of social insurance funds led to high rates of coverage in the pioneer countries, especially Argentina, Chile and Uruguay, but coverage was very limited in the rest of the countries. Large population groups remained outside the funds, including workers in agriculture, private services, self-employed and generally most low-income groups—the 'outsiders'. Occupational social insurance funds were highly stratified, largely employment based, provided contingent income transfers normally restricted to male breadwinners. Latin American social insurance remained 'truncated', that is restricted to a minority of 'insiders'. Structural adjustment and the acute economic crisis that accompanied it in the 1980s, abruptly ended the conditions which encouraged social insurance expansion. A period of retrenchment and reform followed.

In the context of welfare regimes types, the Bismarckian period is consonant with a conservative welfare regime. The welfare institutions in place in Latin America for most of the second half of the twentieth century fit squarely with the main elements of the conservative welfare regime featuring in European Bismarckian countries. But with the important difference that in Latin American welfare institutions were truncated. It makes sense to describe the regime as dual, with stratified conservative institutions covering the middle class and skilled workers, and a majority of the population with minimal access to welfare institutions and therefore dependent on the market (Barrientos 2004, 2009, 2019c).

The exhaustion of the Bismarckian model towards the end of the twentieth century resulted in far reaching institutional reforms (Barrientos 2014; Bertranou et al. 2018). We will use Esping-Andersen's descriptors of the key features of the liberal welfare regime to assess whether they lead to an increasingly liberal welfare regime.

5.3.2 *Reforms into the Twenty-First Century: 'Modest Social Insurance'*

Starting with Chile in 1981, social insurance funds attracted the attention of neo-liberal reformers, often embedded in authoritarian governments. In their eyes, the reform of social insurance funds ticked several boxes. Social insurance funds absorbed large and increasing public subsidies needed to sustain the political coalitions behind ISI, their reform was seen as crucial to restoring fiscal balances. Individual retirement accounts shifted large swathes of territory back to markets. Strengthening the link between contributions and entitlements was expected to labour supply incentives and the efficiency of labour markets. Diverting the flow of finance through financial and capital markets, instead of the budget, was expected to help reshape shallow and uncompetitive investment markets. The introduction of individual retirement accounts therefore marked a significant shift in social policy towards market forces.

Ten countries introduced individual capitalisation accounts to replace or complement occupation social insurance pension schemes—Argentina (1994), Bolivia (1997), Chile (1981), Colombia (1994), Costa Rica (2001), El Salvador (1998), Mexico (1997), Panama (2008) Peru (1993), Dominican Republic (2003) and Uruguay (1996). Two more countries, Nicaragua (2000) and Ecuador (2001) legislated for, but never implemented, individual capitalisation accounts. In all reform countries, health insurance was separated from pension schemes. Pressures for reform were also felt among countries that rejected the introduction of individual retirement accounts. Non-parametric reforms involved government sponsored consolidation of pension schemes, limits to early retirement, and raised contributions. With few exceptions, they reduced the generosity of pension scheme features and limited access for low skilled workers.

The aftermath of the 2008 financial crisis renewed policy interest in the pension sector in Latin America. The failure of financial markets in several high-income countries highlighted the defects and vulnerabilities associated with individual retirement accounts. Policy responses in Latin America and Eastern Europe showed variations around a central tendency of rebalancing the role of public and market components of the pension sector (Arenas de Mesa 2019; Whitehouse 2012). In countries where the public component had been retained, responses focused on enhancing the public component. Argentina in fact reverted to a purely public scheme in 2008. In countries where individual retirement accounts fully substituted pay-as-you-go pension schemes, as in Chile, policy responses strengthened public guarantees under the guise of 'integrating' the private schemes with the public guarantee. Non-parametric reforms in countries without individual retirement accounts have also involved a stronger role for governments in the pension sector (Arenas de Mesa 2019).

Table 5.1 provides data on the share of the economically active population that are actively contributing to a pension scheme, including individual retirement accounts. In five countries, the coverage of pension schemes in 2016 reached over 60% of the active population: Brazil, Chile,

Table 5.1 Scope and outcomes of pension schemes and social assistance in Latin America

Country	*−1* *Pension scheme coverage (Cont./EAP)*	*−2* *Social assistance reach (Ben./Pop.)*	*−3* *Pension schemes effect on Gini (pp)*	*−4* *Public transfers effect on Gini (pp)*	*−5* *Public transfers effect on poverty gap (US$2.5) (%)*
Argentina	0.41	0.193	−2.68		−80
Bolivia	0.09	0.528	0.05	−1.16	−19.05
Brazil	0.67	0.33	−1.87	−1.72	−50
Chile	0.63	0.247	−0.92	−2.02	−60
Colombia	0.37	0.322	0.46	−0.64	−15.91
Costa Rica	0.65	0.112	−0.4	−1.21	−46.15
Cuba		0.015			
Dom. Rep.	0.39	0.314	0		
Ecuador	0.31	0.359	−0.38	−1.73	−50
El Salvador	0.25	0.064	0.27	−0.6	−27.59
Guatemala	0.19	0.16	0.15		−9.52
Honduras	0.19	0.106	0.29		−10.45
Mexico	0.37	0.403	0.2	−1.09	−35.48
Nicaragua	0.31		5.38		
Panama	0.64	0.223			
Paraguay	0.21	0.172		−4.5	−21.43
Peru	0.2	0.162	0.14		−16.22
Uruguay	0.67	0.278	−3.5	−2.25	−90
Venezuela	0.43	0.046	−0.98		−26.67

Notes and *Sources* (1) Contributors to a pension scheme or individual retirement account as a fraction of the economically active population. Data from several sources are from 2016, except 2013 for Venezuela. (2) Social assistance direct and indirect beneficiaries as a fraction of the population. Data for 2015 are from Barrientos (2019c). (3) Percentage point difference between market income Gini and market income plus pensions Gini. Data from Lustig (2017) Data points are: Bolivia 2009; Brasil 2009; Chile 2013; Colombia 2010; Costa Rica 2010; Ecuador 2011; El Salvador 2011; Guatemala 2011; Honduras 2011; Mexico 2010; Nicaragua 2009; Peru 2009; Rep. Dominicana 2013; Uruguay 2009; Venezuela 2013. (4) Percentage point difference between market income Gini and market income plus public transfers Gini. Data source as in (3). (5) Effect of public transfers on the poverty gap as percentage of poverty gap. Data source as in (3)

Costa Rica, Panama and Uruguay. Argentina, Colombia, the Dominica Republic, Mexico and Venezuela show coverage rates around the 40 per cent mark, around the average for the region.

What are the effects of reform on stratification? Up until the last third of the twentieth century, social insurance pension schemes were characteristically Bismarckian, that is occupationally stratified (Barrientos 2019d). Early social insurance funds in Latin America emerged under oligarchic political regimes, and fledgling worker organisations kept them at arm's length from governing elites. The incorporation of labour into the electoral and party system was gradual and piecemeal, in most countries a top down elite strategy to seek support. Import substitution industrialisation policies reinforced sectoral segmentation and a stratified expansion of social insurance schemes.

Individual retirement accounts constituted a change in the dominant form of stratification, from sector to skill. Despite the marketing claims on behalf of individual retirement account advocates, the absence of redistribution features and the direct linkage of contributions to benefits failed to prove sufficiently attractive to workers in low-income or informal employment. Even in countries where individual retirement accounts reached a substantial share of the labour force, labour market 'outsiders' stayed out. Stratification by sector in social insurance schemes changed to stratification by skill in the reformed pension sectors. Parametric reforms aimed at limiting the generosity of social insurance funds, in both access and entitlements, effectively lowered incentives for 'outsiders'.[4] Income support to older workers in low and informal employment would be increasingly organised through a large expansion of budget financed 'social pensions', to be examined below.

Table 5.2 provides a summary view to pension sector stratification for active workers and the population over retirement age.

Table 5.2 shows that pension provision in Latin America remains acutely stratified. The fraction of the economically active population who contribute to a pension scheme, including individual retirement accounts varies significantly across income quintiles. In 2016, less than one in six workers in the poorest quintile were active contributors, while over three out of five workers in the top income quintile were active contributors. Stratification by socio-economic status shows marginal improvement when comparing data for 2002 and 2016. In 2002, less than one in ten workers in the poorest quintile contributed to a pension scheme.

[4] Argentina's 2005 Moratoria and Uruguay's 2008 reforms in some respects are exceptions, but The Moratoria was a temporary measure and the 2008 legislation in Uruguay facilitated access to social assistance pensions.

Table 5.2 Pension system stratification in Latin America by income 2002 and 2016

	Quintile 1	*Quintile 2*	*Quintile 3*
Coverage active 2002	0.075	0.287	0.519
Coverage active 2016	0.136	0.402	0.636
Coverage passive 65+ 2002	0.193	0.594	0.630
Coverage passive 65+ 2016	0.492	0.741	0.769

Note and *Source* Arenas de Mesa (2019). Estimates for 17 countries based on administrative data. Coverage active is fraction of the Economically Active Population contributing to a pension scheme. Coverage passive is fraction of the population 65 and over in receipt of pension income or subsidy

Stratification is less acute among the population over 65 years of age in 2016. Just below one half of the poorest quintile in this population group is in receipt of a pension income or a subsidy. Three quarters of people over 65 in the richest quintile were in receipt of pension income or a subsidy. Stratification is markedly improved from 2002, especially among the bottom quintile, but this is primarily to do with the expansion of budget financed old age transfers. Overall, pension reforms have not reduced significantly the stratification in pension schemes.

Do pension schemes reduce inequality? On paper, well-designed comprehensive social insurance, including pensions, should reduce income risks and therefore inequality (Forteza and Ourens 2012). In practice, pension scheme stratification and restricted coverage of the labour force implies that the distributional outcomes of pension schemes are a matter for empirical research. Table 5.1 provides information on the effect of pension schemes on inequality. The data are from the *Commitment to Equity* analysis of tax and transfer systems, and measure the change in inequality of market income (returns to the factors of production) after pension income is added (Lustig 2017). As can be seen from the table, pension schemes can impact positively or negatively on measures of inequality. In Colombia, El Salvador, Honduras, Guatemala, Mexico and Peru pension income increases inequality as measured by the Gini. In the other countries in the table, inequality falls. Overall the effect is muted, but in Nicaragua, the measured effect of pension income is to raise inequality by over 5.3 percentage points while in Brazil, Argentina and Uruguay, pension income lowers market income inequality by 1.8, 2.6 and 3.5 percentage points, respectively. In the other countries in the table, changes to the Gini are less than 1 percentage point.

5.3.3 Reforms into the Twenty-First Century: 'Means-Tested Social Assistance'

Starting in the mid-1990s, with Chile, Mexico and Brazil as the pioneers, Latin American governments began to establish large-scale social assistance programmes. They targeted hitherto excluded groups, the 'outsiders' from the Bismarckian period, low-income groups in informal employment and agriculture.

Two social assistance instruments are the most significant, old age public transfers and conditional income transfers. Old age public transfers have a long tradition in the region, with Uruguay as the pioneer country, but from the mid-1990s transfers have expanded rapidly (Arenas de Mesa 2019; Bosch et al. 2013; Rofman et al. 2015). This expansion has made a large contribution to improving income security among older groups as shown in Table 5.2. Conditional income transfers have also expanded rapidly in the region (Barrientos 2019a; Cecchini and Atuesta 2017; Fiszbein and Schady 2009; Stampini and Tornarolli 2012). These two social policy instruments, together with in kind services, have firmly established social assistance within more or less permanent governmental structures.

Table 5.1 includes a measure of the reach of social assistance.[5] Reach is measured by the share of the population benefiting from social assistance transfers (Barrientos 2018). Where the designated direct recipient is an older person or a parent, social assistance transfers are shared with other household members. The measure of reach therefore includes the household group of the direct recipient.[6] Among countries in the region, the reach of social assistance in 2015 ranged from 6.4% in El Salvador to 35.9% in Ecuador and 52.9 in Bolivia. For Latin America as a whole, social assistance reaches around a third of the population.

[5] Coverage is appropriate to describe the population protected against longevity risk by pension schemes. Social assistance, on the other hand is a redistributive instrument not an insurance one.

[6] Where information on the household group of the direct beneficiary is not available, average household size in the relevant country is employed instead.

By design, social assistance is stratified by socio-economic status. Conditional income transfers are restricted to low-income households, especially those with children. Latin American countries have innovated in introducing large-scale data collection on groups at risk, such as *Cadastro Unico* in Brazil or *SISBEN* in Colombia. The databases enable governments to identify the population in need of support. Old age public transfers are stratified by age and, in most cases, by socio-economic status or participation in pension schemes. Brazil's *Beneficio de Prestaçao Continuada*, for example provides a public transfer to older or disabled persons living in households with income per capita less than a quarter of the minimum wage. Social assistance has also stratified the population by location, for example conditional income transfers and old age public transfers in Mexico were initially restricted to rural locations. The transfers were later extended to towns and cities. In marked contrast to social assistance in high-income countries, stratification by employment is not a feature in Latin American countries.

As expected, social assistance transfers have important distributional effects. The data provided in Table 5.1 shows that social assistance transfers contribute to a reduction of market inequality ranging from −0.6 percentage points of the Gini in El Salvador to −4.5 percentage points for Peru. The contribution of social assistance to the reduction of poverty is highly significant. Table 5.1 shows the marginal effect of public transfers on the poverty gap.[7] This ranges from a low of 9.2% of the poverty gap in Guatemala to 90% of the poverty gap in Uruguay. The magnitude of the effect of social assistance on the poverty gap depends on the capacity of governments to effectively reach the population in poverty and on the value of the transfers. Social assistance in Latin America has large positive effects on poverty and moderate positive effects on inequality.

[7] Here the focus is on the poverty gap, not the poverty headcount. Since social assistance transfers are not designed to take households above the poverty line, poverty headcount effects depend on the proximity of beneficiary household to the poverty line. Poverty headcount effects are available in Nora C. Lustig, "El Impacto Del Sistema Tributario y El Gasto Social En La Distribución Del Ingreso y La Pobreza En América Latina. Una Aplicacion Del Marco Metodológico Del Proyecto Compromiso Con La Equidad (CEQ)." *El Trimestre Económico* 84 (3) (2017): 493–568.

5.4 How Liberal Are Latin American Welfare Institutions?

The core of the liberal welfare regime is best captured by Myles when he described liberal regimes in terms of an institutional landscape that privileges market solution to social problems. It neatly distinguishes the liberal welfare regime from the Central European institutional landscape, where the family is dominant, and from the Nordic institutional landscape where the state dominates. But the discussion on the canonical liberal welfare regime concluded that its boundaries are hard to define with precision, especially when moving from 'ideal types' to country classifications. The institutional perspective should be kept separate from more ideational perspectives emphasising the links between social policy and economic liberalism. Most forms of economic liberalism go beyond advocacy of market dominance in social policy, they make no room for welfare institutions or social policy. As has been eloquently put, the 'liberal' welfare state is an oxymoron.

When considering the effects of reforms on regime types, it is important to keep this core firmly in mind. Policies that involve a rebalancing of specific instruments but fail to strike at the core of the regime might not bring about a change in regime type. On the other hand, policies that change the core leaving some of the instruments intact might well involve a regime change. While strengthening economic incentives, the welfare reforms of the 1980s among high-income countries did not fundamentally change the orientation of their welfare regimes. In fact, the almost universal adoption of active labour market policies retained the differences across regimes (Powell and Barrientos 2004).

When applying welfare regime analysis to Latin America it is also important to keep in mind that regimes in high-income countries are, to date, unitary. That is, welfare institutions provide comprehensive cover for the population. The Nordic's version of 'universalism' provides the clearest example of this feature as it requires that the population is covered against specific social risks within a single scheme. Central European regimes allow for stratification, for example by occupation, but provide core guarantees that are legislated for all citizens. Central European regimes have evolved forms of dualism, as in the relaxation of protective regulations for new labour market entrants, but remain a unitary regime with variations across groups (Palier 2010). As it will be discussed below, Latin American countries are not unitary, in that distinct welfare regimes can coexist within a country (Barrientos 2009, 2019c).

The discussion in the paper finds conflicting trends in welfare reform in Latin American countries. Among the most significant reforms, the adoption of individual retirement accounts constitutes a significant shift towards market dominated pension provision in the countries involved.[8] Yet market penetration has been restricted to a fraction of the labour force in most countries except Chile and Costa Rica. And in other countries market pension provision is in direct competition with occupational social insurance schemes. The failure of individual retirement accounts to reach a significant share of the labour force and the resilience of occupational and social insurance schemes in countries that retained them indicate that the core has not been breached, arguably with the exception of Chile.[9] The 2007 financial crisis led to a further downsizing of individual retirement accounts, with Argentina reverting to a social insurance model and Bolivia downgrading market provision. Other countries with individual retirement accounts have reinforced the public component in pension provision in response to the crisis, most notably in Chile. To sum up, the trend towards market dominant pension provision has been unsuccessful in challenging the core of the conservative welfare regime in the region.

The rapid expansion of social assistance appears on first sight as another marker for a shift towards a liberal welfare regime in Latin America. In welfare regime analysis, social assistance is an instrument closely associated with the liberal ideal type. In the Central European and Nordic types, social assistance is a residual safety net supporting marginalised groups. But in liberal regimes, the limited provision of social insurance leaves large population groups dependent in social assistance. Social assistance is subsidiary to labour market participation employment and it is designed to strengthen work incentives (e.g. active labour market policies, in-work tax credits). Social assistance institutions in Latin America differ from the liberal regime canon in significant ways. The institutional basis of social assistance in Latin American countries has been strengthened and normally resides in ad hoc governmental agencies (Maldonado Valera

[8] Readers might need reminding that pensions constitute the most important welfare institution in Latin America countries, both in terms of coverage and finance.

[9] Arguably because public guarantees and old age subsidies extend to the majority of the population over the age of 65, and this is likely to remain the case in the future.

2015). Social assistance instruments in Latin America have few direct links to labour force participation. In most countries in the region, old age transfers lack explicit employment tests as entitlement is contingent solely on age and socio-economic status. The same applies to conditional income transfers. In fact, labour force participation rates are on average higher among conditional income transfer recipient households than for the working age population. Another important distinction is that conditional income transfers are defined by their social investment component, whereas canonical social assistance is mainly focused on consumption.

To the extent that Latin American welfare institutions match the welfare mix in canonical liberal welfare regimes—'modest social insurance', 'modest universal transfers', 'means-tested social assistance'—they do so in a *sui generis* manner. Social insurance is indeed 'modest' if we take the region as a whole, although it is large and resilient in some countries. Social assistance in Latin America shares with the canon a focus on poverty reduction and limited budget generosity. But it differs in significant respects from the canonical type: it reaches a significant fraction of the population, has relative autonomy from labour markets, a focus on social investment and a growing institutional base. Social assistance marks a departure from the dominance of stratified occupational social insurance in the region, with qualities that diverge from the social assistance canon in liberal welfare regimes.

In terms of stratification, the two main reforms combined have reinforced a dual structure in social protection institutions: private, occupational social insurance for skilled workers and social assistance for other workers. The stratification associated with the canonical liberal welfare regime envisaged a class structure with manual workers at the bottom, white-collar workers as the middle class and better off groups as the upper class. In the absence of cross-class coalitions the middle classes were expected to side with the upper class to prevent the emergence of comprehensive welfare institutions. This perspective would need significant updating to be of some relevance to current conditions in Latin America.[10] The discussion above speculated that the reforms represent a

[10] For a discussion of a class structure appropriate to Latin America see Evelyne Huber and John D. Stephens. *Democracy and the Left in Latin America. Social Policy and Inequality in Latin America* (Chicago: University of Chicago Press, 2012).

shift in the dominant stratification factor, from sectors (industry, agriculture, services) to skills and that this could explain their reinforcement of dualist welfare institutions.[11]

From the perspective of outcomes, the main finding is that occupational social insurance is largely neutral in its distributive effects while social assistance is effective in reducing poverty and improving human development among low-income groups. The emergence of social assistance has contributed a significant improvement to the overall outcomes of welfare institutions in the region.

5.5 Conclusions

The chapter has examined recent welfare reforms in the region with a view to establishing whether they amount to a shift of welfare institutions in the direction of a liberal welfare regime. The chapter began by revisiting the canonical liberal welfare regime as set out in Esping-Andersen's (1990) *Three World of Welfare Capitalism* and the large literature it provoked. A review of the literature shows that the contours of the liberal welfare regime 'ideal' are elusive and that institutional diversity precludes consensus on which countries fit this ideal type. The liberal welfare regime 'ideal' type is best defined by an institutional landscape in which market solutions to social problems come to dominate.

In this context, the main welfare reforms—individual retirement accounts and social assistance—appear to indicate a shift towards the liberal welfare regime. However, an assessment of the reformed institutions in terms of their welfare mix, stratification effects and outcomes, reveals a nuanced picture. Individual retirement accounts have failed to take firm hold in the region, aside from Costa Rica and Chile. The 2007 global financial crisis has led to policy responses enhancing the role of public pension provision and away from market provision. The expansion and institutionalisation of social assistance in the region has further restricted market provision of social protection, strengthening the role of governments in social policy. In the aftermath of the reforms, welfare

[11] For a more detailed discussion on this point see Armando Barrientos, *Could a General Theory of Welfare Institutions Explain the Expansion of Social Assistance in Low and Middle Income Countries?* (Working Paper 1, Bremen: CRC 1342 Global Dynamics of Social Policy, University of Bremen, 2019b).

institutions in Latin America are a distant cousin of the cannonical liberal welfare regime.

What about the future? Latin American welfare institutions today are fundamentally dual, especially as regards transfers in cash or social protection. Occupational social insurance and individual retirement accounts cater for better off workers and their families. Social assistance caters for low-income families depending on low skilled employment and includes a social investment component. This dualism is entrenched institutionally in dedicated agencies, a ministry of labour and social security on the one hand and a ministry or agency of social development on the other. Social assistance is budget financed while social insurance is partly financed by worker and employer contributions and individual retirement accounts are fully financed from contributions. There are few indications that this dualism is other than permanent.

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PART II

Explaining Social Policy Change and Its Consequences in Latin America

CHAPTER 6

Social Security and Pension Systems: The Deep Stratification of Latin American Societies

Gibrán Cruz-Martínez, Luis Vargas Faulbaum, and Ricardo Velázquez Leyer

6.1 Introduction

Pension programmes have occupied a central space in the long history of social policy in Latin America.[1] The unfolding of industrialisation strategies, the organisation of the labour force into trade unions, the

[1] Latin American countries implemented large-scale social policies before some advanced capitalist countries like the United States (Mesa Lago 1986).

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development of corporatist regimes, ideas brought by European migrants, diffusion of policies adopted within and outside the region and recommendations of international organisations, especially by the International Labour Organisation, were factors that contributed to the early creation and expansion of pensions and other social programmes. Pioneer countries like Chile and Uruguay created their first national pensions' programmes before the 1930s, in a second wave countries like Colombia and Mexico did it during the 1940s, and by the end of the 1950s, virtually all countries in the region had adopted contributory pension schemes (Mesa Lago 2000).

Social policy took the shape of Bismarckian social insurance systems, which had at their core different types of pensions, like old age, survivors', disability and work-risks pensions. The programmes were organised on a pay-as-you-go basis of defined benefits, funded by contributions from workers, employers and in some cases the state, and were mandatory for certain types of workers grouped on the so-called *Cajas*. The evolution of social insurance followed an incremental path with various degrees of fragmentation and stratification reflecting and reproducing labour market structures.[2] The rationale was to deliver social protection to the strategic groups for corporatist political regimes, particularly relevants for the implementation of the import substitution industrialisation economic strategy. The strategic groups were public sector and industrial workers, although eventually, social insurance reached all formal sector employees and their families.

However, due to the persistent segmentation of labour markets that was never diluted, large sectors of the population remained excluded, like the self-employed, agricultural workers and peasants, domestic workers, informal sector employees or anyone without a formal employment relationship. According to the ILO, over 50% of Latin American workers are excluded from contributory social security systems, thus excluded from coverage against risks related to illness, unemployment and old age. While employees in the private and public sector have coverage levels above 60%, only 26% of domestic workers and 15% of the self-employed are covered (OIT 2018). While non-contributory programmes have reduced the share of outsiders—population excluded and not covered by the social

[2] In many cases the first pension schemes were created for the military and public sector workers (Mesa Lago 2004a). For example, in Mexico, the first national social insurance programme was introduced in 1943, but specific pension schemes for civil servants had existed since 1925 (Brachet Márquez 2007).

security system—there is still a long road to full inclusion. For example, 41% of the Latin American older-age population (65+) had pension coverage in 2010, while by considering non-contributory pensions the coverage levels rise to 62.5%—mainly thanks to the social pensions in Bolivia, Ecuador, Argentina and Brazil. However, almost 40% of the population remained excluded from pensions in 2010 (Bosh et al. 2013). Garay (2016) highlights the inclusion of outsiders in the pension systems during the so-called social policy expansion in the twenty-first century. For example, Argentina included the largest share of outsiders in the four countries examined in detail by Garay—the older-age adults with pensions rise from 10% before 1990 to 97% after 2010. The inclusion of older adults into pension systems went from 30% before 1980 to 79% after 2010 in Brazil, from 0% before 1990 to 48% after 2010 in Mexico and from 25% before 1990 to 55% in Chile.

Women that did not participate in the labour market, the vast majority of women in most cases, were only able to access social insurance benefits through a male partner if he was in formal employment, hence many of them were also left out (Barrientos 2004; Huber 1996). By the 1980s, there were significant variations in social insurance coverage percentages, from around three quarters of the population in the Southern Cone, to barely one-quarter in Central America. However, in any case, all fell well short of the original aspirations of offering comprehensive and generous protection to everyone in the country (Mesa Lago 1986).

In general, the role of pensions is to reduce inequality and relieve old age poverty, acting as a complement of the role of lifelong earnings and taxes (Barr and Diamond 2008). Besides, there are vested interests involved in this policy area, mainly because it has one of the most political constituencies which partly explain its stability over the long run, constituting a barrier for a significant or radical change of its trajectory and architecture (Pierson 1996; Myles and Pierson 2001). In Latin America, there is a context of ageing which has implications on the increase of the old age dependency ratio and pressures for a sustainable and equitably funding of pensions. Nevertheless, since the early- and mid-2000s, it was clear the gaps in coverage, gender, sufficiency and adequacy of contributory pillars. Governments started to introduce non-contributory pensions, by reinforcing existing schemes (e.g. Bolivia, Chile and Uruguay) or establishing new social pensions that allowed income-poor older adults to receive them (such as in Colombia, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru and Venezuela). As a result, this regional trend of expansion of social pensions 'has been effective at increasing the number of individuals who have access to a pension' (Bosch et al. 2013: 103).

Social security and pension systems have transformed the Latin American welfare systems into a comprehensive but dual and stratified one (Barrientos 2019). This chapter delves into the Latin American pension systems focusing on the policy architectures, the typologies of the contributory and non-contributory pensions, and the trajectories of change and reform in the last 30 years.

6.2 Main Features of Current Pension Systems in Latin America: Typologies and Policy Architectures

6.2.1 Policy Architecture

The definition of the foundational moment of a policy architecture is an ongoing debate, initiated by Fernando Filgueira. This author proposed a relational concept of policy architecture marked by the different set of risks that individuals face through the life course as changes on markets and family are likely to determine changes on the distribution, type and quantity of social risks and the architecture of social protection that society will develop (Filgueira 2007a). Martínez-Franzoni and Sánchez-Ancochea (2016) developed their concept of policy architecture but considering its role in the short and long run on how policy develops a different set of incentives and constraints that shape the trajectory to achieve universalist outcomes. Briefly, policy architectures are defined as the combination of its components, such as eligibility, funding, benefits, provision/delivery and the outside market option. Following to these authors, there are two dynamic roles: 'first, to empower some actors and create financial and political incentives for subsequent reforms; and second, to constrain the number of possible alternatives that social and state actors can pursue' (Martínez-Franzoni and Sánchez-Ancochea 2016: 70). Pribble has a similar claim, arguing that the dynamic of a policy trajectory creates a policy legacy that influences social policies through two ways: (1) it sets the problems that are needed to address and are incorporated into the reform agenda; and (2) policy legacies shape 'the distribution of power within the policy sector – in other words, emboldening some groups while weakening others' (Pribble 2013: 27).

Consequently, the policy architecture determines the power distribution through the different stakeholders, and issues to be potentially solved by reform are in a direct line to the dominance of specific components of the architecture. For instance, in a pension scheme based on individual capitalisation accounts, private funds managers are going to shape the policy options without putting at risk their role as sole providers, considering the significant sum of financial assets that are under their control or influence. Contrary, pension schemes based on funded defined-benefits on a fragmented public pay-as-you-go basis will trigger reforms aiming to unify the different rules that are likely to be highly resisted by corporatists' groups that are having particular rules of benefits, and improving the finances of the overall system. Later on the chapter, we define the different pension schemes and typologies.

6.2.1.1 Eligibility

The component of eligibility tells us the criteria utilised to entitle people to receive benefits, such as pensions, or public services. These may be from citizenship (broad access) to an economic need verified by governments (related to assistance benefits), passing through contributions of workers to have access to insurance for themselves and their dependents.

For contributory pensions, the eligibility rules can be based on the fulfilment of contribution time (such as 15 or 20 years) in combination with a minimum retirement age that could be similar to everyone or disaggregated by gender (e.g. 65 for men and 60 for women). Brazil is one case where workers are entitled to receive an older-age pension when they only meet the conditions of contribution time. Only if the person does not fulfil the contribution time criteria, they can opt for an age-based retirement. In countries with individual capitalisation accounts, the beneficiary can choose among two versions of retirement determined by the size of the accumulated fund. For the Chilean case, they can buy an annuity from a life insurance company, but if their funds are not enough to apply to this modality, there is a programmed withdrawal. This is calculated considering the probability of life expectancy by the time of retirement adjusted every year by mortality tables approved and regulated by the Superintendence of Pensions.

According to ECLAC (2020) there are different criteria on eligibility for having access to a non-contributory scheme. The main one is categorical, in terms of a specific age threshold requirement (between 60 to 70), and the second one relates to not having access to a contributory old-age pension. Having stated those requirements, there is a criterion for targeting according to the income level of the beneficiary, which may adopt a direct means test (*Pensión Universal para el Adulto Mayor* of Argentina or the *Benefício de Prestação Continuada* of Brazil), proxy means test (*Pensión* 65 of Peru, or *Pensión Básica Solidaria* of Chile), that may be in combination with a geographical selection (*Previdência Rural* in Brazil). These kinds of selection methods are conducted utilising national household surveys that are core instruments to assess the vulnerability of households to be eligible for different programmes offered by the central authorities, not exclusively for social pensions. Although most of the countries have a combination of selection methods, there are cases where the provision of non-contributory pensions does not have a targeting method besides age, citizenship and residency requirements, such as the case of Mexico or Bolivia. The Bolivian experience is based on citizenship or residency for people older than 60. As a result, in 2017, 98.1% of the people aged 65 years or more received a pension, mostly the non-contributory one.

6.2.1.2 Benefits

This component establishes the definition of who and how participates in the policy architecture, particularly on the definition of benefits listing. Still, public agencies hold the foremost duty by determining whether 'all benefits are included by default [or to list] everything included or listing only what is excluded' (Martínez-Franzoni and Sánchez-Ancochea 2016: 57). Also, there are options of participation of business and/or workers' representatives' participation in the definition of benefits.

In the region, the coverage and adequacy of benefits are incredibly heterogeneous, having countries with contributory and non-contributory coverage significantly higher than 50% of the reference population (e.g. older-age population of economically active ones). However, others do not surpass a benchmark of 30% of contributors among the active population (Peru, El Salvador, Guatemala, Bolivia, Honduras and Paraguay). For instance, according to data of ECLAC, Chile has a coverage of contributory and non-contributory pension among the older population significantly higher than the average of the region (87% versus 76.2%, respectively). Nevertheless, the average replacement rates do not surpass the minimum wage being one of the lowest of the region representing only 45% of the mean salaries received, largely behind the 64.2% regional average and only ahead of the Dominican Republic, Mexico, Haiti and Bolivia.

Regarding the non-contributory pensions, the Bolivian case is remarkable in offering a universal pension for all citizens-residents that are older than 60 years old. This benefit started in 2008, and the pension amount represents around 15% of the minimum wage. In 2017, this programme expenditure was equivalent to 1.34% of the GDP, and covered more than 1 million beneficiaries (Arenas de Mesa 2019). Consequently, the Bolivian experience shows that non-contributory benefits may have universal coverage, providing a trustable source of income for older-age people. Still, it lacks the adequacy of the amount to provide economic security to afford the necessary living costs of older adults, which turns crucial with a combination of access to healthcare. This topic is sensible to meet the targets of the Sustainable Development Goals, particularly for low and middle-income countries that have experienced notable progress on the adoption of social protection with an amount that is not adequate to accomplish their original objectives (ILO 2018).

6.2.1.3 Funding

Following the definition proposed by Martínez-Franzoni and Sánchez-Ancochea (2016), this component entails the consideration of the source of financing government expenditures (e.g. payroll contributions, general revenues or taxes). Also, it considers how individual co-payments may complement the different instruments.

The contributory schemes mostly lay on contributions paid by the employees, but there are bipartite or tripartite schemes. Nevertheless, the non-contributory pensions are state-funded pensions mostly funded by general taxes or public revenues. The current challenge of funding is the fiscal sustainability of the pension systems. Hence, to relieve future budgetary pressure, tax reforms have to be hand-in-hand with future fiscal needs linked to an increase of coverage and adequacy of pension schemes, both contributory and non-contributory. In short, sustainable funding is crucial to provide security and reduce the economic risks and uncertainties generated through the life-cycle (Arenas de Mesa 2019).

The Costa Rican case is an example of funding based on a tripartite contribution, i.e. the employer, the employee and the state, exclusively for the public pay-as-you-go scheme administered by the *Caja Costarricense de Seguro Social*. The overall contribution rate is 8.5% of the gross salary, of which 2.84% comes from the employee, 0.58% from the state and 5.08% provided by the employer. The complementary individual capitalisation is funded by bipartite contributions of the employer (3.25%) and employee (1%) (Arenas de Mesa 2019). Hence, this case considers a mix of sources that differ from cases where the contributions are only paid by the employee to their individual accounts, like the Chilean case.

6.2.1.4 Providers

The provision component is crucial to determine the delivery that can be executed by a public entity, for-profit or not-for-profit private agency. This component is crucial for the achievement of advanced universalist outputs, as the dominance of private providers is one of the main obstacles to reduce the segmentation of the policy architecture and as controllers, they will oppose furthering modifications of this aspect (Martínez-Franzoni and Sánchez-Ancochea 2016).

There is an extensive set of providers arrangements, going from public agencies that manage the mandatory contributory pension schemes, to the extreme of private firms controlling the management of individual capitalisation accounts. Also, there are parallel and mixed schemes, where there is the option of choosing the nature of the provider (public pay-as-you-go or private managers) or to have both providers' nature that act according to the regulation and amount of contributions, respectively. The case of Uruguay is remarkable, as there is a mixed arrangement with the direct participation of representatives of trade unions in the board of administration of the *Banco de Previsión Social* (BPS), which manages the public pay-as-you-go system. Also, the BPS participates as a shareholder of the public-run pension fund manager of individual capitalisation accounts (Arenas de Mesa 2019). Colombia and Peru are compelling cases of the parallel scheme of provision, as the contributory scheme offers the option for workers to opt for the public pay-as-you-go or the private sector to manage their retirement funds. Lastly, the Chilean case has the private sector companies as the only option to choose for the contributory scheme, profoundly marked by competition among the firms for offering the higher return rates of the funds through the active life of workers that contribute to their accounts.

For the case of non-contributory schemes, these are provided by public entities assuming a targeting based on proxy means tests or universally delivered for all the people who meet a criterion of nationality or time living in the country. Lastly, the provision of non-contributory pensions is not isolated from the rest of the pension system, as they are core parts of solidarity base to expand the coverage and providing an older-age pension to those who do not meet the requirements of a contributory scheme, independently of the nature of the provider (Arenas de Mesa 2019).

6.2.1.5 *What Is the Impact of This Architecture on the Degree of Social Stratification?*

To conclude, the degree of unification among the different components of the policy architecture will determine, partly, its potential segmentation with its consequences on the social stratification. Policy architectures that have meaningful participation of for-profit agents on the provision or an extended outside-market option will not guarantee the provision of services or public transfers to vulnerable groups of the population. For instance, countries with advanced privatisation, like Chile, private providers will dominate the structure of power. This situation leads to the enactment of equity-enhancing reforms 'in an incremental and fragmented manner' (Ewig and Kay 2011: 68). On the other hand, countries with limited pension privatisation, such as Brazil, the 'efforts to build universalistic reforms sometimes faced opposition from powerful organised interests committed to the defence of the status quo' (Pribble 2013: 28). From this initial configuration of policy architecture, it follows the creation of interests that are mobilised by different organised groups, especially those responsible for the implementation process (Haggard and Kaufman 2008). All in all, the foundational policy architecture will reveal a legacy that, in the long run, facilitates or limits the achievement of universalist outcomes. Therefore, policy architectures influence the likelihood of reaching universal outputs and the speed of advances' (Martínez-Franzoni and Sánchez-Ancochea 2016: 103).

Hence, drawing on the path dependence tradition, there is a determination of previous policy designs that has long-lasting effects on future decisions. Filgueira (2007b) argues that the trajectory depends on previous policy decisions, notably by the nature of the welfare regime, such as a stratified universalistic, dualistic or exclusionary policy matrix. The variation on social policy trajectory would be the result of political regimes that administer them, followed by the political profile or activism deployed by non-elite sectors. Lastly, Castiglioni (2005) considers the degree of government authority concentration on the social policy expansion and potential reduction of segmentation. Notably, an authority with more power concentration allows social policy expansion and change of trajectory. Consequently, policy architectures with fragmented components play a crucial role in policy segmentation, but it may be tackled through different potential explanations on the variation and expansion towards the achievement of universalist outputs.

6.2.2 Typologies of Contributory and Non-Contributory Pensions in Latin America

A large part of the available literature on pension systems in the region focuses on the reforms—mainly the processes of (re) privatisation and nationalisations—(Arza 2017; Castiglioni 2018; Mesa-Lago and Bertranou 2016), case studies or comparative analysis on one or more aspects of the policy architecture—i.e. eligibility, benefits, funding, providers—(Melguizo et al. 2017; Rossi et al. 2019) or on examining the outcomes or determinants of the (non)contributory pension systems (Anria and Niedzwiecki 2016; Lloyd-Sherlock 2008). However, there is a gap in the academic literature related to the examination and proposals of classification or typologies of the pension systems from a macro-comparative perspective in the region.

This section describes the existing typologies of pension systems in the region, mainly published in United Nations regional commissions such as the Economic Commission of Latin America and the Caribbean (ECLAC) and Inter-American Development Bank (IADB). Special attention is given to social security pension systems (i.e. contributory systems), but also we highlight some efforts of classifying non-contributory social pensions.

6.2.2.1 Contributory Pensions

In a recent compilation of texts on social protection in Latin America and the Caribbean, Simone Cecchini (2020) presents a typology of pension systems with five different types in the region and with particular characteristics on five aspects of the system: participation in funding, financial management, benefits, administration and redistributive role. Before proceeding to the presentation of the five models and the respective countries following each of the models, let's briefly describe each of the five aspects used by Cecchini (2020: 75–77).

First, the participation in funding refers to the fact that if a regular contribution to the system is needed or not in order to become a beneficiary of the social security pension. In contributory pensions, individuals need to meet a specific amount of contributions to the system, while in non-contributory pensions, regular contributions to the system is not a requirement to become a beneficiary.

Second, financial management refers to the way the pension system manages the funds accumulated. Pensions are either pay-as-you-go (PAYG) or fully funded. A PAYG system follows an intergenerational logic, where economically active workers contribute to the payments of those retirees and a reserve fund. In turn, future pensions of current active workers will be funded by the contributions of active workers in the future. In a fully funded system, each active worker in the formal market has a personal savings account where individual contributions are capitalised until the date of retirement. The amount accumulated and interests determine the benefit level. Workers could choose either a lifelong annuity at the time of retirement or a programmed withdrawal based on the total amount saved.

Third, the rules for benefits refer to the logic behind the determination of the benefit level: how much would a pensioner receive in the pension cash transfer? In a defined-benefit plan, beneficiaries receive a standard pension based on a set of factors related to the employment history (e.g., salary, number of months as an active worker, and the retirement age). In a defined-contribution plan, beneficiaries receive a pension based on the return of the investments of their own fund (i.e. the benefit level is unknown until the date of retirement).

Fourth, the administration refers to the role played by the state or private third parties for the management of the pension system. In a state administration, as the name suggests, the state manages the functioning of the pension system. Meanwhile, in a private administration, a private third party is in charge of the management of the funds that can be individual retirement accounts.

Fifth, the redistributive role refers to the presence or not of complementary resources to use when an active worker faces invalidity or died leaving dependents before meeting the eligibility requirements for the pension, or pensioners with incomes below the poverty line. A distributive system incorporates a cross-subsidy or a poverty relief component in case of disability, survivors' and old age. Meanwhile, the non-distributive system is not fortified with this kind of complementary components and individuals rely on social assistance policies.

Following these five aspects of the pension systems, Cecchini portrays a typology of five pension systems (see Table 6.1). The first type of pension is the Beveridgean. It involves a non-contributory system with PAYG

Table 6.1 Typologies of pension systems in Latin America

Aspects	*Participation in funding*		*Financial management*		*Benefits*		*Administration*		*Redistributive role*		*Examples*
	Contributory	*Non-contributory*	*Pay-as-you-go*	*Saving and capitalisation*	*Defined benefits*	*Defined contributions*	*State*	*Private*	*Guaranteed minimum (GM)*	*GM plus poverty relief*	
Beveridge universal pension		X	X		X		X		X		Brazil (Funrural/Prorural)
Bismarck public PAYG	X		X		X		X		X		Ecuador, Nicaragua, Venezuela
Fully funded	X			X		X		X	X	X	Bolivia, Chile, El Salvador, Dominican Republic
Mixed or parallel	X	X	X	X	X	X	X	X	X		Colombia, Peru, Uruguay, Costa Rica, Panama
Notional funding	X		X			X	X		X	X	Brazil (General social welfare regime)

Source Cecchini (2020: Table IV.1, p. 79) funded by taxes (general revenue), with defined benefits administered by the state (public budget) and with a guaranteed minimum (poverty relief component). The second type, and the most popular in the region, is the Bismarckian. This is a contributory system (workers, employers and the state) with a PAYG regime, defined benefits, managed by the state and with a guaranteed minimum employing a poverty relief component or social assistance policies. The third type, and the most favoured option in the Washington consensus era, is the individual account fully funded model. It involves defined contributions that are placed in individual savings and capitalisation funds, administered by private entities—with state regulations—and without a poverty relief component. The fourth type is the mixed (and its parallel version), which aims to correct some of the limitations of the previous types by introducing competition and complementarity with a multi-pillar scheme where we can see a combination of contributory and non-contributory mechanisms, PAYG with individual savings accounts, defined benefits and contributions and mixed management of the state and private entities. Finally, the fifth type is the notional funding, which is quite similar to the Bismarckian type but with defined contributions rather than defined benefits.

Arenas de Mesa (2019) highlights six types of pension systems in the region: PAYG or collective partial capitalisation model, substitutive model, parallel model, integrated parallel model, mixed model and integrated model. The PAYG model is equivalent to Cecchini's Bismarckian model, and the substitutive model equates to the previously mentioned individual fully funded model—where the PAYG system is substituted with an individual capitalisation scheme administered by private entities. Ten countries in the region have a PAYG system or collective partial capitalisation model (e.g., Argentina, Brazil, Cuba, Haiti and Venezuela the former, Ecuador, Guatemala, Honduras, Nicaragua and Paraguay the latter). Colombia, Costa Rica, Panama, Peru and Uruguay have a PAYG system as part of their pension system in parallel or mixed with individual capitalisation funds. The substitutive model was implemented in Bolivia, Chile, Dominican Republic, El Salvador and Mexico. However, every country has implemented reforms to solve the insufficiencies of the benefit level and coverage.

In the parallel model, the PAYG system and the individual capitalisation scheme coexist in competition between each other and are mutually exclusive. Workers can choose between the PAYG and the individual capitalisation scheme. Colombia and Peru implemented a parallel system in the early 1990s, although both countries have implemented reforms. The fourth type, the integrated parallel model, is very similar to the parallel model. The main distinction is that the integrated parallel model incorporated a universal first-pillar for every worker with 30 years of contributions. Argentina implemented this fourth pension model in 1994 until it went back to a PAYG model in 2008.

In the mixed model, the PAYG system coexists with the individual capitalisation scheme in a complementary manner. Active workers contribute to the PAYG system and the individual capitalisation funds in search of increasing the benefit level when retired. Costa Rica, Panama and Uruguay have mixed-models. In Uruguay and Panama, high-incomes workers must contribute to both schemes. Uruguayan workers can choose if they prefer a public or private management of their individual capitalisation funds. In Costa Rica workers mandatorily participate in both systems—with a tripartite contribution in the PAYG (state, workers and employers) and a bipartite contribution in the individual capitalisation scheme (workers and employers).

Finally, in the integrated model characterised with the 2008 reform in Chile, a VAT tax-funded solidarity pension was introduced as a first-pillar for citizens and long-term residents without a fully funded pension or with a fully funded pension with a benefit level below a defined threshold. The individual capitalisation scheme of the fully funded pension remains the main trait of the Chilean model. Following the 2019 Chilean protests, President Piñera proposed modifications to the original pension reform bill, which considers the introduction of a rise on the contribution rate which will be funded by the employers, and part of this increase will fund a sort of PAYG complementary public pillar funded by employers. Figure 6.1 illustrates the six models, the paradigmatic cases and the changes between the period 1981–2000 and 2001–2020.

De la Torre and Rudolph (2018) offers a simpler typology with only four types of contributory pension systems in the region: (1) PAYG defined benefits, (2) mixed but competing PAYG defined benefits and fully funded defined contributions (equivalent to the parallel model for Arenas de Mesa), (3) mixed but complementary PAYG defined benefits and fully funded defined contributions (equivalent to the Mixed model for Arenas de Mesa), and (4) only fully funded defined contributions (equivalent to the substitutive model for Arenas de Mesa).

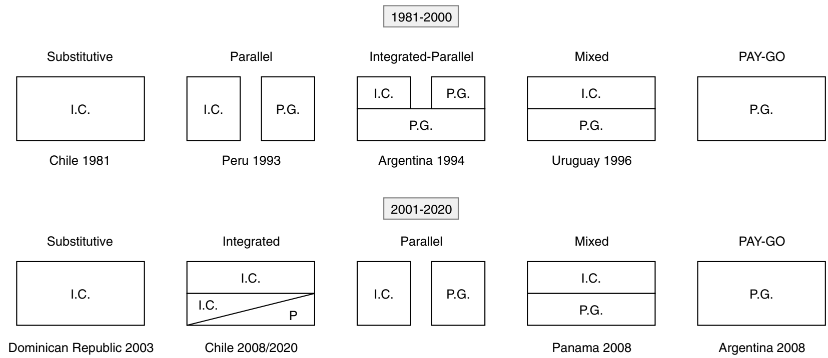

Fig. 6.1 Six pension models and pioneer countries in two periods based on Arenas de Mesa's classification (*Note* I.C. = Individual capitalization scheme; PG = Pay-as-you-go system; P = Public financing. This is a revised and updated version of Arenas de Mesa's classification. *Source* Arenas de Mesa [2019: Figure I.7, p. 61])

6.2.2.2 Non-Contributory Pensions

Twenty-eight countries in Latin America and the Caribbean, except for Haiti, Honduras, Nicaragua, Puerto Rico and other Caribbean countries, have implemented non-contributory pensions to alleviate social risks of older-age population. This is part of the wave of social assistance in the region, with the CCTs as the flagship anti-poverty policy and the social pensions as the primary policy for the older-age population.

Cruz-Martínez (2020) proposes a typology of social pensions in the region, taking into account the degree of inclusiveness of older-age adults (citizens or non-citizens) into social pension programmes. The typology is the result of a crisp-set qualitative comparative analysis (csQCA). Five targeting mechanisms (i.e., eligibility requirements) are considered: means-testing, geographical targeting, contributory pension targeting, residency and citizenship. By incorporating citizenship and legal residency as targeting mechanisms, the research aims to redefine the conceptualisation of universalism in social policy. A truly universal social policy guarantees benefits for every human being, while the hegemonic perspective of universalism right now is based on social-citizenship rights (i.e. excluding non-citizens and different categories of migrants as deserving individuals).

Table 6.2 Typology of non-contributory social pensions in Latin America and the Caribbean

Universal targeting	*Immigrant-friendly targeting*	*Legal-residency targeting*	*Long-term legal-residency targeting*	*Immigrant-unfriendly*	*Universal for citizens-residents*
None	Jamaica, Cuba	Belize, Costa Rica, Dominican Republic, El Salvador, Saint Kitts & Nevis	Argentina, Barbados, Chile, Chile 2, St. Vincent & Grenadines, Mexico, Antigua & Barbuda, Trinidad & Tobago, Venezuela	Colombia, Brazil, Guatemala, Paraguay, Uruguay, Bermuda, Ecuador, Panama, Peru	Bolivia, Guyana, Suriname

Source Cruz-Martínez (2020)

Table 6.2 shows the six social pension regimes with a human-rights approach. None of the countries has a universal social pension, where every individual disregarding their means, place of residence, legal residency status, citizenship or if they are beneficiaries of private or contributory pensions is entitled to a cash transfer. The Programme for Advancement through Health and Education in Jamaica, and *Pensión de asistencia social* in Cuba are in the immigrant-friendly targeting regime. Citizenship and legal residency eligibility requirements are absent in these two social pensions, every non-citizen and non-legal resident who meets the other eligibility requirements is *de jure* entitled to a social pension.

Every social pension without a citizenship requirement and without a specific legal residency time requirement are part of the legal residency targeting regime. The *Non-Contributory Pension Programme* in Belize, *Programa Regimén No Contributivo* in Costa Rica, *Pensión de Asistencia Social* in Dominican Republic, *Pensión Básica Universal* in El Salvador and *Old-age Social Assistance* in Saint Kitts & Nevis are the social pensions in this regime. Older-age adults are not discriminated against due to their citizenship status and are not required a specific amount of legal residency time to become a beneficiary.

The long-term legal residency targeting regime comprises every social pension without citizenship requirement but with a specific legal residency time requirement. *Pensiones Asistenciales* in Argentina, *Non-Contributory Old-age Pension* in Barbados, *Pensión básica solidaria de Vejez* and *Aporte Previsional Solidario de Vejez* in Chile, *Elderly Assistance Benefit* in St. Vincent & the Grenadines, *Pensión para Adultos Mayores* in Mexico, *Old Age Assistance Programme* in Antigua & Barbuda, *Senior Citizens' Pension* in Trinidad & Tobago and *Gran Misión Amor Mayor* in Venezuela are in this regime.

Social pensions with citizenship testing (i.e. automatically excluding every older adult without a citizenship status) are classified in the immigrant-unfriendly regime. *Programa Colombia Mayor* in Colombia, *Benefício de Prestação Continuada* in Brazil, Programa de Aporte Económico del Adulto Mayor in Guatemala, Pensión Alimentaria para las Personas Adultas Mayores in Paraguay, *Programa de Pensiones No-contributivas* in Uruguay, Non-contributory Old Age Pension in Bermuda, *Pensión para Adultos Mayores* in Ecuador, *120 a los 65* in Panama and *Pensión 65* in Peru are in the fifth regime.

Although *Renta Dignidad* in Bolivia, *Old Age Pension* in Guayana and *Algemene Oudedags Voorzieningsfonds* in Suriname do not target by means, contributory or private pensions nor for geographical region, their citizenship and residency requirement restricts the access to different categories of migrants. They are thus located in a sixth regime called universal for citizens-residents.

6.3 Trajectories of Change/Reform in the Last 30 Years

6.3.1 Reforms in the Washington Consensus Era

In the last two decades of the twentieth century, many Latin American countries introduced deep reforms in their social insurance pension systems, mainly aimed at older-age pensions.[3] In the majority of cases, reforms consisted of different degrees of shifts from pay-as-you-go systems with defined benefits to systems of individual capitalisation and defined contributions with the participation of the private sector. Reforms sought to solve perceived inefficiencies of the existing systems—like low coverage, poor replacement rates, lack of transparency and mismanagement of pension funds and high risks of running out of funds—and to improve the capacity of governments to face pressures from population ageing. Reforms included the introduction of individual accounts to manage pension contributions of each worker separately and the tightening of eligibility criteria to improve financial sustainability; the calculation of pension amounts based on the balance of the individual account to build a stronger link between contributions and benefits, hence incentivizing insurance; and the creation of private financial firms to manage individual accounts to increase transparency and efficiency through competition (Calvo et al. 2010; Barrientos 2004; Mesa Lago 2004a). Reforms also sought to strengthen domestic financial sectors and to boost levels of national savings (Barba 2006). The first country to adopt a structural reform of this kind was Chile in 1981; by the early

[3] Other types of pensions were also reformed, although not necessarily to the same extent. For example, in Mexico, disability and survivors' pensions kept their defined benefits character but were partially funded from the balance of individual accounts (IMSS 1997).

2000s, 12 countries in the region had reformed their pension system along these lines (Mesa Lago 2004b).[4]

Pension reform was one component of the neoliberal reforms of the Washington Consensus, an agenda made up of 10 points recommended by The World Bank and the International Monetary Fund. The recommendations sought the downsizing of the intervention of governments in the economy. The debt crisis of 1982 in Mexico[5] triggered economic crises across the region, which enabled the adoption of those types of reforms. At that time, across the region the reforms were embraced not only by economic elites, but by other groups of the population who viewed them as viable solutions to the problems generated by the exhaustion of the import substitution industrialization strategy, the uncontrolled expansion of government intervention throughout the economy, the disproportionate and inefficient growth of public spending. The reforms increased their attractiveness to several groups because the economic crises were perceived to have been caused by authoritarian, corrupt, and in some cases like Mexico, also populist political regimes of the previous decades. Eventually, the Washington Consensus reforms were set as conditions or recommendations to access financial rescue packages (Escalante Gonzalbo 2016). Hence, the 1980s witnessed the dismantling of the import substitution industrialisation model and the adoption of processes of economic liberalisation (Haggard and Kaufman 2008; Huber 1996). These reforms, however, as mentioned, should not be viewed as mere impositions (except for the Chilean case), since it was domestic political actors who decided to adopt them, as they believed them to be adequate solutions to address causes and effects of the economic crises (Barba 2006). The ideas of international actors were adopted, transformed and implemented through domestic political institutions that determined their outcomes. For example, the degree of privatisation of pension reforms was found to be associated with the degree of democratisation of each country (Mesa-Lago and Müller 2002).

[4] A smaller group of countries only introduced parametric reforms, notably Brazil (Mesa Lago 2004b). However, in this latter country eligibility criteria were also tightened, and there was an expansion of complementary private pension schemes (Arza 2017).

[5] Although neoliberal reforms had been previously pioneered in Chile under a military dictatorship. For a comprehensive account of the history of neoliberalism, see Escalante Gonzalbo (2016).

It is needless to say at this point that neoliberal reforms failed in their goal to achieve economic and social prosperity for the majority of the population. Apart from a certain level of macroeconomic stability and uneven economic growth rates across regions, within some countries, for example in Mexico as a result of free trade agreements, rather than solving social problems they largely exacerbated them (Escalante Gonzalbo 2016). Pension reforms were not an exemption. Apart from improving long-term financial sustainability and perhaps in some cases, increasing levels of national savings, none of the other objectives were met. On the contrary, coverage percentages did not grow, and in some countries dropped. Replacement rates were even lower, due to factors like the tightening of eligibility criteria, the fluctuations in financial markets and the costly administration fees charged by private administrators (Arenas de Mesa 2019; Calvo et al. 2010; Mesa-Lago 2004b). These failures prompt a second wave of reforms.

6.3.2 Reforms in the 2000s

An unprecedented expansion of social policy in Latin America began in the last years of the twentieth century. On the pensions front, the expansion wave took two routes. The first one and perhaps the most important for the impact it had on the population, was the creation and expansion of non-contributory pensions, which had the principal aim of offering protection to people without social insurance coverage. The second route was the enhancement, with different scope depending on each country, of the state's regulation and involvement in the individual accounts pension schemes (Arenas de Mesa 2019; Calvo et al. 2010).

6.3.2.1 Drivers of the Second Wave of Reforms

One argument has been to explain social policy reforms in terms of the ideological orientation of the party in power and social policy expansion as a consequence of the arrival of left-wing governments (Huber and Stephens 2012; Reygadas and Filgueira 2010). Indeed, the governments of various leftist tones that emerged across the region at the dawn of the present century embarked on intense social policy expansion processes. However, that argument is problematic because these policy expansion processes also happened in countries that never had a leftist government, like Colombia or Mexico, with similar or even more intensity.[6]

This is not to say that the left did not have a strong impact on social policy expansion.[7] However, other factors that perhaps have a stronger explanatory potential must be considered, specifically factors associated with the institutional context and the unfolding of ideational processes. Alternative explanations point to the relevance of institutional and ideational dynamics, like the progress made in the construction of democratic regimes, the incorporation of new ideas into policymaking processes, the capacity of civil society to influence policy and the path dependencies generated by previous trajectories (Antía 2018; Cruz-Martínez 2017; Garay 2016; Ewig 2010; Dion 2010). Processes of democratisation and political liberalisation have played a significant role in several ways. Electoral competition has incentivised the expansion of social policy in governments of all political orientations (Altman and Castiglioni 2019), as occurred in Mexico, where the central government adopted the first non-contributory national pensions programme right before the presidential election of 2006 in emulation to a programme created by the Mexico City government headed by a leader of the opposition (Willmore 2014; Dion 2010). The learning processes introduced new ideas to the formulation of solutions to common problems, including ideas imported from other countries in the region, with or without the mediation of international organisations (Velázquez Leyer 2018; Borges Sugiyama 2011). In the case of pensions for example, ideas of universalism in social policy and of the inadequacy of existing corporatist social insurance arrangements to offer protection to the majority of the population, were developed and introduced in policymaking processes, by actors who reached decision-making positions through ties with opposition parties that won elections, an impossible situation under previous authoritarian regimes (Laurell 2013). Social mobilisation and civil society participation

[6] For example, a landmark of the expansion of social policy in Latin America that triggered similar reforms in the entire region was the creation by a centre-right government of the first national conditional cash transfers programme in Mexico in 1997 (Borges Sugiyama 2011).

[7] Leftist ideological orientation of governments may explain the model and scope of the expansion, for example, the adoption of universal principles to design the reforms (Antía 2018), but there may be notable exceptions. In Mexico, it was a centre-right government that eliminated means-tested targeting of non-contributory old-age pensions and lowered the pension age from 70 to 65 years in 2013 (Willmore 2014).

were able to have a stronger impact on the formulation and evaluation of social policy in a context of political liberalisation, as greater political freedoms allowed their voices to be heard and governments felt pressured to respond (Garay 2016), especially considering mobilisation to protest against persistent high levels of poverty and inequality consequence of the recurrent economic crises and the neoliberal adjustment programmes of previous years. The path dependencies created by existing policy trajectories shaped by particular power dynamics—for example, the institutional arrangements and the level of power that they granted to the different actors involved in the provision of pensions in each country—should also be taken into account to explain social policy expansion in Latin America (Ewig and Kay 2011).[8]

An additional event must be considered to explain social policy expansion in Latin America. Favourable economic conditions and greater availability of budget resources allowed governments to extend their intervention in the social realm, including the expansion of public pensions (Oliveri 2016; Martínez-Franzoni and Sánchez-Ancochea 2014). This variable is crucial because predictions of a less favourable economic context in the 2020s represent one of the main challenges for sustaining the expansion of pensions and other social policy areas, as discussed in the next section.

6.3.2.2 *Comparative Analysis of the Reforms in the 1990s and 2000s*

The reforms of the 1990s represent an example of welfare retrenchment, with the state partially withdrawing from the responsibility of providing pensions and individualising social risks. The reforms of the 2000s took an opposite direction; they signal an expansion of the State's intervention in pension policy. The path-departing juncture was the creation and expansion of older-age non-contributory pensions.[9] Their main objective is to combat old age poverty by offering income protection to

[8] See Dorlach (2020) for a literature review of welfare state development determinants in middle-income countries.

[9] As mentioned above, these pensions, also called social pensions, aim to combat old age poverty by offering income protection to people not covered by contributory social insurance. They offer a flat rate minimum income to older people above a certain age, with no links to their previous income or labour history. Funding is taken from governments' general revenues.

people not covered by contributory social insurance. They offer a flat rate minimum income to older adults above a certain age, with no links to their previous income or labour history. Funding is taken from governments' general revenues. Coverage can range from targeting only older adults with incomes below the poverty line or other specific population groups, to the universal provision to every older person in a country (Arenas de Mesa 2019; Arza 2017; Oliveri 2016; Calvo et al. 2010).

Non-contributory pensions had existed in some countries like Costa Rica and Uruguay for several decades, but with a minimal scope. It was not only after the year 2000 that they began to be used across the region as a core social policy instrument to deliver protection to large sectors of the population. They commonly began as small and targeted programmes and were then expanded, gradually or rapidly, to reach a significant proportion of the older population in the region (Oliveri 2016).

Eligibility criteria and benefit levels of social pensions show significant variations across countries. Most countries target this programme to people living in monetary poverty, like Colombia or Venezuela; while at the other end, the Bolivian and the new Mexican programme have a universalist design that incorporates all older citizens with or without a social insurance pension. The standard pension age is either 60 or 65 years, with a few countries setting a lower age for women (e.g. 54 years in Colombia); but in Uruguay and Mexico it is higher, 70 and 68 years respectively, with 65 years for indigenous people in the latter (ECLAC 2020). Pension amounts also vary, but in most cases, they are minimal, with only some countries offering higher benefits, like Brazil, where they fulfil the constitutional mandate of guaranteeing an income of one minimum wage to the entire population (ECLAC 2020; Oliveri 2016).

The reforms to contributory systems of individual accounts have sought to correct some of their failures. Argentina introduced the most radical of these reforms by nationalising the system, but in other cases changes have consisted in allowing workers to switch back to pay-as-you schemes where they were kept, and the rules were not permitting it, extending mandatory or voluntary affiliation to contributory social insurance, lowering administration costs with stricter regulations of the operation of private pension fund administrators, providing the public with more transparent information on fees and returns offered by private firms, and changing investment rules of funds to improve returns (Calvo et al. 2010).

If Hall's concepts of policy change are applied (Hall 1993), the introduction and expansion of non-contributory pensions could represent a third-order change that signals a paradigm shift. The goal of social policy changed from income maintenance for formal sector workers to poverty reduction for labour market outsiders not covered by social insurance, a shift that required a new instrument that took shape in the form of non-contributory pensions. On the other hand, reforms of individual accounts systems mainly consisted of changes to the adjustments of the policy instrument, hence a first-order change. This difference reflects the coexistence of two paradigms in contemporary Latin American social policy, which may present new challenges for the region's welfare systems.

6.3.2.3 Outcomes of the Second Wave of Reforms

Coverage levels of public pensions registered significant increases after the second wave of reforms. For the entire region, in 2000 only half of the people over 65 years old received a public pension, in 2017 more than three quarters were covered. The most substantial chunk of this growth was obtained through the expansion of non-contributory pensions, which at the beginning of the century were practically non-existent but in 2017 reached almost one-quarter of people in that age group. Low-income population has been the income-group most benefited by the expansion of non-contributory pensions since it is the one with lower coverage levels of contributory social insurance (e.g. pension coverage of the poorest quintile increased from around one fifth to almost half of older adults). The expansion has had a significant impact on older age extreme income poverty (Arenas de Mesa 2019; Oliveri 2016). Nevertheless, despite these and other positive outcomes, pension systems continue to face enormous challenges. The following and final section will introduce some of these challenges that must be overcome shortly.

6.4 Conclusions and Challenges for the Twenty-First Century

This chapter portrays a brief overview of the segmented, dual and heterogeneous social security and pension systems in the region. What started as a programme for a selected and minor group of formal workers in the first quarter of the XX century, expanded greatly after the Washington Consensus era with the introduction of non-contributory pensions to the vast majority of countries. Nonetheless, the expansion in the coverage of older adults still has limitations and challenges that must be overcome to be able to consider the Latin American social protection systems as welfare states. Social protection systems in the region would have to satisfy social risks and guarantee much more than just a minimum basic social protection floor in order to be able to talk about a Latin American welfare state. Benefits of social security and pensions in a Latin American welfare state should have to be of enough quality to guarantee human needs, and not just reproduce the minimal survival patterns of the current welfare systems (Pereira 2002).

Besides the challenge of securing a decent benefit level, we can identify demographic, labour market, gender and sustainability challenges. Population ageing and an increase in dependency ratios (active workers per pensioner) is a pressing issue of the PAYG systems. According to the United Nations (2019), the old age dependency ratio for Latin America and the Caribbean passed from 7.6 adults aged 65 or more per 100 individuals aged between 20–64 years in 1950 to 10.9 in 2000. Nowadays, the regional figure is 15.2, but there are countries with a significant old age dependency ratio and its estimations show that the burden will increase on the following decades, such as Argentina, Brazil, Chile, Costa Rica, Cuba and Uruguay. Parametric reforms, such as increasing the eligibility age for retirement or increasing the contributory period to be eligible for a pension, have been implemented in the Latin American region and beyond. Besides, informal labour market are a crucial component of the challenges of the contributory pension schemes. In specific, high informality rates, under-employment and the temporality of workers, among other characteristics of Latin American labour markets, limit the capabilities of the individual capitalisation funds to accrue enough resources to provide a decent pension similar to the average wage of workers during their active period (Bertranou et al. 2019; Mesa-Lago 2008; Sojo 2017).

On average, contributory social insurance coverage has increased, but it remains limited in most countries, and in some, it has stagnated. Coverage of contributory pensions is estimated at slightly above half of older adults, only a few percentage points more than in 2000 (Arenas de Mesa 2019). Some progress has also been made in the insurance of active workers. However, social insurance cannot guarantee adequate levels of income protection during older age because many of the deficiencies of individual accounts systems persist. Many workers have irregular labour market trajectories, especially women, which will not allow them to accumulate pension rights, and replacement rates are expected to be low, due also to administration fees and the instability of the financial markets. Technological disruptions and the appearance of new forms of precarious employment like the increasing use of outsourcing, further weaken formal labour markets and reduce the potential of social insurance to deliver comprehensive protection (Arenas de Mesa 2019; OIT 2018).

For the segment of the population that does not accumulate contributory pension rights, the situation is even more precarious. Non-contributory pensions represent considerable progress. Before their introduction, this group of outsiders would not receive any income support from the state during older age. However, their adequacy remains questionable. Impact on extreme poverty has been detected, but minimal benefits are insufficient to reduce overall poverty rates. Hence many older adults are forced to continue to be active in the labour market, even if receiving a non-contributory pension.

Gender inequalities also persist, because many women can only access social pensions with lower levels of protection than social insurance pensions (Arenas de Mesa 2019; Arza 2017; OECD/IDB/The World Bank 2014). In words of the ECLAC (2019), women are better than before but still excluded and discriminated. The improvement is evidenced by the increasing number of women affiliated and contributing to social security schemes—on average, from 49,8% in 2000 to 65,1% in 2018[10]—and also in the increasing share of women benefitting from pension schemes. The remaining challenges relates to the individualistic and exclusionary pension systems in some parts of the region, the insufficient recognition of care and the insufficient incorporation of outsiders working in the informal sector. On average, 81.4% of women employed in low-productivity sectors (i.e. proxy for the size of the informal sector) are not affiliated to the social security system. Only in the case of Uruguay and Ecuador, the gender gap in pension coverage is less than 3 percentage points (ECLAC 2019).

At the same time, people that are not eligible for social insurance but not income-poor enough to qualify for targeted non-contributory programmes may fall into a welfare vacuum, many of whom belong

[10] Includes all Latin American countries with available data in CEPALSTAT on women employees affiliated to a pension system around 2000 and 2018.

to the middle-classes. In the end, the enhanced role assigned to non-contributory programmes has created a dual welfare system (Barrientos 2019), which reflect and reproduce social inequalities and generate obstacles for the aggregation of political preferences for a more universal and egalitarian type of social policy. The dilution of this duality can be achieved by advancing in the integration of contributory and non-contributory programmes (OECD/IDB/The World Bank 2014), but it remains the main challenge of contemporary welfare systems.

Finally, the financial sustainability of the entire pension systems is at risk given the worsening of economic conditions and the acceleration of demographic and epidemiological transitions (Arenas de Mesa 2019; OIT 2018; OECD/IDB/The World Bank 2014). Formal labour markets must be enlarged as was done with the incorporation of domestic workers mandatory social insurance in Brazil (OIT 2015), to allow all workers to save for their retirement. The regulation of individual accounts systems should be strengthened. Recent steps taken in recent years in several countries show that it is possible without causing financial instability. Path dependencies generated by the accumulated power of private actors who may block reform can be counterbalanced with the creation of evaluation commissions of specialists, academics and other civil society actors. Progressive fiscal reforms, which have been avoided by left- and right-wing governments (OXFAM 2015), are also necessary not only to provide viability to non-contributory pensions, but in general for the expansion of social policy. If measures like these ones, and others not explored here like the fight against clientelistic practices, are not taken seriously and promptly, the progress made across the region in recent years runs the risk of coming undone.

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CHAPTER 7

Health Care Reform in Latin America: Not All Roads Lead to Rome

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7.1 Introduction

The last decades have witnessed the consolidation, at least discursive, of the notion of Universal Health Coverage (UHC) as the main political objective of the reform processes that have been taking place in Latin American health systems (PAHO 2010). These processes, according to some authors, are the result of a combination of factors: "*the search for universal health coverage in Latin America is the result of a complex epidemiological transition, an extended process of democratization, and high economic growth in recent times that has facilitated additional investments in health.*"[1]. To these structural factors, it is also possible to add the tendency to separate access to healthcare to people belonging to the formal employment market, incorporating the notion of health coverage

[1] Julio Frenk "Leading the way towards universal health coverage: A call to action", *Lancet* (2015), 385: 1352.

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as a right. These changes, which in general can be observed in the different reforms processed in recent years, can be framed in a "third wave of reforms" in the region.[2]

At the same time, there seems to be a certain consensus regarding the possibility of moving towards a Universalist logic based on different institutional and political frameworks. "*The 2014 Pan American Health Organization (PAHO) strategy for universal access to health and UHC acknowledges that there are many different ways to progress towards UHC and that each country will need to establish its own action plan, taking into account its social, economic, political, legal, historical and cultural context as well as its priorities and current and future health challenges*".[3] Latin America is a region in which all of these issues are presented in a conflictive manner because specific characteristics are added to the aforementioned characterization, such as the exclusion of insurance for large portions of the population in many countries, and in turn, a structure of access and financing of services supported by the direct out-of-pocket expenses of individuals.

Beyond these weaknesses, the countries have carried out transformations and reforms of the health systems in the region. Regarding these transformations and reforms of health systems in the region, literature in the field has mostly identified three waves or currents of reform: two occurred between the late eighties and the nineties of the last century and the third wave of reforms occurred mostly during the first decade of the twenty-first century. As will be seen below, the countries of the region did not follow a single reform pattern: while some countries reformed their systems, completely or partially, both in the 1990s and in the 2000s, other countries carried out reforms during one period; however, there are also examples of countries where there were no significant transformations throughout the three waves.

[2] Carlos Barba "La reforma de los sistemas de salud en América Latina: los casos de las reformas de tercera generación en México y Chile", in *Nuevas (y Antiguas) Estructuraciones de las Políticas Sociales en América Latina*, ed. Gerardo Ordoñez y Enrique Valencia (México, Colegio de la Frontera Norte-CLACSO, 2017).

Frenk "Leading the way towards universal health coverage: A call to action".

[3] Inke Mathauer and Thorsten Behrendt "State budget transfers to Health Insurance to expand coverage to people outside formal sector work in Latin America", *BMC Health Services Research* (2017), 17: 2.

Following Barba,[4] Laurell[5] and Levcovitz and Costa Souto[6] among others, it is possible to affirm that these periods of reform followed quite different patterns of change in terms of objectives and even of ideological orientation. These differences can be illustrated by the international organizations that occupied a central role in each period. On the one hand, the reforms of the 1990s had the World Bank as a great promoter and its report "Investing in Health", released in 1993, as well as the proposal for Latin America with the idea of structured pluralism.[7] On the other hand, the reforms carried out during the first decades of the twenty-first century show significant coincidences with the postulates supported by the Pan American Health Organization, fundamentally framed in the idea of Universal Health Coverage (UHC).

Another set of works on health systems in the region[8] have been concerned with trying to classify and group the different national cases in different clusters based on a series of characteristics and/or shared indicators.

This article provides a review of both types of works and aims to answer the following question: What are the effects of the waves of reforms on the structure of Latin American health systems? To address this question, the effects of the reforms carried out in the region between 1990 and 2015 are discussed to assess their impact on the financing structure and in the context of population coverage. There is scarce previous research on this matter. The investigations accomplished by Levcovitz and Costa

[4] "La reforma de los sistemas de salud en América Latina: los casos de las reformas de tercera generación en México y Chile"

[5] Asa Cristina Laurell "Las reformas de salud en América Latina: procesos y resultados", *Cuadernos de Relaciones Laborales* (2016), 34(2): 293–314.

[6] Eduardo Levcovitz and Maria Helena Costa Souto "Sistemas de saúdena América Latina no século XXI", in *Observatório Internacional de Capacidades Humanas, Desenvolvimento e Políticas Públicas: estudios e análises III*, ed Nogueira et al. (Nesp/Ceam/UnB—Nethis/Fiocruz, 2018).

[7] Juan Luis Londoño and Julio Frenk "Pluralismo estructurado: hacia un modelo innovador para la reforma de los sistemas de salud en América Latina" Working Paper 353, 1995, BID.

[8] Juliana Martínez Franzoni and Diego Sánchez Ancochea "Undoing segmentation? Latin American health care policy during the economic boom", *Social Policy and Administration* (2018), 5(6).

Carmelo Mesa Lago *Reassembling social security. A survey of pensions and health care reforms in Latin America* (Oxford University Press, 2007).

Couto, who argue that the different reforms carried out in Latin America failed to substantively modify the historically constructed structure, are fundamental for the purpose of this study. To reinforce the thesis of the preceding authors, this article proposes a thorough empirical analysis of the aforementioned health reforms. The cluster analysis carried out in this article shows that the clusters remain practically invariable between the two analyzed periods (2000 and 2017), although all countries have modified the structure of spending and coverage. The result reaffirms the argument that the reforms have not had a significant impact on the structure of health systems. Additionally, the differences between countries are still present.

Taking these findings, a second question arises: What explains the persistence of differences in the health structures of the countries? The answer to this question exceeds the main objective of the work, but the article proposes a hypothesis that seeks to contribute to the discussion on this topic: institutional legacies, beyond the reforms, might account for this situation.

7.2 Main Features of Healthcare Typologies

There seems to be a broad consensus regarding what are the main components of healthcare systems and what are the functions of the State in health matters[9]: financing, provision, and regulation. The consideration of one or several types of healthcare systems will be of great help for the purpose of this research because these ideal types allow us to identify the possible changes over time in the case/s analyzed: "*…the ideal-typical method is a central starting point for the measurement of change and has therefore continued to be applied to the study of welfare systems.*"[10]

The most basic classification of health systems is that which distinguishes between the "Bismarck model", supported by social security and the contribution of citizens through mandatory contributions, and

[9] Simone Grimmeisen and Heinz Rothgang "The changing role of the state in Europe´s Health Care Systems". Paper presented at Segunda Conferencia Anual de ESPA net (2004), Oxford.

Claus Wendt, Lorraine Frizina y Heinz Rothgang "Healthcare system types: A conceptual Framework for comparison" *Social Policy and Administration* (2013), 43(1).

[10] Wendt, Frizina and Rothgang "Healthcare system types: A conceptual framework for comparison": 71.

the "Beveridge model", which is essentially tax-financed and organized around a national health system.[11] However, this distinction gives rise to analytical limits for Latin America due, among other reasons, to the fact that the region generally presents a protection matrix more oriented to a Bismarckian logic but, at the same time, combined with important sectors of the population that participate in the informal sector economy.

A second classification is provided by Wendt et al.[12], who elaborate a typology of healthcare systems based on the role played by the three central actors of this process (State, society and market) in fulfilling the three essential functions of any health system (financing, provision, and regulation). Thus, the provision can be both public and private, and, in turn, this can be for or without profit. The regulations can come directly from the State either as a social self-mechanism or by market mechanisms, although in these cases the State preserves the control of the process in the last instance. Funding can be collected from taxes, social insurance, or direct contributions from private parties[13]. From a developed world perspective, Latin American healthcare systems present no great differences compared to their more advanced counterparts because, in most cases, these systems rely on private spending, on a provision in charge of private providers and on weak State regulations as well.

It is for this reason that it becomes relevant to apply our own classifications to the region. In this sense, one of the first typologies is the one developed by Carmelo Mesa Lago.[14] According to this classification, at the beginning of the eighties and before the first health reforms began to take place, the countries were classified into three groups: the "pioneers" (Argentina, Chile, Costa Rica and Uruguay), which developed their protection schemes between the decades from the twenties and thirties of the last century and which reached a high level of coverage of their services and the best health indicators in the region (life expectancy, infant mortality, among others); the "intermediate" countries (Colombia,

[11] José Manuel Freire "El Sistema Nacional de Salud español en perspectiva comparada europea: diferencias, similitudes, retos y opciones". Claridad (2006).

[12] Wendt, Frizina and Rothgang "Healthcare system types: A conceptual framework for comparison".

[13] Wendt, Frizina and Rothgang "Healthcare system types: A conceptual framework for comparison".

[14] Mesa Lago, *Reassembling social security. A survey of pensions and health care reforms in Latin America*.

Ecuador, Mexico and Peru), which had reached a medium level of coverage by the eighties of the last century; and, finally, the "late" countries (Bolivia, Dominican Republic, El Salvador and Nicaragua), which had the worst levels of coverage, but these countries presented fewer financial problems in the recent care systems than the previous care systems.[15]

Mesa Lago identifies three types of health systems according to the number of subsystems that exist: unified systems (Cuba for instance) are those unified in the public sector; the duals, with variants depending on the case, demonstrate the coexistence between public and private subsystems; and tripartite systems combine the public sector with a social insurance scheme and a private insurance scheme.[16]

Beyond the mentioned typologies, many authors use other classifications to study the organizations of social protection systems, but they tend to draw general parallels between social security schemes and health systems that do not contemplate the singularities of the latter.[17]

As a consequence of the lack of local research in Latin America, foreign and general reform models usually generalize our continent to address health and social security issues and do not seriously consider the vast diversity and complexity of these phenomena in Latin American societies. The importance of this fact is that many times, as will be seen below, certain reform models permeate the region (not only in terms of health policies but for example in social security issues), but precisely due to the existing diversity, similar reforms have different impacts.

[15] Mesa Lago, *Reassembling social security. A survey of pensions and health care reforms in Latin America*.

[16] Mesa Lago, *Reassembling social security. A survey of pensions and health care reforms in Latin America*.

[17] Fernando Filgueira "Nuevo modelo de prestaciones sociales en América Latina: eficiencia, residualismo y ciudadanía estratificada". WorkingPaper, Serie Políticas Sociales No. 135 (2007). CEPAL, Naciones Unidas, Santiago de Chile.

Juliana Martínez Franzoni "Regímenes de Bienestar en América Latina. ¿Cuáles son y cómo son?" Documento de Trabajo No. 11 (2007). Fundación Carolina. Madrid.

Jennifer Pribble *Welfare and Party Politics in Latin America* (Cambridge University Press, 2013).

Alex Segura Ubiergo *The political economy of the welfare state in Latin America: Globalization, democracy, and development* (Cambridge University Press, 2007).

7.3 Trajectories of Reform and Changes (1980–2015)

The reforms that began to be implemented during the following years had the model called "Structured Pluralism"[18] as a normative horizon. The countries that followed this path more firmly were Chile, Colombia, and Mexico. The main characteristics of this reform model were the organization of health systems based on functions and not on populations. To this end, the separation of financing, regulation, and provision functions was promoted. On the other hand, there was a tendency to begin to consider access to health coverage as a right and not the result of belonging to the formal employment market. Finally, the reforms explicitly generated a list of benefits to which every covered person was entitled.[19].

Unlike Frenk's approach, authors such as Cotlear et al.[20] and Barba[21] identify three reform paths followed in the region with the intention of reducing health inequities: the first one occurred during the eighties, the second one occurred during the nineties, and the third one started with the turn of the century. During the first wave, the change produced was eminently financial and consisted of the unification of public resources with those coming from social security in a single fund. Only four countries made modifications at this time: while Cuba and Costa Rica chose to maintain financing and provision in the same actor (the State), Brazil and Chile advanced in the separation of tasks. Similar attempts failed politically in Mexico, Peru, Ecuador, and the Dominican Republic.[22]

The second wave, followed by several countries during the 1990s, focused on prioritizing the freedom of choice of providers. Nevertheless: "*Although overcoming of segmentation was often an explicit objective of these reforms, in practice, these initiatives were rolled out with a design*

[18] Londoño and Frenk "Pluralismo estructurado: hacia un modelo innovador para la reforma de los sistemas de salud en América Latina".

[19] Frenk "Leading the way towards universal health coverage: A call to action"

[20] Daniel Cotlear et al. "Overcoming social segregation in healthcare in LatinAmerica", *Lancet* (2015), 385.

[21] Barba, "La reforma de los sistemas de salud en América Latina: los casos de las reformas de tercera generación en México y Chile", in *Nuevas (y Antiguas) Estructuraciones de las Políticas Sociales en América Latina*.

[22] Cotlear et al. "Overcoming social segregation in healthcare in LatinAmerica".

that provided choice mostly to high-income groups".[23] In Argentina, Bolivia, Chile, and Peru, freedom of choice was limited only to people insured through the social security system, while in Colombia, people with lower incomes had the possibility of choosing an insurer but were limited to providers that offered a more restricted package of services than that offered to the rest of the population. Finally, the third wave had the main goal of "Universal Health Coverage"; under this slogan, the reform processes sought to expand formal coverage, to provide effective access to the health services for the poorest people and those belonging to the informal sector of the economy, and to guarantee a broad set of benefits.

Similarly, Carlos Barba[24] also identifies three waves of health system reform in Latin America. The different processes of change have not followed a unique pattern, but they have been the result of various ideological motivations. In some cases, the changes were part of a series of general transformations of the State structure, such as those that occurred in Chile and Colombia during the 1990s. In other countries, such as Brazil, the reform was framed in constitutional changes, while in other cases, reforms necessitated redesign of the health system itself.[25] In relation to the main contents of each wave of reform, it can be said that, during the early reforms promoted in the 1980s, the main normative components were the improvement of efficiency and the reduction of public spending on health. With these objectives in mind, decentralization and privatization were the central instruments chosen.[26]

During the 1990s, the orientation of the reforms changed slightly because the central objectives continued to be purely economic, but, progressively, these reforms were reoriented towards the search to

[23] Cotlear et al. "Overcoming social segregation in healthCare in LatinAmerica": 1256.

[24] Barba, "La reforma de los sistemas de salud en América Latina: los casos de las reformas de tercera generación en México y Chile", in *Nuevas (y Antiguas) Estructuraciones de las Políticas Sociales en América Latina*.

[25] Barba, "La reforma de los sistemas de salud en América Latina: los casos de las reformas de tercera generación en México y Chile", in *Nuevas (y Antiguas) Estructuraciones de las Políticas Sociales en América Latina*.

Alberto Infante, Isabel de la Mata and Daniel López-Acuña "Reforma de los Sistemas de Salud en América Latina y el Caribe: situación y tendencias". *Revista Panamericana de la Salud* (2000), 8(1/2).

[26] Barba, "La reforma de los sistemas de salud en América Latina: los casos de las reformas de tercera generación en México y Chile", *in Nuevas (y Antiguas) Estructuraciones de las Políticas Sociales en América Latina*.

promote the creation and/or strengthening of competitive markets, even in the interior of the public sector. In this case, the reform model was directly influenced by the World Bank and the International Monetary Fund; however, the influence was mainly by the former, whose proposals were summarized in the "Investing in Health" report of 1993.

In more specific terms, the measures proposed in these reform packages included, among other things, the separation of service provision functions from those of system funding, the promotion of competition as an allocation resource mechanism, and, aligned with the postulates of the second generation of State reforms in the region, a discursive change was processed that sought to overcome the State-market dichotomy by a conception of "public-private collaboration". From this point of view, if there is a need to increase coverage and improve services, but the public sector does not have the financial capacity to do so, only the market and civil society remain as possible solutions. The neoliberal project for the health sector did not vary much from the proposed changes in other areas: the government's role is to regulate, and the provision of services should be restricted to private actors.[27] In this sense, one of the most commonly used ways to reorient the affiliation of the public sector to the private sector was to replace the supply subsidy with demand subsidies at the financing level.[28]

The third wave of reforms came with (or in several cases were created by) the so-called "left turn" in the region.[29] At this historical moment, a change in the impact capacity of some international financial organizations occurred, which also helped to generate similar reformist rhetoric in several countries. In this case, the reforms explicitly sought to expand the formal coverage and effective access of large portions of the population that were historically excluded from the health system.[30] In this case, the

[27] Nuria Homedes and Antonio Ugalde "Why neoliberal health reforms have failed in Latin America", *Health Policy* (2005), 71.

[28] Ana Sojo "Reformas de gestión en salud en América Latina: los cuasimercados de Colombia, Argentina, Chile y Costa Rica" in *Serie Políticas Sociales* (2000), 39, CEPAL, Santiago de Chile.

[29] Steven Levitsky and Kenneth Roberts (Eds.) *The resurgence of the Latin American left* (JHU Press, 2011).

[30] Barba, "La reforma de los sistemas de salud en América Latina: los casos de las reformas de tercera generación en México y Chile", in *Nuevas (y Antiguas) Estructuraciones de las Políticas Sociales en América Latina*.

framework concept of these transformations was that of Universal Health Coverage.[31]

Recent research is focused on analyzing the results of health policies around the level of segmentation in Latin America.[32] These authors find a gap in the literature in regard to adequately measuring segmentation levels; therefore, they propose to consider three dimensions: coverage, generosity, and equity. Based on these dimensions and on hierarchical cluster analysis, they seek to identify the advances that the region experienced by concentrating on two periods, the year 2000 and the year 2013, in order to observe how segmentation has evolved after the economic boom. From this analysis, the authors identify two relevant findings. On the one hand, they classify the countries in three different groups: firstly, the smallest group, composed by Chile, Costa Rica, and Uruguay, which shows progress in the three dimensions analyzed; secondly, and conversely, a bigger group, formed by Bolivia, El Salvador, Guatemala, Honduras, Nicaragua, and Paraguay, which portray low levels of coverage, generosity, and equity both in 2000 and 2013; and finally, there is a group of countries in which the variation is analyzed according to each of the dimensions since they do not behave in a uniform manner in the two periods analyzed. On the other hand, the authors also identify the persistence of some structural problems of segmentation, especially those that affect the generosity dimension.

Despite the variances between the different cases, it is possible to identify a common pattern: the expansion of formal coverage towards people excluded from the formal employment market and, to reach such coverage, countries moving to form a Bismarckian logic to the idea of health as a citizen right. This new type of insurance is mostly financed by general income, which allows the right of contributory capacity to be detached[33]. Eight countries have progressed in this regard: Bolivia, Chile, Colombia, Costa Rica, Mexico, Peru, the Dominican Republic, and Uruguay. In countries that have taken some type of action in this direction of Universal Health Coverage (UHC), the vast majority of them have

[31] PAHO Informe sobre la salud en el mundo 2010. La financiación de los sistemas de salud. El caminohacia la cobertura universal. Geneva (2010).

[32] Martínez Franzoni and Sánchez Ancochea “Undoing segmentation? Latin American health care policy during the economic boom”.

[33] Mathauer and Behrendt “State budget transfers to health insurance to expand coverage to people outside formal sector work in Latin America”.

used the level of income or poverty that would benefit from the subsidy as the main criteria for selection.[34] In all of the examples examined, public spending on health increased although at varying levels according to the case.

It is relevant to remark that this study does not allow us to determine whether the changes in the results of segmentation are associated with variations in sanitary policies or due to political reforms. In fact, the authors raise this matter as a question and also warn about the need to find more accurate indicators with the purpose of achieving a better understanding of the differences between countries.

7.3.1 Changes (and Continuities) in Latin American Health System Structure: Analysis of the Effects of the Reforms

While some countries such as Argentina did not process major changes at the legislative level, other cases such as Chile or Mexico implemented more than one reform process during this period and were located in different waves of reform. In many cases, the innovations involved the consolidation or creation of "systems", thus trying to reduce the existing fragmentation.

Cluster analysis has been widely used to perform typologies of Welfare States or social policies in general. The cluster technique seeks to discover groups of observations that are homogeneous with each other and separate them from other groups of observations. The hierarchical analysis produces partitions in the data through a series of successive mergers of N observations in the groups. Instead of dividing the groups into a single stage, the classifications emerge from successive divisions that be a single cluster containing all observations to N clusters with each containing a single observation.[35]

Data from the year 2000 were used as impact indicators of the reforms promoted in the 1990s, and information corresponding to the year 2017 (the last year with comparable information available) was used to catch possible effects of changes after the third wave of reforms in the region. This temporary partition makes it possible to identify the impact of the

[34] Mathauer and Behrendt "State budget transfers to health insurance to expand coverage to people outside formal sector work in Latin America".

[35] Torsten Hothorn and Brian Everitt *A handbook of statistical analyses using R* (Chapman and Hall/CRC, 2010).

reforms promoted in the regions in the 1990s as well as in the most recent period.

This analysis scheme presents undoubted similarities with the recent work of Martínez Franzoni and Sánchez Ancochea[36] on health systems segmentation. There are two major differences: first, this research does not try to address the extent to which countries have managed to reduce segmentations and, for this reason, we decide to reduce the battery of indicators. Second and more importantly, the information available on financing at the regional level tends to distinguish between public and private expenditure, breaking down direct out-of-pocket expenditure into the latter category. This formula hides an important fact in regard to evaluating the financing structure of a health system, as it hides the percentage of resources received by the contributions to the social security system of formal wage earners.

The lack of discrimination between resources from general income and those that are the result of social security contributions may match countries that structurally have a different design. This point is not a purely analytic issue since it can contribute interesting elements to theoretical and political discussions on the possibilities and limits of promoting different types of reform by which different financial and institutional designs configure and empower different types of actors.

Considering the information available for the year 2000, it can be observed that based on the structure of health expenditure and the levels of formal coverage, three groups of countries are clearly formed (Table 7.1).[37] Brazil and Venezuela were removed from the analysis due to the lack of information related to these dimensions.[38]

Many countries in the region appear into the first cluster (Argentina, Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, and the Dominican Republic). In general terms, these countries not only have, on average, slightly higher government spending but are also the ones with the smallest amounts of resources received from social security contributions and are, by far, the ones with the highest direct out-of-pocket costs (more than 46% of health spending

[36] Martínez Franzoni and Sánchez Ancochea "Undoing segmentation? Latin American health care policy during the economic boom".

[37] Dendograms, indexes, and tests results for cluster analysis are available upon request.

[38] In the case of Brazil, comparable survey data do not allow the measurement of individual health system affiliation (see Sojo 2017: 68).

Table 7.1 Period Mean and Standard Deviation, 2000

	General Government Health Expenditure	*Social Health Insurance*	*Voluntary Health Insurance*	*Out-of-pocket*	*Health Coverage*
Cluster 1 (Argentina, Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, and the Dominican Republic)	24.6 8.3	20 8.9	5.12 4.3	46.3 11.8	40.7 12.2
Cluster 2 (Chile, Coombia, Costa Rica)	3.99 4.1	54.4 18.4	4.55 4.8	29.4 14.7	76.3 20.5
Cluster 3 (Uruguay)	22.6	32.3	25.2	18.9	98.2

Source Own elaboration

on average). On the other hand, in terms of coverage, these are the countries with the greatest lag since all countries formally covered less than half of the population. Among these countries, except for Mexico, Paraguay, and Peru, none of them processed reforms during the 1990s.

The second group of countries was composed by Chile, Colombia, and Costa Rica. In this group, the three countries implemented different reforms during the 1990s. While Colombia was considered a paradigmatic case in the construction of Structured Pluralism promoted by the World Bank, based on a dual regime combining the contributory and subsidized sectors, Chile experimented with the dismantling of its National Health System during the Pinochet dictatorship in the 70s and 80s, which, among other things, rooted the dual regime with significant inequalities according to income level. In the case of Costa Rica, this country preserved a predominantly public structure developed by the reform process initiated in 1995. The main changes from such initiatives were related to management because the regulatory and provision functions were separated, management commitments were implemented and hospitals were endowed with greater autonomy.[39]

On average, health systems in these countries receive less general income contributions, and instead, social security contributions of formal workers have a greater influence on financing the system. Direct out-of-pocket payment is also an important source of resources, although not at the level of the first conglomerate. The coverage level was relatively high in all cases, reaching on average two-thirds of the population.

Finally, Uruguay appears as an outlier case from the region. Although the structure of the system resembled the region as a whole (clear segmentation according to income levels and membership in the formal employment market), the public sector received comparatively a high level of resources from general incomes that were much better than the countries of the second cluster and almost at the same level as the average of the countries in the first group. Moreover, Uruguay received an intermediate level of social security contributions and was one of the countries in the region with the lowest direct out-of-pocket spending (which was also high).

In the case of Uruguay, many people who could not afford the payment for a private provider chose to seek care in the public sector and pay for the coverage of mobile emergency companies, which offered primary care services to complement hospitalization services in public health. For this reason, during the 1990s, the health expenditure in Uruguay included voluntary payment for services.

When analyzing the data processed for the year 2017, some of the characteristics mentioned above confirm the greater financial effort of the countries in terms of health care coverage.

As a first important comment on the data analysis, we must emphasize that the primary option when grouping the different countries is nine clusters.[40] The second alternative is to group them into two clusters. This finding clearly indicates that beyond the analytic effort to identify points in common, the Latin American landscape in terms of health systems is

[39] Adolfo Rodríguez Herrera "La reforma de salud en Costa Rica", Documento de proyecto, CEPAL, 2005.

[40] To analyze the optimal number of clusters, we use the NbClust package in R. The package provides 30 indices for determining the optimal number of clusters based on the frequency among all indices.

quite heterogeneous, and it is not possible to treat the different cases as part of a regional subtype, let alone make generalizations.

As seen in Table 7.2, two main groups of countries can be identified. The first group incorporates Argentina, Chile, Colombia, Costa Rica, and Uruguay, while the second group is composed of Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, and the Dominican Republic. In relation to the results observed for the year 2000, the main movement was the approach of Argentina, Chile, Colombia, and Costa Rica to Uruguay.

If both groups of countries are compared, the most important differences lie in the fact that the first group presents relatively lower government expenditure, a greater influence on social security contributions, and, on average, almost twice the population coverage. These aspects are consistent with historical and institutional aspects of the social protection matrix in these cases, guided by a Bismarckian assurance logic, and

Table 7.2 Period Mean and Standard Deviation, 2017

	General Government Health Expenditure	*Social Health Insurance*	*Voluntary Health Insurance*	*Out-of-pocket*	*Health Coverage*
Cluster 1 (Argentina, Chile, Colombia, Costa Rica, and Uruguay)	12.9 11.8	54 10.7	7.9 3.3	20.7 7.5	90.7 8.3
Cluster 2 (Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, and the Dominican Republic)	30.3 6.5	21.8 6.6	5 2.8	39 10.7	46.6 10

Source Own elaboration

economies with a formal sector were much more developed than the regional average.

However, this grouping hides some important differences between cases. If we consider the cluster of countries that seem to have advanced towards Universal Health Coverage, we can find countries that did not experience any reform in the period 1990–2015, such as Argentina, together with the country that has experienced the most important change processes in health matters, Chile, to countries that reformed in light of the World Bank's postulates in the 1990s, as was the case for Colombia, or countries that reformed by clearly adopting a UHC-oriented model, such as Uruguay, in recent years.

When comparing the information of 2000 with that of 2017, it is observed that, indeed, the countries in the cluster of countries with the greatest lags in terms of coverage averaged public spending that reduced proportionally the burden on the pockets of citizens. As has already been mentioned, this movement is explained by the introduction of reforms, carried out in a large number of the countries with some type of subsidized regime, which deprived health coverage to the sectors of the population with lower resources. These changes, therefore, impacted coverage levels, which increased on average approximately 7%.

If the same exercise is carried out for countries in the cluster of countries with better advances in terms of UHC, the convergence of countries that integrate it is observed. While Chile, Colombia, and Costa Rica increased the influence of public resources in the financing structure (the AUGE Plan in Chile, for example), Uruguay reduced them with the implementation of the National Integrated Health System (SNIS), which consolidated a social security financing structure and significantly increased revenue growth through social security. Regarding coverage, this group of countries covers on average more than 90% of the population, establishing a great difference from the other group.

From these data, it is possible to say that while a regional effort in health can be observed (greater budget, increases in formal coverage, decentralization processes, etc.), the gap between countries has not reduced. Thus, it is not possible to talk about a trend of catching up or convergence.

This situation makes it possible to speculate as to what extent the reforms in health systems, promoted throughout the period studied and regardless of programmatic intentions, have managed to change historically constructed trends. This doubt diverts attention to aspects of structural cuts in each country: the historical legacies of well-being, the productive structure, and the structure of the employment market, for example, may have contributed to consolidating previously existing differences that the reforms could not modify.

That is why it becomes essential to analyze whether the variations that these indicators may have had over time represent a way of better dimensioning the advances or limitations that Latin American countries are finding when it comes to building more supportive and equitable systems.

Figure 7.1 shows the strong relationship between the GDP per capita to PPP of each country for the year 2000 and the level of health coverage for the year 2013. In short, we can see how the welfare legacy helps explain the improvements in terms of coverage and that this is independent from the existence or the absence of reform process. These data reinforce the argument presented here.

As a final piece of evidence, Fig. 7.2 shows labour market determinants of health coverage. The figure presents the strong relation between

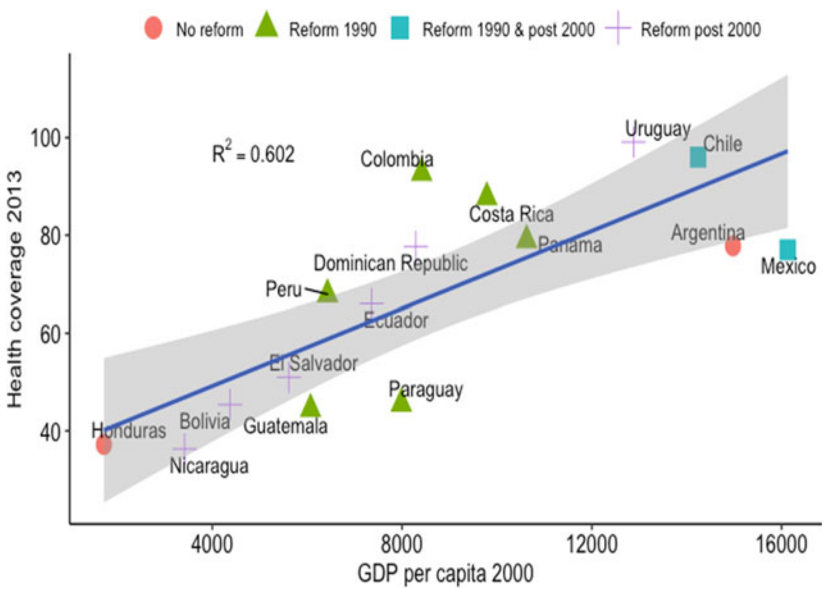

Fig. 7.1 Path dependence determinants of health coverage (*Source* Author's elaboration based on data from WDI and Sojo 2017)

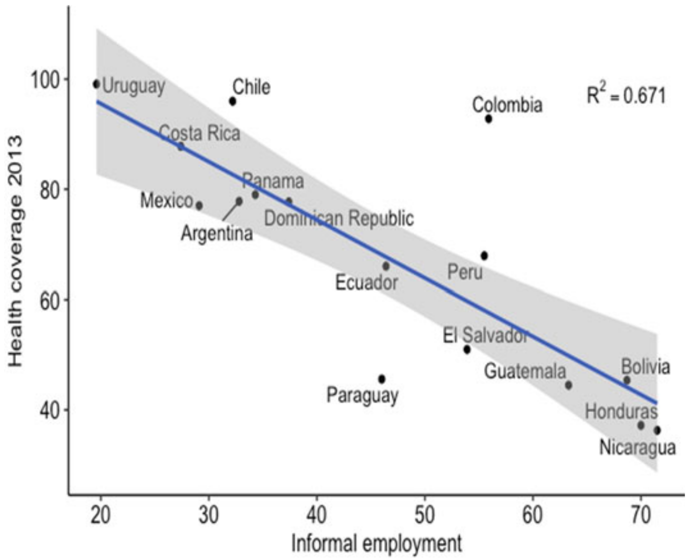

Fig. 7.2 Labour market determinants of health coverage (*Source* Author's elaboration based on data from ILO 2018 and Sojo 2017)

informal employment and health coverage in Latin America, signalling the path dependence outcome of the corporative model of health insurance. The only outliers are Colombia, which incorporated uninsured people that belong to the informal sector since the reform, and Paraguay, which, on the opposite side, scarcely covers even the formal sector workers.

On the other hand, Fig. 7.3 illustrates the evolution of health coverage in the countries analyzed during the period 2000–2013. Beyond different magnitudes, virtually all countries increase the number of people covered by the health system. However, with the clear exception of Colombia, which does make an important quantitative leap, the rest of the countries remain in the same relative position with respect to their peers. This fact can also be read as an indicator that no reform managed to modify the historically constructed conditions.

To illustrate some trajectories of reform, some information about the political process and the changes included in three cases will be presented. The countries described in the next sections are Colombia (undoubtedly, the country that manages the best improvement rates in coverage),

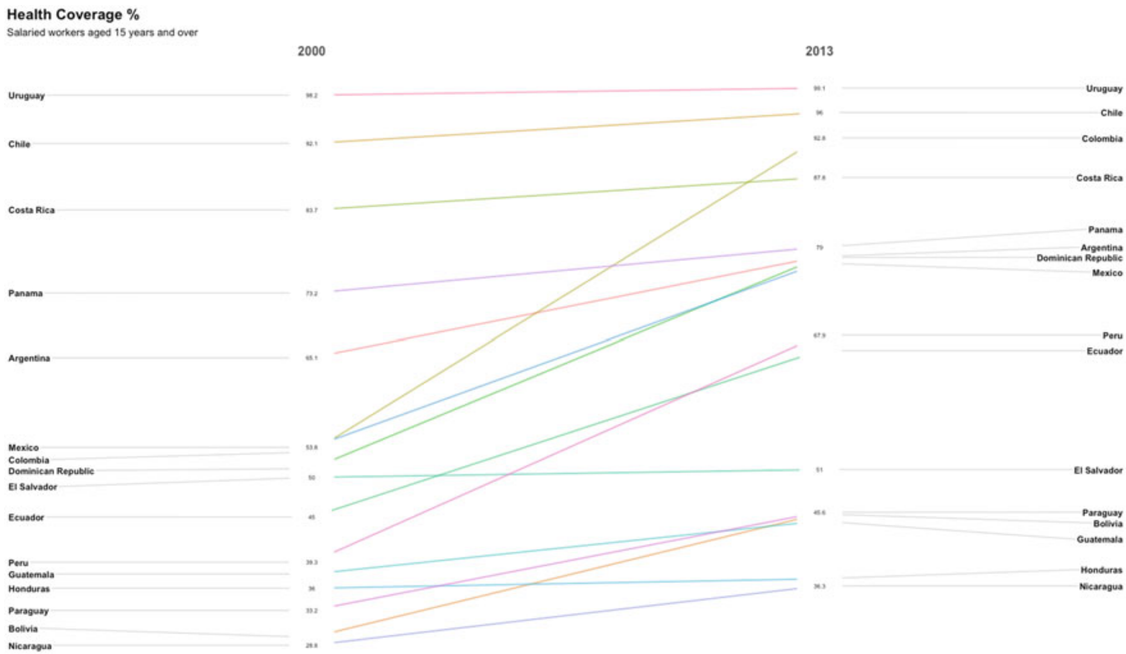

Fig. 7.3 Health coverage (%) (*Source* Author's elaboration based on data from Sojo 2017)

Mexico (which, despite the efforts of different types of reform, could not make the improvements expected by the authorities), Uruguay, (perhaps one of the reforms that most strongly followed the PAHO calling for UHC) and Argentina (a case that, in the absence of health reform, moderately improved coverage).

7.3.2 Country Cases

7.3.2.1 Colombia

Law 100 of 1993 created the General System of Social Security in Health (SGSSS by its acronym in Spanish). In terms of regulations, it was established that all people had to compulsorily affiliate to a Health Promoting Entity (EPS) that had to offer a Mandatory Health Plan (POS) through different providers.[41] This system was considered one of the examples of "Structured Pluralism" promoted by the World Bank.

The main objectives of the new system were the following: universal coverage of basic care within the framework of a solidarity social security system, with an efficient reallocation of resources,[42] overcoming traditional forms of management and integrating the different attention levels vertically and horizontally.[43] These objectives were intended to be achieved through separation between financing, assurance, and provision: financing as public responsibility, and articulation and supply allocated to the market. Basically, what is produced is a change in subsidies, which move from supply—providers—to demand, and in this way, users are free to contract any insurance.

In this new scheme, affiliated people can be linked in two ways: the contributory regime, reserved for salaried workers and people with payment capacity, and a subsidized regime for the most vulnerable sectors of the population.[44] The subsidy is applied to the offer so people who

[41] Oscar Bernal and Samuel Barbosa "La nueva reforma a la salud en Colombia: el derecho, el aseguramiento y el sistema de salud", *Salud Pública de México* (2015), 57(5).

[42] Sonia Fleury "¿Universal, Dual o Plural? Modelos y dilemas de atención de la salud en América Latina", in *Servicios de salud en América Latina y Asia*, eds. Molina, C. y Núñez del Arco, J. (BID, Washington DC, 2001).

[43] Sojo, "Reformas de gestión en salud en América Latina: los cuasimercados de Colombia, Argentina, Chile y Costa Rica".

[44] Armando Gil Ospina "Reforma del sistema de salud en Colombia: focalización del Gasto Público Social en salud", *Semestre Económico* (2008), 11(21).

cannot afford the health fees receive a partial supplement or a total subsidy to hire a capita that includes fewer services than those offered in the tax scheme packages.

Thus, the new system is dual because there are two regimes that coexist: a contributory one, aimed at formal workers—who contribute 8% of their salary—and independent workers—who contribute 12% of their salary.[45] The tax system revolves around a Solidarity and Guarantee Fund (FOSYGA) that pays per user a fee adjusted for age and sex. Additionally, the Health Promoting Entities (EPS) are responsible for the affiliation of people, the collection of contributions and have the task of guaranteeing the affiliate different options of providers, who must assure the coverage of an Obligatory Health Plan (POS). On the other hand, there is a subsidized regime, aimed at the lower-income population, but the package of accessible services—the Mandatory Subsidized Health Plan—is lower in terms of the amount of guaranteed services, compared to the POS affiliated with the tax system. This subsidized regime is half-financed between FOSYGA and the different municipalities[46]. These movements involved, among other things, the transformation of public hospitals into decentralized institutions with the aim of making them competitive in the provider market.

The direct consequence of this measure was that, given the need to provide health care services to the majority of people covered by the subsidized regime, these hospitals began to generate some barriers to access, through co-payments generally, to the most vulnerable population, which is obviously the least profitable. However, the greatest positive impact of the reform came from the notable increase in the population covered; regarding deficits or failures, the problems associated with financing the system were customer use in affiliation with some families on the contributory regime and the segmentation and inequalities that strengthen the existing stratification[47].

[45] Fleury, "¿Universal, Dual o Plural? Modelos y dilemas de atención de la salud en América Latina"

[46] Sojo, "Reformas de gestión en salud en América Latina: los cuasimercados de Colombia, Argentina, Chile y Costa Rica"

[47] Sojo, "Reformas de gestión en salud en América Latina: los cuasimercados de Colombia, Argentina, Chile y Costa Rica"

7.3.2.2 México

Since the mid-1980s, the Mexican health system has gone through different reform attempts that have had as their main objective to reduce its historical fragmentation. During the period 1994–2000, the presidency of Ernesto Zedillo (PRI) launched a sector reform programme that took the model of "Structured Pluralism", promoted by the World Bank as a reference.[48] Political and social resistance made it difficult to approve the changes, which led to the new scheme being implemented in 1997. This reform failed to separate the financing and provision functions, as their promoters postulated, and, even though it did not ended up privatizing a good part of the system´s functions, it did financially weaken the public provider.[49]

The new century came with a change of the party overseeing the government. The PAN also initiated a health sector reform process, which involved the creation of the Social Protection in Health System (SPSS). The essential component of this new configuration would be the Popular Insurance ("Seguro Popular"), and its approval would come in 2004.[50] One of the main objectives of the new system was to achieve universal coverage. The financing of this would have a tripartite structure: 80% of the resources would be provided by the federal government, and the remaining resources would come from the states and households (with the exception of income quintiles I and II, which were exempt from contributing). Furthermore, the design of the new system, by Julio Frenk, also considered the integration of various public and private organizations, but this proposal was strongly rejected by various union actors who thought that the new Popular Insurance weakened the public sector because it reduced management autonomy and forced it to compete for users in unequal market conditions.[51]

In terms of implementation, on the one hand, health expenditure increased markedly in line with what was processed in the rest of the

[48] Mónica Uribe and Raquel Abrantes "Las reformas a la protección social en salud en México: ¿rupturas o continuidades?" *Perfiles latinoamericanos* (2013), 42.

[49] Uribe and Abrantes "Las reformas a la protección social en salud en México: ¿rupturas o continuidades?"

[50] Uribe and Abrantes "Las reformas a la protección social en salud en México: ¿rupturas o continuidades?"

[51] Uribe and Abrantes "Las reformas a la protección social en salud en México: ¿rupturas o continuidades?"

region, but the distribution of these resources continued to present problems: "... *the northern states, generally among the most prosperous in the country, received more public resources than those in the south; this was exemplified in the per capita health expenditure of the uninsured population of Baja California Sur which was 2128 pesos in 2005, while in Guerrero it was 773 pesos in the same year*".[52] It also failed to impact significantly in terms of reducing out-of-pocket spending, which remains among the highest in Latin America.

7.3.2.3 Uruguay

The Uruguayan National Integrated Health Care System (SNIS) started in 2008, during the first government of Frente Amplio (a centre-left party). Although, throughout the twentieth century, Uruguay presented comparatively higher levels than the rest of the region in terms of formal employment and greater coverage of social goods and services, among other indicators, the structure of its health system shared the fragmented and segmented character of the vast majority of countries. With this scheme, the crisis that occurred in the country in 2002 exacerbated the difficulties of the health system in general; in particular, the public sector at that time was in charge of almost three quarters of the population but had a little more than 25% of the resources[53].

The construction of the reform project consisted of a participatory and negotiated process with multiple actors (medical, business, union) that ended up forming an incremental proposal that postponed the issues that could generate more discrepancies between the different actors with veto power.[54] Thus, transformations of a financial nature were prioritized as well as some issues related to the quality of care being relegated. "*Formal workers and employers contribute to the National Health Fund based on their salary level. The National Health Fund pays a per capita amount*

[52] Uribe and Abrantes "Las reformas a la protección social en salud en México: ¿rupturas o continuidades?": 150.

[53] Xavier Ballart and Guillermo Fuentes "Gaining public control on health policy: The politics of scaling up to universal health coverage in Uruguay", *Social Theory and Health* (2018), 17.

[54] Guillermo Fuentes "La creación del Sistema Nacional Integrado de Salud en Uruguay (2005–2012): impulso reformista con freno desde los puntos y actores de veto" (PhD diss, Universidad Complutense de Madrid, Instituto Universitario de Investigación Ortega y Gasset, 2013), Madrid.

to health providers with certain incentives while insured citizens have the option to change providers after being at least 3 years with one provider. Benefits are extended to the immediate relatives of the insured workers and are maintained after retirement. Uninsured citizens receive health services from the public provider (Fernández Galeano et al. 2015)”.[55]

The implementation of the new system was quite successful in terms of incorporating new groups into health insurance from approximately 500,000 people to more than 2500,000, which meant a virtual universalization by 2016. At the same time, the new system built a compulsory benefits package (PIAS) that guarantees a wide spectrum of procedures and access to medicines that must be offered by all providers of the system, whether public or private. However, in turn, the reform consolidated a quasi-market in the sector, greatly strengthening private non-profit providers and keeping the public sector as a residual actor. Moreover, some of the most redistributive aspects of the reform, such as the progressive tax structure, shortly after the new system started were revised after the establishment of the return of contributions once the citizens with the highest income contribute above a value defined by the authorities.

Regardless of these aspects, the content of the reform and the principles that guided it place Uruguay, undoubtedly, as a paradigmatic case of the third generation of reforms because the results have produced significant advances in the constitutive dimensions of the notion of Universal Health Coverage.

7.3.2.4 Argentina

Argentina presents many of the characteristics shared by most of the health systems in the region: it is a fragmented system with little integration between the different subsectors. There are two peculiarities of the development of the Argentine health system in relation to the objectives of this work. On the one hand, it presents the most purely corporatist institutional arrangement. In fact, the fundamental characteristics of the system were consolidated during the 1940s and early 1950s, during

[55] Ballart and Fuentes “Gaining public control on health policy: The politics of scaling up to universal health coverage in Uruguay”: 10.

the first Peronist governments.[56] Furthermore, although governments with diametrically opposed orientations passed through the period under review, and the country experienced boom times followed by deep political, social, and economic crises, the health system did not undergo any type of significant institutional change.

The main transformation in terms of management occurred during the military dictatorship (1976–1983), when health powers were transferred from the national government to the subnational sphere (the Provincias). This decentralizing process also occurred in education and followed the neoliberal postulates defended by international financial organizations, and it was not accompanied at any time by measures aimed at coordinating actions between the different territories.[57] In terms of assistance, all providers have the obligation to offer the benefits and medications contained in the Mandatory Medical Program (PMO).

In addition to the State, the main provider of health services is compulsory social insurance, better known as "Obras Sociales". These organizations provide coverage to formal employees and their families, by branch of activity. In this sense, each province (Argentina is a federal country) has an Obra Social that is responsible for serving public workers. This provision scheme is also made up of a public sector that is responsible for the care of those who do not have formal coverage or are unable to pay directly out of pocket and a private insurance sector. This coverage structure has determined that the oscillations produced in this dimension (as well as changes in funding) respond largely to variables related to the employment market.

Thus, it is possible to see how public health expenditure went from 59.8% of total health expenditure in 1995 to 74.4% in 2016. This increase is largely explained by the growth in resources contributed by social security.[58]

[56] Mariana Belló and Víctor Becerril "Sistema de salud de Argentina", Salud Pública Mex, (2011) 53 supl. 2.

[57] Belló and Becerril "Sistema de salud de Argentina".

[58] https://datosmacro.expansion.com/estado/gasto/salud/argentina.

7.4 Conclusions and Challenges for This Policy

In sight of the review of the different health sector reform processes in Latin America, the first conclusion is that in no case can we speak of a paradigmatic or third-order change.[59] Even in a country such as Uruguay, where an ambitious reform led by a centre-left party was processed with broad social and union support, the approved changes did not substantially modify the structure of the system, and some of the most redistributive measures were quickly reversed.[60] The data presented seem to reinforce the argument stating that institutional legacies and the history of each case have been stronger than any political initiative or support coalition.[61]

A second relevant conclusion is that in countries with corporatist traditions, health reforms could not achieve the expected results without considering changes in other sectors, particularly in the labour market. For example, changes that affect the levels of formal work will impact the distribution of health care coverage and also the allocation of resources.

The results show that all countries have advanced both in coverage and in health spending.[62] However, they also depict that, throughout the analyzed period, there are still differences between countries that, in fact, can behave relatively homogeneously within one period of analysis. In turn, the cluster analysis shows that countries have not varied in grouping between periods except in the case of Argentina. Therefore, this ratifies the idea that the different reforms carried out, regardless of their type, did not substantially modify the historically built structure outcomes in terms of coverage.[63] Some countries improved their levels of coverage and generosity in the services offered by public and/or private providers,

[59] Peter Hall "Policy paradigms, social learning and the state: The case of economic policy-making in Britain" Working paper (1990).

[60] Fuentes "La creación del Sistema Nacional Integrado de Salud en Uruguay (2005–2012): impulso reformista con freno desde los puntos y actores de veto".

[61] Barba "La reforma de los sistemas de salud en América Latina: los casos de las reformas de tercera generación en México y Chile"

Levcovitz and Costa Souto "Sistemas de saúdena América Latina no século XXI",

[62] This work does not concentrate on generosity or segmentation. For analysis of these issues see MartínezFranzoni and Sánchez Ancochea (2018).

[63] Levcovitz and Costa Souto "Sistemas de saúdena América Latina no século XXI"

even without carrying out important reforms, such as in the Argentine case, while others have not made progress in comparative terms.

This leads to two points of discussion on which these pages will focus, presenting certain arguments that could be deepened and verified in future works. First, it is necessary to analyze why all countries have made progress in both coverage and health spending. In this sense, there are two reasons that could help explain the expansion. On the one hand, until 2014, the region experienced a period of significant economic growth, growing by two percentage points between 2000 and 2010, and with years such as 2011, in which growth reached 3.3%.[64] This has resulted in greater expense in relative terms and, therefore, has been able to permeate into the health sector.

On the other hand, there is a component associated with the dissemination of ideas regarding the importance of universalization that have, slowly, become ingrained within governments and have led to the adoption of policies aimed at fulfilling this objective. In this sense, international actors, such as WHO, PAHO, or the ILO, have played fundamental roles in this policy diffusion process.[65] Although we recognize that these are not the only variables that could explain the results shown here, they are interesting points of departure for further analysis.

Second, it is relevant to analyze the case of Argentina since, unlike the rest of the countries, it was the only country that moved from one cluster group to another. This phenomenon could be explained if we concentrate on the historical social protection matrix of each country. The literature that has addressed welfare regimes is broad, and every author has proposed different classifications according to different conceptual tools.[66]

It is not the focus of this discussion, but it is important to point out that the majority of the countries that are in the group with the

[64] "Panorama social de América Latina". Santiago, 2015.

[65] Barba "La reforma de los sistemas de salud en América Latina: los casos de las reformas de tercera generación en México y Chile".

[66] Filgueira "Nuevo modelo de prestaciones sociales en América Latina: eficiencia, residualismo y ciudadanía estratificada"

Martínez Franzoni "Regímenes de Bienestar en América Latina. ¿Cuáles son y cómo son?"

Segura Ubiergo *The political economy of the welfare state in Latin America: Globalization, democracy, and development*.

highest spending and coverage are also the countries that present the welfare systems with the highest levels of development (Uruguay, Chile, Argentina, Costa Rica), not only in the twenty-first century but also in the twentieth century. Therefore, the legacy and historically constructed welfare structure must be considered to understand the development of countries in terms of their health systems and the few comparative variations in the period analyzed.

To some extent, broadly speaking, we could say that Latin American health systems have moved from a hyper fragmented and segmented structure to a dual logic in which State-market cleavage still plays a very important role in identifying differences and inequities in the systems. In this sense, it is interesting to raise the question of the extent to which it is possible to propose to advance effectively in the postulates of Universal Health Coverage when the main providers are private and a good part of health spending still resides in people's pockets.

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CHAPTER 8

Social Assistance: Conditional Cash Transfers—A Gateway into Social Protection Systems

Simone Cecchini

8.1 Introduction

Over the last two decades, conditional cash transfer (CCT) programmes oriented to families with children—together with social pensions for the elderly and persons with disabilities—have been the cornerstone of social assistance in most Latin American and Caribbean countries. These poverty reduction programmes have represented a gateway into social protection for a sizable proportion of the population which had historically been excluded from social security systems designed for and accessed by mostly urban formal workers.

Social assistance plays a very important role in Latin America and the Caribbean, as it affords individuals and families who are not affiliated

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or are not contributing to social security to receive monetary transfers and access a variety of social services. About half of Latin American and Caribbean workers are occupied in the informal sector, and labour markets in the countries of the region—especially in rural areas—have not yet succeeded providing universal social protection coverage. Furthermore, poverty and inequality continue to be structural problems not only in income terms, but also with regard to different dimensions, such as education, health, nutrition, housing, and access to basic infrastructure.

A brief historical review of the evolution of social assistance in the region helps understand the shift represented by CCTs. When Latin American countries gained independence during the 1800s, no social assistance measures were in place, and charity was the main tool used to address poverty. Later, during the import substitution period which took place between the Great Depression and the early 1980 s, Latin American countries began their quest to build a welfare State, by providing social security to mostly urban formal salaried male workers, as well as establishing generalized food and energy subsidies. However, as a consequence of the 1982 debt crisis, pensions and health insurance were frequently privatized and social assistance turned to emergency measures for the poorest sectors of society, mostly carried out through social investment funds aimed at temporary job creation and infrastructure building (Cecchini and Martinez 2012; ECLAC 2015).

In the mid-1990s, CCTs emerged as a truly Latin American innovation in social assistance policy. These programmes go beyond emergency measures for those living in poverty, attempting to simultaneously guarantee families at least basic levels of consumption via monetary transfers and to foster human capacities of their members through better access to education, health and nutrition, among other services. The earliest programmes were introduced in Brazil in 1995, in the cities of Campinas and Riberão Preto and in the Federal District, but it was Mexico that in 1997 launched the first CCT programme with a national reach, the Education, Health and Food Programme (*Progresa*), initially focused mostly on rural areas.

The expansion of CCTs, both in terms of population coverage and investment, occurred during the 2000s, stabilizing after 2010 and experiencing a slight reduction of coverage from 2014 onwards (Cecchini and Atuesta 2017). In 2017, these programmes covered 20.7% of the total population in Latin America and the Caribbean, corresponding to 133.5

million people living in 30.2 million households. Spending on CCTs—mainly sustained by general taxation—is around 0.37% of regional GDP, or US$ 148 per capita annually (Abramo et al. 2019).

After two decades of experience with CCTs and on the basis of several impact evaluation studies, it can be said that these programmes have generally had a positive impact on the living conditions of disadvantaged social groups, such as those living in rural areas, indigenous people and Afro descendant populations. However, CCT programmes have not been exempt from criticism. From a human rights and gender perspective, targeting and conditionalities used by these programmes are considered problematic. CCTs are said to reproduce traditional gender roles and burden women with additional hours of unpaid work (Cookson 2018; ECLAC 2012; Martínez and Voorend 2008); impose conditionalities that differentiate between the deserving and the undeserving poor (Sepúlveda 2014; Rossel et al. 2014), as well as targeting mechanisms that are alleged to undermine the principle of universality and exclude certain groups in the poor population, such as families without young children (Standing 2007) and foreign immigrant families (Repetto and Díaz Langou 2010). It has also been argued that CCT programmes fail to address the structural factors of poverty and are used by the elite as an electioneering and welfare tool (Hall 2006, 2008). Furthermore, questions have been raised on the possible disincentives to labour inclusion and incentives for remaining in the informal sector of the economy (Levy 2010).

Latin American and Caribbean countries are currently taking a fresh look at their social assistance policies and programmes. Indicative of new trends are the attempts to better connecting poor working-age youths and adults to labour markets via labour and productive inclusion programmes, the emergence of unconditional cash transfers, and a renewed interest in the discussion on basic income.

In the following section, the main features of CCT programmes are presented, together with a typology that aims at differentiating the main policy goals and tools adopted in the countries of the region. Section 3 analyses the evolution of CCTs over the years, under different political contexts, and tackles key debates around these programmes. Section 4 concludes.

8.2 Main Features of Conditional Cash Transfer Programmes

CCT programmes provide regularly scheduled cash transfers and services to households living in situations of poverty and extreme poverty on the condition that they fulfil specific commitments —such as ensuring that children attend school or undergo medical checks—that are intended to improve the human capacities of household members, especially the youngest. In so doing, the programmes seek to reduce poverty in the short term by making direct cash transfers that help sustain basic consumption levels, and in the long term by improving the health and education of poor girls and boys, which would enable them to improve their future labour insertion.

While these are common features of CCTs, alternative designs and programme components have emerged over time, which include not only monetary transfers but also in-kind transfers, psychosocial support or training. CCT programmes also differ in terms of transfer amounts, delivery mechanisms, institutional settings, geographic levels of operation, demographic coverage and macroeconomic commitments in their financing (Cecchini and Madariaga 2011). Conditionalities—which can be soft or strict—and the associated penalties for non-compliance—which can be of lesser or greater severity—also vary a great deal from one programme to the next (Rossel et al. 2014).

A common element to all CCTs is eligibility based on necessity, reason for which all programmes use some form of targeting. Targeting generally occurs first at the geographical level and then using proxy means tests, which calculate a score using statistical models based on demographics, human capital, type of housing, durable goods and productive assets to gauge poverty at the household level[1]; some countries include a third level of community targeting (Cecchini and Madariaga 2011; Fiszbein and Schady 2009).[2]

Targeting at the household level obviously carries the danger of stigmatizing poor participants. Furthermore, errors of inclusion (programme

[1] Brazil is an exception, as households self-report their incomes, which are later cross-checked with social security and tax data.

[2] CCT programmes such as Juntos in Peru, Oportunidades in Mexico and Bolsa Família in Brazil include assemblies or "social councils" to review the targeting made through technical means.

participants who are technically ineligible) and exclusion (eligible households and persons that do not participate in a programme) are inherent to targeting. As noted by Kidd et al. (2017), proxy means tests are calculated on the basis of data collected through rather infrequent surveys (often conducted every five years or more) and thus are not very good at reflecting the dynamics of poverty. Furthermore, it has been found that most proxy means tests used in developing countries are not precise and only explain around half of the variation in consumption between households (Kidd et al. 2017).

Some programmes, however, adopt a more universalistic approach, such is the case of Bono Juancito Pinto in the Plurinational State of Bolivia, a CCT for all children attending public schools, and the Universal Child Allowance for Social Protection (AUH) in Argentina, which extends family allowances to the families of workers in the informal sector.

Funding for CCT programmes comes mostly from general taxation, under the principle of solidarity. Other sources are revenues generated by public companies and—in the case of poorer countries—loans or grants by the international cooperation. In the case of AUH in Argentina, resources are received from the social security system (Lo Vuolo 2013a).

In terms of provision, these are centrally designed and administered programmes, which require collaboration by subnational entities, especially municipalities, to reach the population. However, as it can be seen in the Mexican experience, CCTs do not provide much space for citizen engagement and participation in the design and operation of the programmes, which is mostly left in the hands of technocrats (Hevia 2009).

Social development ministries or their equivalents are the main entities responsible for executing CCTs; other institutions that are heavily involved are ministries of health, education and labour, presidential or vice-presidential offices, social investment funds and subnational institutions (Abramo et al. 2019). Some institutions in charge of the programmes have a strong discourse about the importance of citizen participation, but in practice this is difficult to achieve. In El Salvador, for instance, Veras Soares and Britto (2007) found that although the *Red Solidaria* intended to set up municipal committees, participation was low because of lack of compensation for the loss of a day's work.[3] In Brazil, even if there is a variety of mechanisms for citizen participation in social policy—such as municipal, State-level and federal councils and conferences—recipients of *Bolsa Família* found it difficult to effectively achieve strong participation, empowerment and social control (Hevia 2009; Avila 2010).

Although experiences with CCT programmes vary according to the specific political, economic and institutional context of each country, it is possible to cluster them depending on their main focus, whether it is sustaining a basic level of family consumption, strengthening human capacities or connecting families to the existing network of social services and programmes. Accordingly, Cecchini and Martínez (2012) propose a typology of programmes, based on different conceptions of benefits and inspired by three landmark programmes in the region: (i) income-transfer programmes with soft conditionalities, inspired by Brazil's *Bolsa Família*; (ii) programmes that foster demand (for health and education services) with strong conditionalities, inspired by *Progresa* in Mexico (then followed by *Oportunidades* and *Prospera*); and (iii) systems or networks of coordinated programmes with conditionalities, along the lines of Chile Solidario (followed by the Ethical Family Income- Chile Securities and Opportunities). This typology allows to understand how CCTs operate in relation with their main goal and provides a framework to analyse the diversity of programmes that have emerged over the years (see Table 8.1).

In the first type of programmes (income-transfer programmes with soft conditionality), the monetary transfer is considered as a right (to an adequate standard of living) and the attached conditions as part of the reinforcement of the right to education and health. These programmes assume that one of the main problems facing poor families is lack of income and the inability to enter income-generating pathways, especially formal employment. The transfer amount is thus usually intended to cover the lack of a basic income, and it is more generous than in the other types of programmes. Cecchini, Villatoro and Mancero (2021) calculate that in 2017, in Brazil on average Bolsa Família transfers were equivalent

[3] However, in some cases, programme participants organize themselves in groups, promoting informal community organizations. Examples are school-based parent's organizations in Honduras (Adato and Hoddinott 2007) and women groups in Nicaragua (Largaespada 2006).

Table 8.1 Typology of conditional cash transfers

Typology of conditional cash transfers			
Type	1. Income-transfer programmes with soft conditionality	2. Demand incentive programmes with strong conditionality	3. Programme coordination systems or networks with conditionalities
Main goal	Sustaining basic level of consumption	Strengthening human capacities	Connecting families to social services and programmes
Original model	Bolsa Família (Brazil)	Progresa /Oportunidades /Prospera (Mexico)	Chile Solidario /Ethical Family Income—Chile Securities and Opportunities (Chile)
Transfers as percentage of households' incomes (year)	7.6 (2017)	3.7 (2016)	0.3 (2017)
Transfers as percentage of households' poverty income deficit (year)	25.8 (2017)	18.4 (2016)	11.4 (2017)
Other examples of programmes	Universal Child Allowance for Social Protection, AUH (Argentina) and Family Allowances—Equity Plan (Uruguay)	More Families in Action (Colombia), Juntos (Peru)	Bridge to Development (Costa Rica), United Network (Colombia)

Source Own elaboration, on the basis of Cecchini and Martinez (2012) and Cecchini et al. (2021)

to 7.6% of the total income of participating households and to 25.8% of their poverty income deficit, i.e. of the value needed to cover the poverty gap.

Verification of conditionalities in type-1 CCTs tends to be weak, or else penalties for non-compliance are moderate (Cecchini and Martínez 2012). In the case of Bolsa Família, less emphasis is placed on sanctioning non-compliance of conditionalities and more emphasis is given to the income transfers in comparison with the type-2 CCTs. The goal of monitoring conditionalities in Brazil is not to punish families, but rather for social workers to understand the reasons of non-compliance and to help them accomplish conditionalities. Non-compliance is thus interpreted as a signal that a family may be at risk or in need of additional social assistance services (Lindert et al. 2007; Hellmann 2015). Consequently, in Bolsa Família, monetary transfers can be cut out only if families remain suspended for more than 12 months and if, during that period, they receive the due assistance and monitoring by social services (Hellmann 2015).[4]

Rossel et al. (2020) evaluate the stringency of sanctions to be applied in case of non-compliance with conditionalities, on the basis of an analysis of 24 CCTs in 12 Latin American countries for the 1997–2016 period. They find that *Bolsa Família* is a programme with a low stringency of sanctions—with a score between 1 and 4 depending on the year of operation, on a scale from 0 (no stringency) to 10 (maximum stringency)–, labelling it as a "tolerant" programme.

CCTs in Argentina (Universal Child Allowance for Social Protection, AUH) and Uruguay (Family Allowances–Equity Plan), which have a score of zero in the scale of stringency developed by Rossel et al. (2020), can be considered a specific sub category of type 1 CCTs. They both represent an extension of family allowances from the formal to the informal sector, and are managed by social security institutions rather than by Social Development Ministries. Furthermore, AUH is unique for two additional features: on the one hand, it is financed with social security resources—rather than by general taxation—and on the other, it has no limits, or quotas, with regard to the total number of programme participants (Lo Vuolo 2013a).

The second type of programmes, inspired in Mexico's Progresa/Oportunidades/Prospera, is constituted by demand incentive programmes with strong conditionality. The main goal of these programmes is to promote the human development of the poorest sectors of the population, which in practice means increasing their use of public education and health services by removing barriers to entry. These programmes interpret that the problems facing poor families centre on their deficiencies in relation to human capacities and access to basic services, stemming from either demand problems (households

[4] According to Soares (2012), between 2006 and 2008, only 4,5% of families in non-compliance lost access to monetary transfers.

lack vision concerning returns on investment in human capital) or supply problems (lack of access to social services). Thus, monetary transfers are a tool for encouraging a change in behaviour by poor families, making them more willing to invest in human capital and financing the cost of access to education or health services. The values of the transfers are calculated based on the opportunity costs incurred by families in using the services being encouraged and vary depending on the characteristics of programme participants, because the main emphasis is not to provide a basic income to families but rather to provide incentives to strengthen human capacities, considering the opportunity cost of not exercising child labour. Consequently, education support transfers are higher for children in higher school grades—such as in secondary school—and vary depending on the sex of the pupil (Cecchini and Martínez 2012; Cecchini and Madariaga 2011). Transfers amounts tend to be smaller than in type-1 CCTs: Cecchini et al. (2021) calculate that in Mexico in 2016, average Prospera transfers were equivalent to 3.7% of the total income of participating households and to 18.4% of their poverty income deficit.

Moreover, monitoring of conditionalities and sanctions are strong and programme operations rules are very clear about the causes of suspensions of the monetary transfers (Cecchini and Martínez 2012). Mexico pioneered the construction of a complex mechanism of verification of conditionalities, supported by a system which allows to swiftly update information on their fulfilment to carry out payments and sanctions. Indeed, Rossel et al. (2020) classify Mexico's programmes in operation between 1997 and 2015 with high scores (between 7 and 9, depending on the year) on the stringency of sanctions scale, and label them as "sanctioning" programmes.

However, it must be noted that following the election of President Lopez Obrador, Mexico has launched in 2019 a new programme in substitution of *Prospera*, the Benito Juarez scholarship, in practice moving from a "type-2" to a "type-1" programme. The new scholarship only requires enrolment and attendance, rather than hard conditions and sanctions.

Colombia's More Families in Action (*Más Familias en Acción*) programme is a clear example of type-2 CCT: monetary transfers are calculated so as to provide a proper incentive for each education level (the largest transfer at the highest level), and it has strong mechanisms for verifying and sanctioning conditionalities (Cecchini and Martínez 2012).[5] The stated mission of Peru's Juntos—together with an above the average stringency of sanctions in the scale developed by Rossel et al. (2020) who assign a score of 5 to the programme in 2011 and 2015—also makes it a type-2 CCT.[6]

Finally, the third type of programmes, modelled on Chile Solidario—which has now been replaced by the Ethical Family Income programme—is referred to as "programme coordination system or network with conditionalities". Rather than a CCT per se, it is more a coordination structure designed to ensure access to the transfers and services offered by various specific programmes and so create a minimum level of social inclusion. The rationale behind such type of programmes is that poverty and exclusion stem not only from lack of income or access to specific social services, but also from a host of psychosocial, cultural, economic, geographical and other factors. It is also recognized that situations of social exclusion are hard to administer for a public policy accustomed to operating on a "waiting list" basis, where families with the most information about public transfers or services end up being first in line to receive them. Thus, another important element behind this kind of programmes is that public provision should approach families and not vice versa, as part of a coordinated and proactive system (Cecchini and Martínez 2012). In practice, this is embodied by social workers who act on psychosocial aspects aiming at promoting and facilitating a match between supply and demand for social services and enhancing family dynamics. The conditions to be met by each family are established in conjunction with social workers, selecting from a variety of options (Cecchini and Martínez 2012).[7]

The values of monetary transfers directly provided by this kind of programmes are low and intended to reduce the transaction costs of

[5] Rossel et al. (2020) do not evaluate the stringency of sanctions of the Colombian programmes.

[6] To contribute to human development and the development of capacities, especially of future generations, orienting its actions to breaking the intergenerational transfer of poverty, through economic incentives that promote and support access to quality services in health, nutrition and education (own translation). See https://www.juntos.gob.pe/nosotros/nuestro-proposito/.

[7] Rossel et al. (2020) do not evaluate the stringency of sanctions of the Chilean programmes.

entering other social programmes to which the system provides access. In Chile Solidario, the only transfers provided directly by the programme were the protection bonus and the graduation bonus. The first was conferred during the first two years in the programme on a gradually decreasing basis, amounting to between US$27 (during the first six months) and US$13 monthly per household under the condition that families commit to at least one of the seven dimensions considered relevant for the improvement of their living conditions. The latter was a transfer of US$13 per month per household, which was awarded for three years after exiting from the programme. Cecchini et al. (2021) calculate that in 2017, in Chile on average Ethical Family Income transfers were equivalent to only 0.3% of the total income of participating households and to 11.4% of their poverty income deficit.

The Bridge to Development (Puente al Desarrollo) programme in Costa Rica and the United Network (Red Unidos) in Colombia are modelled on Chile Solidario.

Several impact evaluations make it possible to analyse the results obtained by CCT programmes, showing that by and large they have improved the well-being of the poor population, increasing income levels, food consumption and access to health and education, and thus indicating that these programmes have acted as a gateway into social protection.

Although outcomes are not even across countries—as among other factors they depend on the effectiveness of the State apparatus—CCT programmes have been found generally to have a positive effect on access to education among boys and girls, on their health-care coverage, on growth and preventive health check-ups, and in some cases on child nutrition. Further evidence indicates that CCT programmes are associated with reductions in child labour. These gains in well-being have helped to consolidate CCT programmes in the region (Cecchini and Madariaga 2011; ECLAC 2015; Cecchini and Atuesta 2017). A type-2 CCT programme like Colombia's More Families in Action has been found to contribute to an increase between 4 and 8 percentage points in secondary school completion rates (Báez and Camacho 2011) and to increasing standardized mathematics test scores by 1.07 standard deviations (García and others 2012). Similarly, in Mexico, the Prospera programme has helped to reduce and almost eliminate gender gaps in secondary school enrolment, especially in rural areas (Parker 2003), and has increased enrolment and promotion rates among indigenous students (Escobar and González de la Rocha 2002, 2009). However, positive health impacts have also been found in type-1 CCTs: Rasella and others (2013), for instance, indicate that Bolsa Família contributed to a 17% drop in mortality among infants aged under 5 between 2004 and 2009, by acting on poverty-related causes of death such as malnutrition and dysentery.

As CCT programmes tend to be targeted on the poorest, but do not necessarily involve large monetary transfers, their impact is mainly in terms of raising household incomes closer to the poverty or extreme poverty thresholds, without necessarily surpassing them. Cecchini et al. (2021) find that on average, in Latin America, in 2017 extreme poverty was 13% lower and poverty 5% lower because of conditional cash transfers. In countries with type-1 CCTs, like Uruguay, Brazil and Argentina, the impact of CCTs was quite significant: 50% reduction of extreme poverty and 31% reduction of poverty in Uruguay, 24% reduction of extreme poverty and 7% reduction of poverty in Brazil; and 15% reduction of extreme poverty and 9% reduction of poverty in Argentina. Mexico and Colombia, characterized at the time of the analysis by type-2 CCTs, show somewhat less impact on the reduction of monetary poverty: in Mexico Prospera contributed to a 13% reduction of extreme poverty and 2% reduction of poverty, and in Colombia CCTs lowered extreme poverty by 8% and poverty by 2%. Consistent with the less emphasis given to direct monetary transfers in type-3 CCTs, in Chile the impact was only a 7% reduction of extreme poverty and 2% of poverty.[8] In lower-income countries where the coverage and amount of the transfers are smaller, no major repercussions on poverty are detected. In the case of Honduras, the Better Life Bonus (Bono Vida Mejor) only succeeded in reducing extreme poverty by 0.1 percentage points, or 0.5% (see Table 8.2).

Finally, the reduction of income inequality was not one of the stated objectives of CCTs, but in countries where transfers are high and coverage is good, an impact on the Gini coefficient has also been witnessed. The results for the three programmes used as a reference for the typology of CCTs-Bolsa Família, Oportunidades and Chile Solidario- are very different and depend on the proportion of total income represented by the transfers. The effect is consequently small in the case of Chile

[8] However, it must be noted that Chile Solidario promotes access to other existing monetary transfers, such as the Single Family Subsidy (SUF) or the Basic Solidarity Pension. The latter, in 2017, contributed to a 33% reduction of extreme poverty and to a 16% reduction in poverty at the national level (Cecchini et al. 2021).

Table 8.2 Incidence of extreme poverty and poverty in the total population, with and without conditional cash transfers (percentages)

Incidence of extreme poverty and poverty in the total population, with and without conditional cash transfers (percentages)

Country	*Programme*	*Year*	*Extreme Poverty*				*Poverty*			
			With transfers	*Without transfers*	*Absolute difference*	*Relative difference*	*With transfers*	*Without transfers*	*Absolute difference*	*Relative difference*
Argentina	AUH	2017	2.8	3.3	−0.5	−15.2	18.7	20.6	−1.9	−9.2
Bolivia	Bono Juancito Pinto /Bono Juana de Azurduy	2015	15	15.3	−0.3	−2	35.4	35.5	−0.1	−0.3
Brazil	Bolsa Família	2017	5.5	7.2	−1.7	−23.6	19.9	21.3	−1.4	−6.6
Chile	Ingreso Ético Familiar /Chile Solidario	2017	1.4	1.5	−0.1	−6.7	10.7	10.9	−0.2	−1.8
Colombia	Más Familias en Acción /Jóvenes en Acción	2017	10.9	11.8	−0.9	−7.6	29.8	30.5	−0.7	−2.3
Costa Rica	Avancemos	2017	3.3	3.7	−0.4	−10.8	15.1	15.9	−0.8	−5
Dominican Republic	Progresando con Solidaridad	2017	8.5	9.6	−1.1	−11.5	28.2	29.7	−1.5	−5.1
Ecuador	Bono de Desarrollo Humano	2017	6.2	7.2	−1	−13.9	22.8	23.8	−1	−4.2
El Salvador	Comunidades Solidarias	2017	8.3	8.5	−0.2	−2.4	37.8	37.8	0	0

(continued)

Table 8.2 (continued)

Incidence of extreme poverty and poverty in the total population, with and without conditional cash transfers (percentages)

Country	*Programme*	*Year*	*Extreme Poverty*				*Poverty*			
			With transfers	*Without transfers*	*Absolute difference*	*Relative difference*	*With transfers*	*Without transfers*	*Absolute difference*	*Relative difference*
Honduras	Bono Vida Mejor /PRAF	2016	18.5	18.6	−0.1	−0.5	53	53.1	−0.1	−0.2
Mexico	Prospera	2016	11.9	13.6	−1.7	−12.5	44.3	45.2	−0.9	−2
Panama	Red de Oportunidades /Bonos familiares	2017	7.6	8.2	−0.6	−7.3	16.7	17	−0.3	−1.8
Paraguay	Tekopora	2017	6	6.9	−0.9	−13	21.6	22.4	−0.8	−3.6
Peru	Juntos	2017	5	5.9	−0.9	−15.3	18.9	19.7	−0.8	−4.1
Uruguay	Asignaciones Familiares /Tarjeta Uruguay Social	2017	0.1	0.2	−0.1	−50	2.7	3.9	−1.2	−30.8
Simple Average		2017	7.7	8.4	−0.7	−13	25.8	26.5	−0.8	−5.1

Source Own elaboration, on the basis of Cecchini et al. (2021)

Solidario, as the Gini coefficient drops by a mere 0.1 points. In Oportunidades and Bolsa Familia, in contrast, the results were more significant, with a reduction of inequality of around 2.7 points in both cases (Soares and others 2007).

8.3 Trajectories of Change of Conditional Cash Transfer Programmes

Conditional cash transfer (CCT) programmes first appeared in the mid-1990s: in 1995, in some localities of Brazil, such as the cities of Campinas and Riberão Preto and the Federal District; and in 1997 in Mexico, nationally, with the Education, Health and Food Programme (Progresa). Since then, they spread rapidly in Latin America.[9] In the year 2000 they were being implemented in six countries (Brazil, Costa Rica, Ecuador, Honduras, Mexico and Nicaragua) and in 2012 they reached a total of 20 countries (Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, Trinidad and Tobago, and Uruguay), a number which has kept stable since then. In 2019, 20 countries were implementing a total of 28 programmes (see Fig. 8.1 and Table 8.3).[10] Various countries implement more than one programme simultaneously, for instance, because there are both national and local-level programmes—as in the case of Argentina, where the Universal Child Allowance for Social Protection is implemented nationally and the Porteña Citizenship programme in the city of Buenos Aires—or because there are programmes run by different sectoral ministries, such is the case of Bolivia with the Juancito Pinto Grant run by the ministry

[9] Lavinas (2013a) argues that the first CCT was Chile's Subisidio Unico Familiar (SUF), established in 1981 under the dictatorship of Augusto Pinochet. Although a family allowance with a conditionality (children's school attendance), SUF certainly did not have the ambition to overcome poverty in Chile nor it was an influence on the design of CCTs in other countries of the region. SUF covered less than a thousand families for a total cost of 0.09 per cent of GDP (Lavinas 2013a).

[10] The case of Haiti is particular, as given the weak institutional framework of the country, the CCT programme Ti Manman Cheri has suffered several interruptions in its operations. In the Non-contributory social protection programmes in Latin America and the Caribbean database of the ECLAC, which reports official country data, coverage, budget or expenditure data is available only for 2012–2014 and for 2018.

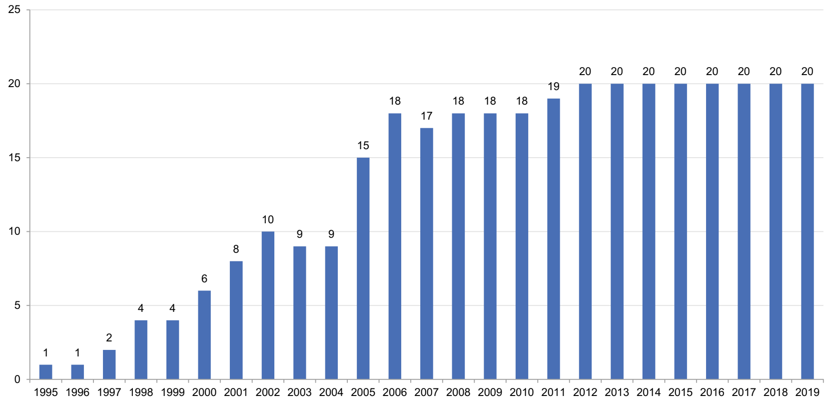

Fig. 8.1 Latin America and the Caribbean: number of countries with conditional cash transfer programmes in operation per year, 1995–2019 (*Source* Own elaboration, on the basis of Economic Commission for Latin America and the Caribbean [ECLAC], Non-contributory social protection programmes in Latin America and the Caribbean database [online] https://dds.cepal.org/bpsnc/home.)

of education and the Juana Azurduy Grant for maternal and child health run by the ministry of health.

CCT programmes were adopted by governments on the right and on left, although not in some of the countries belonging to the left-wing Bolivarian Alliance for the Peoples of Our America (ALBA) such as Cuba, Venezuela or Nicaragua, which abandoned its CCT programme when President Daniel Ortega came to power in 2007. Furthermore, it is important to note that there is a clear preference in terms of ideology and political orientation for type-1 or type-2 CCT programmes.

The left—starting with Brazil under the Presidency of left-wing Luiz Inácio Lula da Silva (2003–2010)—focused more on the goal of ensuring a basic level of income and consumption (type-1 CCTs) rather than building the human capital of poor families (Borges 2018). It also moved beyond targeting the extremely poor to targeting all the poor population and focusing on the "active search" of the excluded, thus giving more importance to exclusion rather than inclusion errors. Indeed, Pribble (2013) argues that in Latin America it was the left (in countries such as Argentina, Bolivia, Brazil, Chile and Uruguay) who was mostly

Table 8.3 Latin America and the Caribbean: conditional cash transfer programmes by country, 2019

Country	*Name*	*Starting year*[a]
Argentina	Universal Child Allowance for Social Protection (AUH)	2009
	Porteña Citizenship programme	2005
Belize	Building Opportunities for Our Social Transformation (BOOST)	2011
Bolivia	Juancito Pinto Grant	2006
	Juana Azurduy Mother-and-Child Grant	2009
Brazil	*Bolsa Família*	2003
	Child Labour Eradication Programme (PETI)	1996
Chile	Security and Opportunities Subsystem (Ethical Family Income)	2012
Colombia	More Families in Action	2001
	Unidos Network	2007
Costa Rica	*Avancemos*	2006
Dominican Republic	Progressing with Solidarity	2012
Ecuador	Human Development Grant (BDH)	2003
	Zero Malnutrition	2011
El Salvador	Support for Solidarity in Communities (PACSES)	2005
Guatemala	My Secure Grant	2012
Haiti	*Ti Manman Cheri*	2012
Honduras	Better Life Grant	2010
Jamaica	Programme of Advancement through Health and Education (PATH)	2001
Mexico	Benito Juárez Scholarships for Well-being	2019
Panama	Opportunities Network	2006
	Grant for Food Purchase programme	2005
Paraguay	*Tekoporâ*	2005
	Abrazo	2005
Peru	National Programme of Direct Support for the Poorest (*Juntos*)	2005
Trinidad and Tobago	Targeted Conditional Cash Transfer Programme (TCCTP)	2005
Uruguay	Family Allowances–Equity Plan	2008
	Uruguay Social Card	2006

Source Own elaboration, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes in Latin America and the Caribbean Database [online] https://dds.cepal.org/bpsnc/home

[a]The start date refers to the programme currently in place. However, in several cases the current programmes were preceded by other conditional transfer schemes. See a list of concluded programmes in Cecchini and Atuesta (2017)

responsible for the expansion of access to family assistance programmes, which include CCT programmes and social pensions. Right-wing governments—starting with centre-right President Ernesto Zedillo in Mexico (1994–2000)—instead focus on human capital development (and thus on conditionality and more stringent sanctions, as in type-2 CCTs) (Borges 2018; Rossel et al. 2020) and prefer more narrow targeting, mostly focusing on reducing inclusion errors. Consequently, it is possible to argue that targeting and conditionalities, which are key defining features of CCT programmes, are implemented quite differently depending on the ideology of the government in charge.[11] However, as argued by Rossell et al. (2020), taking into account the fact that public opinion is often against giving cash to the poor without conditions,[12] any government might intentionally include conditionalities and frame a CCT programme within a social investment discourse as a way to merely justify cash transfers to the poor.

Interestingly, CCT programmes have not been shut down in the wake of Government change, but rather have been adapted to the ideology of the new Government (Medeiros and Amorim 2018). For instance, in Brazil, the first national-level programme, Bolsa Escola, was launched by centrist President Fernando Henrique Cardoso (1995–2002) and expanded and re-focused on the provision of a basic income guarantee by left-wing Presidents Lula and Dilma Rousseff (2011–2016). Under right-wing President Jair Bolsonaro, who came to power in 2019, more stringent controls have been imposed on participating families, with the consequence that many had to leave the programme (Medeiros and Amorim 2018) and programme coverage has decreased by 1 million families. In Mexico, the original CCT, Progresa, was reformed under

[11] It is more difficult to find a clear ideological preference for type-3 CCT programmes: the original model (Chile Solidario) was launched by a centre-left government (under Chilean President Ricardo Lagos [2000–2006]) and reformed into the Security and Opportunities Subsystem (Ethical Family Income) by a centre-right government (under the first Presidency of Sebastián Piñera [2010–2014]) in order to give more emphasis to labour inclusion. Type-3 CCT programmes were also adopted by the centre-right Colombian government of Alvaro Uribe (2002–2010) (Red Unidos) and by the centre government of Guillermo Solís (2014–2018) in Costa Rica (Puente al Desarrollo).

[12] In Argentina, for instance, the Social Plans Perception Survey (EPPS) found that 87% of respondents considered it necessary to demand counterpart contributions from the participants of social programmes, such as work or taking their children to health check-ups (Cruces and Rovner 2008).

successive centre-right and centre governments, but the most radical shift came with the election of left-wing President Andrés Manuel López Obrador in 2018, who expanded cash transfers to youth and the elderly, weakening or eliminating conditionalities. It must also be noted that a type-3 CCT programme, the Security and Opportunities subsystem in Chile, has included unconditional transfers (the basic family allowance and the basic individual cash transfer).

The diffusion of CCT programmes happened because of a variety of factors which include not only election of a wave of progressive governments supportive of poverty reduction initiatives, economic growth and promotion by international development banks (Lavinas 2013a), but also direct cooperation between countries and the availability of empirical evidence showing positive results which were verified by a large number of impact evaluations.

According to Borges (2018), the Inter-American Development Bank (IDB) and the World Bank sponsored 44 CCT-related loans and projects in Latin America and the Caribbean between 2000 and 2011. However, a study on the process of diffusion of social policies in the region finds that CCT programmes were the result of endogenous motivation, and that the relevance of the loans by multilateral lenders was low (Osorio Gonnet 2018). Indeed, the three main landmark programmes in the region were the result of homegrown processes in Brazil, Chile and Mexico.

Notably, CCTs have been disseminated beyond the region, reaching Africa and Asia. For instance, CCTs adopted in Southeast Asian countries include the Programme Keluarga Harapan (PKH) in Indonesia and the Pantawid Pamilyang Pilipino Programme (4P) in the Philippines, as well as a programme in Cambodia (Cecchini 2014). A pilot programme was also carried out in the United States (New York City Opportunities), on the basis of the Mexican experience.

The development and diffusion of CCT programmes in Latin America and the Caribbean happened at a time of important shifts in regional social policy. In the 2000 s, Latin American State acquired a more active role, as shown by the increase of central government social spending both as a percentage of total government spending (increasing from 46.5% in 2000 to 52.5% in 2018) and of gross domestic product (increasing from 8.5% of GDP in 2000 to 11.3% of GDP in 2108) (ECLAC 2019). Spending on CCT programmes, however, represented only 0.37% of GDP in 2017, equivalent to US$ 148 per capita (Abramo et al. 2019). Furthermore, the rights-based approach began to dominate social policy discourse, and several solidarity-based social protection policies and reforms were adopted in the countries of the region (Cecchini and Vargas 2014). This was not limited to monetary transfers to families with children, but also included pensions to the elderly and people with disabilities, access to health services and insurance, and worker protection (Cecchini et al. 2014).

Social assistance policies and programmes started to go beyond small-scale responses to emergencies, which was typical of the actions implemented by social investment funds during the 1980s and 1990s, towards more stable and integral poverty-reduction policies, oriented to expand assets and capabilities. Nonetheless, it must be recognized that some CCT programmes originated as a response to emergencies caused by economic crises. For instance, the 1999 banking crisis in Ecuador led to the launch of the Solidarity Grant, predecessor of the Human Development Grant and the 2002 economic crisis in Argentina and Uruguay, respectively led to the creation of the Unemployed Heads of Household programme and the National Social Emergency Response Plan, antecedents of current CCTs in those countries.

The fact that CCT programmes became a stable feature of Latin American social policy and that they expanded over time was also made possible by economic growth, which since the early 2000s was mostly sustained by the boom of natural commodities. Regional investment in CCT programmes rose significantly from 2001 to 2003, from 0.09% of GDP to 0.26% of GDP. From 2004 to 2014, regional investment in CCT programmes continued to grow but with fluctuations from year to year, reaching 0.37% of GDP in 2014. In 2015, CCT programme investment contracted to 0.32% of GDP against a backdrop of slower regional growth, going back to the 2014 value in 2017 (Cecchini and Atuesta 2017; Abramo et al. 2019).

While most CCT programmes have become a stable feature of social assistance policies in the countries of the region, their legal frameworks are often based on executive orders or governmental resolutions, rather than on laws that ensure consensus among all political sectors (Cecchini and Madariaga 2011). However, some countries, like Argentina, Brazil, Chile and Uruguay have succeeded sustaining their CCT programmes with laws that contribute to turning programmes into a State policy.

Over the years, CCT programmes have expanded the range of social services and benefits offered. In particular, many countries in the region have begun to take measures to improve the labour market integration of programme participants, in the framework of "second generation" of CCTs, which have broadened the emphasis from the impacts on families' consumption capacity and the human capacities of participating children to include the impacts on the labour market status of young people and adults of working age. Thus, CCTs now increasingly include, on the one hand, complementary measures to achieve labour and productive inclusion of young people and working-age adults and, on the other, family support schemes. Together, these measures form part of the new "exit strategies" of CCT programmes (Abramo et al. 2019).

When CCTs first emerged, the hypothesis was that the combination of transfers and conditionalities would prevent poverty form being passed on to the next generation. In their original design, these programmes did not include labour and production inclusion components to directly facilitate access by working-age adults to the labour market. However, over time the labour dimension has assumed increasing importance in relation to CCTs, as a way to provide better access to economic opportunities and quality employment (ECLAC/ILO 2014).

Labour and productive inclusion measures fall into two main categories: those in support of labour supply and those in support of labour demand. Among the programmes to improve the labour supply are those intended to promote vocational and technical training, as well as remedial education for the completion of primary and secondary schooling. Programmes to boost the demand for labour include support for independent work through microcredit, self-employment and entrepreneurship; direct job creation (public employment programmes); and indirect job creation (subsidies to companies recruiting persons belonging to disadvantaged groups). Labour intermediation services help establish links with potential employers (ECLAC/ILO 2014). These programmes and services can be provided directly by the institutions in charge of CCTs or, more frequently, facilitating access by CCT participants to programmes and services run by other institutions. Although rigorous impact evaluations of these programmes are not as frequent as for CCTs, available evaluations show that although these interventions are not effective at lowering unemployment rates at the country level, they have an important effect in terms of improving the employment status (for instance in terms of the improvement of labour incomes or formalization) of persons belonging to the most disadvantaged groups in the population (Abramo et al. 2019).

Family support efforts provided by social workers, in turn, take into account the fact that social vulnerabilities do not arise solely as a result of lack of income, but also from multiple forms of social exclusion that affect poor individuals, families and communities, such as difficulties in accessing social services or information (Abramo et al. 2019). In Chile, for instance, the family support component provided through the Puente programme to families participating in Chile Solidario enjoyed a high level of approval by programme participants, who saw it as a new type of approach by the State, which hitherto had been seen as distant, not interested in them, and out of touch with their reality (Larrañaga and Contreras 2010; Nun and Trucco 2008).

Labour and productive inclusion and family support are the key components of "exit strategies", which promote autonomous income generation by participating families and thus foster their exit from CCTs once they have succeeded in generating enough income by themselves. The two components of "exit strategies" have seen an important growth since the year 2000 (see Fig. 8.2).

It must be noted, however, that CCTs do not have the capacity to impact on structural dimensions or on the dynamics of labour markets—nor it should be their purpose—. The poor levels of labour and productive inclusion stem from economic dynamics in the countries and a development pattern that produces concentration, exclusion and precariousness, generates insufficient employment and often disregards decent work standards. Attention must therefore be drawn to the need to link up social policy more meaningfully with economic and production policy, both at the national and subnational levels, and to rethink the development pattern to achieve genuine social and labour inclusion. Ending poverty in the countries of the region will require both inclusive economic growth, with generation of decent work, and redistributive public policies, including the achievement of universal access to health and education services, housing and basic infrastructure, and the strengthening of integrated social protection systems. CCTs are an important piece in public policies for eradicating poverty, but they cannot be expected to achieve that major goal by themselves (Abramo et al. 2019).

Some CCT programmes include a non-conditional component, as in the case of the basic family allowance and the basic individual cash transfer, both components of the Security and Opportunities subsystem in Chile.

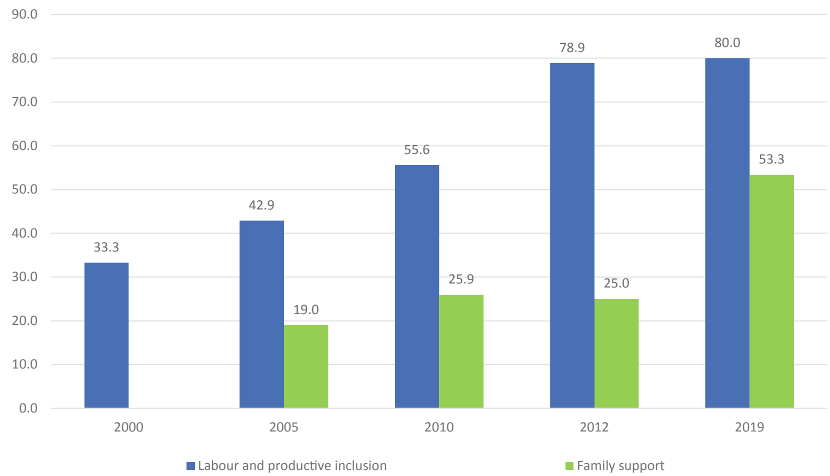

Fig. 8.2 Latin America and the Caribbean: CCT programmes with family support and labour and productive inclusion components, 2000–2019 (Percentages) (*Source* Own elaboration, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes in Latin America and the Caribbean Database [online] https://dds.cepal.org/bpsnc/cct)

8.4 Conclusions and Challenges

Because of targeting and conditionalities, CCT programmes have been deemed by some authors as reinforcing the trend of social protection "away from universal provision and towards a limited, residual model" (Lavinas 2013a: 7). However, in Latin America a truly universal protection system never existed, as access via the formal labour market severely hampered participation by informal and rural workers, women, and population groups such as indigenous people and Afro descendants.

Over the course of two decades, CCT programmes have acted as a gateway into social protection for millions of persons belonging to poor and disadvantaged population groups. In many instances, the monetary transfers and services provided by these programmes represented the first social protection allowance ever received by many, be they poor rural workers in the Northeast of Brazil, Afro-descendants populations in the coast of Colombia, or indigenous people living on the Peruvian Andes or in the forests of Panama.

To act as a true gateway into social protection, however, CCT programmes need to be used as a specific instrument with precise objectives and functions—such as ensuring a basic level of consumption and promoting access to a variety of social services—rather than becoming all-encompassing structures. Countries thus need to continue to make progress in the construction of comprehensive social protection systems, of which CCT programmes can be one of its components (Cecchini and Martinez 2012), but not the only one, as other contributory and non-contributory mechanisms are key.

Questions also arise on the future developments and challenges for these programmes in the region. CCT programmes and their components are continuously updated with regards to operational aspects, but here we will focus on the main strategic reform options, which are connected to changes with respect to their main tools: targeting, conditionalities, monetary transfers and services. These options are not neutral and will be strongly influenced by the social development vision that have the governments in charge of the reforms (Cecchini 2013). This vision is often strongly influenced by ideology, but it can be also shaped by the available empirical evidence and lessons learned.

Under a rights-based vision, targeting and conditionalities would become less strict and CCT programmes could be transformed into a platform for monetary transfers that ensure income security to broader sectors of society and that do not impose unnecessary burdens on women in terms of time spent to comply with conditionalities. In Latin America, where few people have stable, long-lasting employment and where the future of work brought about by the technological revolution seems to point to strengthen this situation, "there is a huge area of working poor receiving low and unstable incomes that are excluded from both [..] social insurance and targeted assistance policies for the unemployed" (Lo Vuolo 2013b: 15). A basic income—understood as a "regular, unconditional universal payment that the State pays to the country's inhabitants to enable them to meet their basic needs"—could then represent an evolution of the conditional and targeted cash transfers applied in the past 20 years, which, over time, have legitimized cash transfers and the possibility—or, in some cases, the right—of accessing income through a different route than that of asset ownership or employment".[13] This would require more resources in GDP terms than what currently spent on CCT programmes, and a gradual, progressive implementation with a long-term perspective (ECLAC 2018: 236). On the other hand, under a vision rooted in the human capital theory, conditionalities would be kept as a cornerstone of social assistance, but innovations would be brought about to face new challenges. For instance, conditionalities connected to the expansion of pre-schooling could begin to emerge. However, it is key that countries do not adopt punitive conditionalities, which could make poor and vulnerable people even worse off.

Finally, in a region where, despite progress in poverty reduction over the 2002–2014 period, poverty continues to be a structural problem that affects about one third of the population, all countries face the challenge of improving the labour and productive inclusion of the population. CCT programmes have increasingly played a role in this respect, either through direct actions or through connections with labour and productive inclusion programmes. These actions have been frequently linked to the goal of "graduation", which is achieved when families succeed generating enough autonomous incomes to cross the poverty line. To this regard, it is thus important to emphasize that possible exit from a programme should not in any way imply exiting the social protection system. From a rights-based approach, it is necessary to ensure that families who exit these programmes are still covered by other contributory or non-contributory programmes social protection and do not slip into a protection "vacuum" (Cecchini and Martínez 2012; Huda 2012).

[13] Lavinas (2013b: 44), however, affirms that Brazil's main CCT programme, Bolsa Família, because of the simple fact that it adopts targeting and conditionalities, is the antithesis of a basic income and that it cannot be seen as a starting point towards a universal and unconditional income.

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CHAPTER 9

Beyond States and Markets: Families and Family Regimes in Latin America

Merike Blofield, Fernando Filgueira, Cecilia Giambruno, and Juliana Martínez Franzoni

9.1 Introduction

Much of the literature on social policies and social development in Latin America recognizes the notion of welfare regimes as critical to our understanding of the social protection and well-being of individuals, granting thus a relevant role to markets, states, families and

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their interactions (Filgueira 2007; Martínez Franzoni 2007). Yet while states—through social, labor and regulatory policies, and their impact on employment, wages and access to goods and services—have received broad and in-depth scrutiny, families have been rather neglected. This chapter seeks to contribute to correct this blind-spot by looking at the structural trends regarding family change and at how they are fueled by—and interact with—markets and state transformations. Such trends and dynamics radically alter the capacity and role of families as units of social protection and of resource enclosure and distribution. Gender, age and family arrangements are transformed and create different family regimes with relevant implications regarding the capacity and type of protection families provide to their different members.

We believe that the academic neglect of families was also present in the policies of the left shift in Latin America. While the region saw major changes in social policy and social protection, much of these changes did not adequately incorporate the structural trends regarding family transformations, and in not doing so, missed a major opportunity to achieve deeper and more sustainable social transformations as well as more stable and robust political coalitions. Since we do not believe that the window of opportunity for a more egalitarian and inclusive road for development in the region is closed, it is paramount to understand the relevance of family transformations and the way in which a new wave of progressive policies and politics should take stock of them and tackle the challenges as well as leverage the opportunities that they bring about.

The final years from the end of the twentieth century and the first decade of the twenty-first witnessed a major transformation of the economic, social and political landscape in Latin America. Such transformations, which took place roughly between the late 1990s and the early 2010s, showed the potential of an epochal change: the end of conservative modernization as it was defined in Barrington Moore's seminal work (1993). The triumphs of electoral democracy, urbanization, educational attainment and increased exposure to new and broader consumption patterns had eroded the political basis of conservative modernization.

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While access to arenas and statuses that turn expectations into legitimate demands had expanded radically, access to the means to satisfy such demands had remained static (unequal and segmented) until the end of the century. The so called "shift to the left" in the region was the political outcome of this second crisis of incorporation (the first being the one that opened the doors to popular and populist political projects in the 40s and 50s). The "Washington Consensus" was indeed the last attempt during the twentieth century of incorporation under conservative modernization dynamics: pushing forth democracy, education and incorporation into market dynamics but leaving unchanged and at some points even deepening segmentation of opportunity, status and asset enclosure, along with dramatic patterns of inequality.

The turn of the century showed advances in public policies and in social outcomes that for the first time provided a true window of opportunity for more productive and egalitarian societies. Decreasing poverty, slightly declining income inequality, improved and expanded employment and access to transfers and services to popular sectors were indeed welcome changes. Yet these outcomes were dependent on five critical allies, some structural, some contingent and some policy-dependent. In the first place Latin America experienced an excellent external context regarding the prices of its commodities and this helped the economy and translated into employment. Secondly and as a positive legacy of the WC era, prices remained in most cases stable, thus the gains in wages and transfers were not undermined by inflation. Thirdly the state increased its fiscal capacity and commitment to social policy, almost doubling in 15 years real social per-capita expenditure. Fourth, the demographic transition placed most countries squarely within the demographic bonus when combined dependency ratios are at their lowest. Finally, education access, completion and credentials improved in most countries of the region, allowing for enhanced opportunity and increased productivity.

These five allies lost steam in the second decade of the twenty-first century. Growth slowed down, countries faced bottlenecks regarding employment growth (due to both productivity challenges and problems combining paid work with unpaid work in the household), limits with current tax regimes, the end of the easy phase of the demographic transition, and challenges in improving coevrage in early childhood education and care services, and quality in education in general. Now, of course, all countries are affected by the external shock of COVID-19 and the associated measures and fall-out. We will not speculate here on the future for now, but focus on the dynamics up until early 2020.

There are four fault lines directly related to families and family policy in Latin American social regimes that eroded the sustainability of both social and economic development during the left shift and eased the emergence of a new right wing coalition. If not confronted, such fault lines will continue to block a much needed shift in the politics and policies of the region.

First, women's incorporation into the labour market remained low and stratified, while men's incorporation as caregivers remained low across all social classes. This placed a bottleneck in terms of the gains that could be made both in terms of productivity and equality by the secular trends of women's incorporation into the labour market. The region was not able to overcome the 20 percentage-point gap in terms of women labour force participation, and that gap was mostly due to the fact that women from lower and middle income strata had reached a physical limit to balancing reproductive and productive work. The absence of a robust state led care system for early childhood and the persistence of a patriarchal distribution of care burdens undermined a route to development that could have been both more efficient and more egalitarian.

Second, the fertility patterns in Latin America have been showing some of the socially most segmented patterns. Countries moved quite fast into low fertility scenarios, but did so based on a low-low fertility of the middle classes and a still moderately high fertility of the poor. More evident still was the polarization in the timing and calendar of fertility among women from different social strata. While almost half of women aged 19 with only primary education have already been mothers, in women with tertiary studies this only happens around their 30th birthday. Thus the demographic transition in the region was fast but not convergent. Most of the biological reproduction of society is thus left to the poor and shouldered by women.

Third, family patterns have changed dramatically in Latin America and have done so in a very stratified manner. While upper-middle and high income families have moved into a dual earner model with very low and later fertility and with relatively stable marriage patterns, lower income families have become more unstable, with growing mono-maternal households, and still relatively high and especially earlier fertility fertility.

Fourth, in a region with polarized fertility along income lines and stratified family change, there is an important role for a state that equalizes opportunity early on and protects the new vulnerable families. Yet in contrast to OECD countries where 50% of the consumption of children is provided by the state and 50% by the family of origin, in Latin America the data from the NTA project shows that 25% of children's consumption is financed by the state and 75% by their family (NTA).

Finally, though not a fault line in and of itself, we can see with some simple data the magnitude of the family revolution that took place in less than 25 years in Latin America. The nuclear male breadwinner family went from being roughly half of all households with children in 1990 to being less than one-third of them in 2013 (own calculations based on CEPALSTAT). At the same time female headed households with children moved from slightly more than 15% to one-third of all households with children (own calculations based on CEPALSTAT). What we consider female headed households increase due to a declaration effect (more extended and biparental households declare that the female is the head of the family) and from structural effects (there is an increase in households with children where there are no adult males spouses or partners).[1]

Neither markets nor states adapted to this epochal change. Women's labour force participation and employment, while higher than in the past, remain far below that of men. Unemployment remains higher for women than for men. As we shall see below, while the state did adapt to some of these changes, increasing support and regulatory protection for women with children, the measures taken were neither sufficient nor effective in protecting lone mothers and/or in fostering dual breadwinner and dual care families. Finally, men—when in couples—did not change their commitment to non-paid household labour and care, leaving women overburdened with the double shift, and leaving them also more vulnerable to poverty together with their offspring.

[1] The pace of change really picks up towards the end of the twentieth century. In just 15 years, nuclear male headed families lose almost 20 percentage points, while female headed households gain more than 10 percentage points.

9.2 Families and the Unbalanced Patriarchal Contract in Latin America

Families remain a fundamental unit in critical social functions. They are material providers of social protection through the production of goods and services to their members, critical spheres in the provision of care and affection, and fundamental in the role of forging identities and a sense of belonging (Therborn 2004). Yet they can also be places where alienation, exploitation and neglect take place (Folbre 1982). Families cooperate in the shadow of conflict (Folbre 1986; Jelin 1998; Sen 1990). The balance between one and the other might have better or worse resolutions for the material and emotional well-being of all parties involved. Social and economic inequalities and state policies can strongly influence which of these functions prevail and—with them—the opportunities and traps for gender equality (Blofield and Filgueira 2018).

Within heterosexual families, gender relations are framed under what several feminist scholars have defined as the sexual or gender "contract" (Pateman, 1988). Such a contract entails explicit or implicit rules that govern gender relations, organizing duties and obligations between men and women. It also allocates different work (paid and unpaid), value, responsibilities and obligations to women and men. Grounded in the sexual division of labor, the gender contract does not only entail specialization, but also a hierarchical relationship between (male) breadwinners and (female) caregivers in charge of unpaid care and domestic work.[2] Such a hierarchy is represented as the natural order of things.[3] Women's overspecialization in unpaid care and domestic work leaves them equipped with less time and fewer skills to enter and succeed in the labor market (Iversen and Rosenbluth 2011), fewer and less desirable fallback alternatives than men in the event of marriage dissolution and, overall, less bargaining power within the family (Folbre 2012). Yet this does not mean that men hold all the levers of power and women none, or that both men and women agree upon the traditional patriarchal arrangment. To capture

[2] Gender here is understood as the social construction of features associated with male and female roles in society. The power of these features is such that they not only apply to heterosexual partnerships but extend to homosexual ones as well.

[3] A key contribution of Pateman's (1988) notion of contract is that it challenges a liberal notion of individual freedom to place subordination as the subject matter of contracts (and, through contract, marriage, for instance).

the dynamics that take place in the making and unmaking of families we need a bargaining model of the family and its members.

We incorporate some basic insights of—but also depart from—two central theories that have dominated the debate in families and family change in late twentieth-century academia: Becker's (1973, 1985, 1991) theory on the economics of families and many of the critiques that have built from there, and Van de Kaa (1986, 1994) and Lesthaeghe's (1994, 2014) theory of the second demographic transition.

Like Becker, we believe that families can partly be seen both as a unit of production of goods and services and as a unit of consumption and that the incorporation of time as a scarce resource and a budget constraint are useful notions to build a theoretical framework of families. Yet we veer away from Becker's unitary model of family that Becker champions and instead incorporate a combination of ideas from the collective model of family both in its cooperative and non-cooperative streams. Following Nancy Folbre and Amartya Sen, we claim that family members cooperate in the shadow of conflict. In Folbre's words:

> Most of the games that people play have at least some cooperative dimension— some way of at least partially enforcing commitments. The dialectic between cooperation and conflict, however, is often convoluted. Many contracts, including commitments to democracy, are difficult to specify and enforce. Whether on the international, national, community, or family level, people who benefit from cooperation with one another also negotiate over their share of benefits. Bargaining is fractal, taking place explicitly or implicitly, sequentially or simultaneously, in a strategic environment structured by social institutions as well as technological parameters. (Folbre 2019: 13)

Such cooperation takes place through iterated bargaining processes in which adult members hold different preferences and power resources, and confront also distinct and asymmetrical fallback positions in the event of cooperative breakdown.

Because of the sexual division of labour men hold larger levers of power and lower demands on their time, creating asymmetrical outcomes in terms of welfare and in terms of within family bargaining power and fallback positions. The way the state regulates families and family members' rights and duties has usually provide a distinct advantage to men during marriage and in the eventuality of dissolution.

One vector of change in how men and women bargain and cooperate within families is thus strongly related to the assets and resources each one holds and can use to make relevant decisions on time allocation and asset distribution. These decisions have important intertemporal effects. Central among these decisions are those of reproductive choice and of entering or leaving income- generating activities. In addition, the way non-paid work is allocated—and who decides that—will also be central to the present and future power and resources that each member has.

The institutional and policy context will also strongly influence the differential fallback positions of men and women within families and thus affect their bargaining power while married or in union. In societies where family allowances are generous and granted to the primary caregiver and topped up in the case of mono-maternal households, where alimony and child support regulations and amounts are designed to protect separated women and where care systems are free or heavily subsidized of mono-maternal households, women's fallback positions and women's bargaining power within families will increase.

Folbre (2019) shows some of the insights suggested here through two illustrations (see Folbre 2019: 32–33), that establishes a function of production given by two cooperative members and the different potential allocations of such production; and a second one that shows the parameters to think about bargaining power and fallback positions of men and women.

The first one shows a production frontier a cooperative game of two agents in a marriage or union. For an equal allocation of the benefits of cooperation—if an altruistic patriarch is discarded—similar resources for the bargaining process are required. A critical aspect is how much either player in the cooperative game can expect to end up with (in terms of welfare) under the no clause or dissolution of the cooperative game.

As Folbre shows, the model casts a loaded dice against women. If one member alone can reach welfare levels similar under a no cooperation situation while the other cannot, why would the former accept a value in the curve below the value he can secure under no cooperation? The other member, usually the women , on the other hand holds a very weak fallback position, and thus will "feel" that a reasonable or at least an acceptable bargain is one that moves her beyond the low welfare level of no cooperation. Now if for any given reason (access to education, income generating activities, monetary transfers from the state) women increase their welfare in the fallback position, they will also drive a harder bargain. If men lower their welfare expectation under a no clause situation, they will be more willing to accept a more balanced outcome in the bargaining process. Yet if these two movements do not take place at the same time, or if either partner is unable to perceive the change in their relative fallback positions then a non-cooperative outcome might dominate the solution.

Now let us consider a final situation, one that does not look upon the costs or gains of leaving a cooperative arrangement, but the costs and gains of entering cooperative arrangements versus not entering them. In this case, men or women might not want to enter into a cooperative arrangement because either assumes that the pay-off from such a move will be less than the level of welfare they can secure by themselves. Lower income men and women in general might have often been feeling precisely that, and this would go a long way in helping us make sense of falling marriage rates, later marriage rates, and informal cohabitation without reproduction. The gains from stable unions have become less evident for both men and women.

Here is where a narrow economic view will not do the job. For if in many ways the changing equation of gains and losses from cooperation and non-cooperation stems from structural changes that affect the resources (and expectations and calculations) that men and women have and make, in other cases a shift towards non-cooperation comes from a change in preferences of both men and women. Such changes are also related to structural factors but not in the same way that we assume changing parameters of the game with identical preferences. Here is where the second demographic transition has much to offer. In their view men and women value other things besides those that marriage can offer, and thus we witness an "undoing" of family. Furthermore, a third hypothesis that combines both strands could be made. Men and women will move away from stable cooperation if the normative ideals of what the responsibilities and rights of partners are, are felt as impossible to achieve given the current conditions.

Under the male breadwinner equilibrium men have the upper hand in the bargaining process and can impose their will since women face a fragile fallback position. As women gain control over choices and resources such an equilibrium is lost and it can lead to either breakdown of cooperation or non-entry into cooperative arrangements. Yet the breakdown of the male breadwinner equilibrium can also come from the perceived impossibility on the part of men to honour the cooperative arrangement without major losses in their welfare outside such an arrangement. Or, more normatively, it can come from the loss of well-being that men perceive because of status inconsistency; normatively a patriarch, but substantively not. Finally, such loss of equilibrium can happen because men or women (or both) have changed preferences. They no longer value children and the status that comes from having children; they value freedom to pursue their individual projects. They no longer value stable partnership, but rather enjoy multiple low commitment partnerships.

These conceptual and analytical lenses allows us to tackle the issue of family regimes in Latin America and its tranformation. The region has never fully provided the opportunities and resources for men and women to enter into the stable equilibrium of patriarchal family regimes. While patriarachy has been the dominant normative template both in the private and public spheres, for a large part of the region's population, especially lower income groups, such a domination model did not solidify around the male breadwinner family regime. This is because of three tentnative factors.

The first factor is rooted in cultural patterns that shaped a particular understanding of patriarachy and male self-esteem. Many men in the region do not link their manlihood to the idea of stable provider, but to the more restricted notion of making children. This was true both among lower income men and among men from the political and economic elites.

In the case of lower-income men, such cultural understandings could be traced back to the material impossibility for many men to become stable providers. If we look at the Western world, the ideal of the nuclear breadwinner family only became an alternative for the lower classes during the post-World War II period when full employment, the male family wage and the male breadwinner-inspired welfare state fully developed. This never happened in Latin America. Where such realities came closest to the industrialized West, the expansion of the stable male breadwinner nuclear family also went furthest and reached the lower classes. Yet, already starting in the 1970s and 1980s, the countries that had come closest to this model unravelled under the weight of the debt crises, the end of import substitution industrialization and the neoliberal attack on the state. In Folbre's model and terms, there was only a very short period and a limited reach of material conditions regarding lower income men where they would consider a stable cooperative arrangement as welfare-enhancing.

On the side of elitemen, we have to go further back in history to understand a peculiar pattern of predatory patriarchy. While most men from the upper-middle and upper classes in Latin America saw the normative ideal of the breadwinner model as desirable, they also assumed that part of "being a man" implied extramarital sex. This was tolerated not as a deviation from the norm; rather, it was part of the norm. This can only be understood against the background of the enormous inequalities that plagued the region and that combined class and ethnic status. A large part of the rural male elites assumed as their right to force young women working in their haciendas, plantations or estancias into sex. In the urban milieu, though in a less drastic fashion, husbands and their sons would not feel shame or remorse in forcing the "empleadas" (female domestic workers) into sex. The fact that only recently, and still as a contested terrain, paternity recognition has become an issue on national agendas, shows how durable and embedded were these attitudes and norms (Blofield and Filgueira 2019).

The second factor relates to the persistance of very early unions and childbearing during the post-World War II period. This implied that women overspecialized in care and house work very early in their lives, while men did the same in the labour market. Thus as time passed, the bargaining power of men and women became increasingly unbalanced and their fallback positions radically different. Leaving the cooperative arrangement was costless- or less costly- for men than for women. With the crisis of import substitution industrialization and the rise in women's educational credentials and labour market opportunities in the service economy, this dynamic slowly shifted, and women chose to break the cooperative arangement. So, again, the conditions favouring a stable equilibrium, were either not present or rapidly eroded.

The third factor comes from the literature on the second demographic transition. Individual gratification, freedom and personal expressive preferences—as in the rest of the Western world—undermined the preference set that allowed for the patriarchal equilibrium. In the upper-middle and upper classes we also start witnessing an increase in informality, separation and family instability. Yet in those classes such trends were accompanied by lower and later fertility, increased incorporation of women into the labor market and higher educational achievements. In lower and lower-middle classes these cultural vectors overlap with the historically unstable family patterns where women are mothers and men are breeders.

Thus, historically, we claim that Latin American gender relations have been embedded in an *unbalanced patriarchal contract*. On the one hand, men used to have, and in some cases still have, a monopoly on key decisions involving women's bodies and lives within and outside families. On the other hand, along with these entitlements, men continue to have and/or fulfil few duties in terms of income-provision and overall protection of partners and children that the patriarchal gender contract prescribes (and when we compare them with other Western counterparts). This unbalanced patriarchal contract can be seen in the historic low rates of marriage and high rates of informal cohabitation (Esteve et al. 2011), high and increasing rates of mono-maternal households, high rates of births out of wedlock and low levels of paternity recognition (Blofield and Filgueira 2019), and low rates of child support in contexts of conjugal breakup (Cuesta et al. 2018) This unbalanced patriarchal contract and the social inequality that cuts across it, continues to exert a strong mark affecting the pace, shape and type of change regarding families in Latin America.

The structural levers that uphold and reproduce gender inequality within the family have significantly eroded in the region in the last 20 years. Lower fertility and enhanced access to reproductive control (ECLAC 2009, 2016), expanded educational access and credentials (UN Women 2017) and an increased capacity to generate income and hold property (Deere and León 2001; Filgueira and Martínez Franzoni 2017; Gasparini and Marchionni 2015), have fostered women's economic, social and political empowerment (UN Women 2017). At the same time, a far more flexible reality and cultural mandate regarding the entering and leaving of conjugal relations has led to less sharp gender divides regarding the provision of cash and care within families (UN Women 2017).

9.3 A Problematic Transition of the Latin American Family Regime: Diverging Family Patterns and the Persistence of the Unbalanced Patriarchal Contract

Below we address the most important demographic and family trends that created in a short period a new landscape that was not properly addressed by policy adaptation in the region. At the lower end of stratification a dual pattern emerges: traditional male breadwinner models and mono-maternal households. Thus lower income groups remain stuck in inefficient traditional patriarchal arrangements or men abandon their role as providers, leaving women with the double of providing and caring for offspring. The middle classes increasingly move into an incomplete transition towards a dual earner (but not dual care) family with very low fertility and others become more unstable with a larger proportion of mono-maternal households and reconstituted couple households. Upper income and highly educated women are the only ones that at least to some extent move into the more modern and egalitarian family patterns of dual earning and dual care. Yet even among this strata they remain a minority. The other two shapes that we see increasingly are couples with no children, and women and men that neither marry nor reproduce.

Consistent with similar trends worldwide, fertility has decreased sharply, and in most countries in the region today, national averages are around or below replacement levels. In contrast to other regions in the world, however, fertility patterns differ radically across income strata, with very high teenage pregnancy and maternity rates among low-income women and girls, which make the region a global outlier (Lima 2018). Men and women kept making children, but especially in low income areas, while women became mothers, in many cases men did not become fathers and spouses (ECLAC 2016).

The trends in Latin America are distinct from all other western societies. While during the 1980s and 1990s, in most western societies births to women 30 years or older became the dominant share, and a drastic reduction of births by teenagers took place, in Latin America the opposite happened. With the exception of Eastern Europe (with a similar pattern until the 1990s), Latin America today stands alone as a region where most births (relative to other age brackets) take place in teenagers and very young women, as shown in Fig. 9.1.

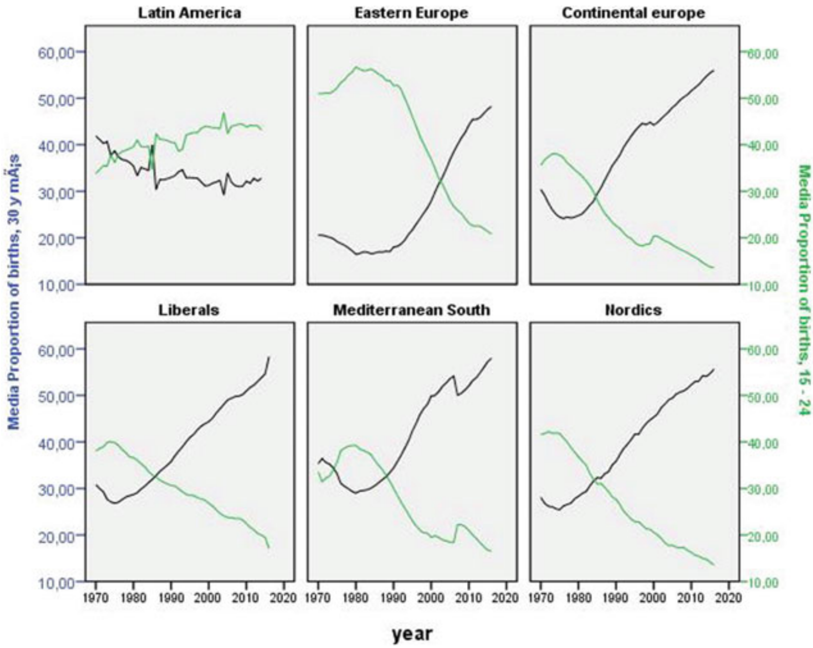

Fig. 9.1 Proportion of births (30 years and more) & proportion of births (15–24) by country group, 1970–2018 (*Source* Own elaboration based on OECD Family Database)

Marriage has radically decreased and union dissolution (whether divorce or separation) has increased. More sharply than in other regions, marriage has decreased and union dissolution (whether divorce or separation) has increased. To start with, marriage was never historically as high as in other regions (Therborn 2004). Instead, most two-parent families were families in which parents had cohabiting unions. Also, cohabitation was far more common in some Central American and Andean countries than it was in the Southern Cone (López-Gay et al. 2015). Still, marriage has also dropped in countries and high-income families where marriage used to be the norm (Esteve et al. 2011). An extreme example is Chile, where out-of-wedlock births went from 16% in 1960 to 73% in 2017. Figure 9.2 outlines marriage and divorce rates by country groups over time.

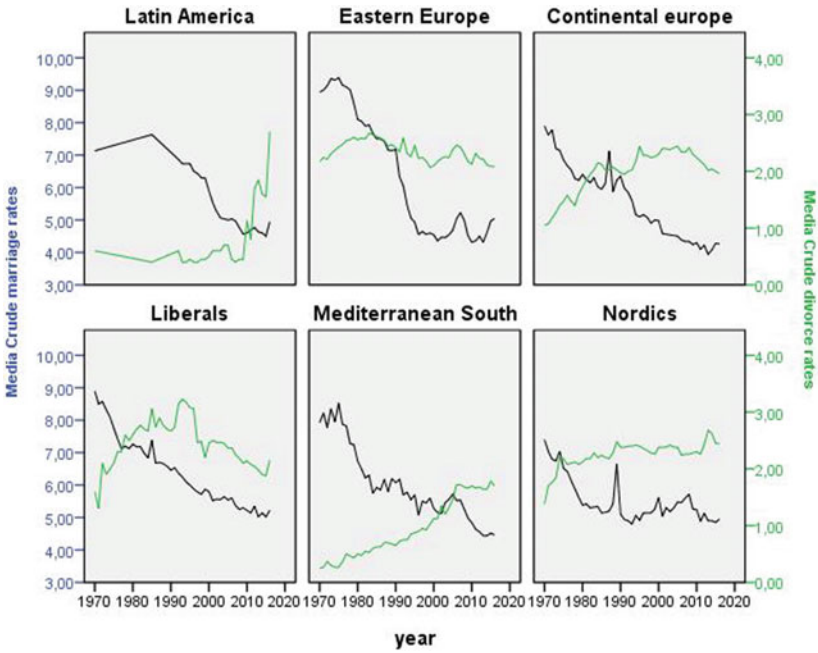

Fig. 9.2 Crude marriage rates & crude divorce rates by country groups, 1970–2018 (*Source* Own elaboration based on OECD Family Database)

At the same time, early unions (15–18 years of age), not only continue to be widespread but they have also increased during the past 25 years (UN Women 2019). The latest available data show that early unions reach a quarter (24.7%) of all women between 20 and 24 years of age. The interplay between teenage pregnancy and early unions is a key aspect of the growing socioeconomic stratification between families (UN Women 2019).

Accentuating a historical pattern, Latin America has the highest rate of children born out of wedlock worldwide (Lippman and Wilcox 2014). In fact, most children in the region are born outside of marital relations, as reflected by 65% of Costa Rican and Mexican children and 70% of Chilean children, according to OECD data. With 84% of all children born out of wedlock, Colombia shows among the highest rates of children born out of wedlock in the region. Because of the high prevalence of cohabitation, out-of-wedlock does not mean that children lack a resident father, but a proportion of them do. There is much regional variation: while the Southern Cone countries reached relatively high levels of formal unions and births after wedlock during the second half of the twentieth century, most of the Caribbean and much of the Pacific and Central American countries show a strong pattern of informality and births out of wedlock throughout the twentieth century. After the 1980s, in the region as a whole, informality and births out of wedlock expanded, though at different rhythms. Here, both a traditional pattern of informality and a more modern pattern in the middle and upper middle classes on cohabitation seem to be at play (Esteve et al. 2011; López-Gay et al. 2015). What Fig. 9.3 shows is that births out of wedlock in Latin America are high when fertility is also still high, a pattern that is not seen in other

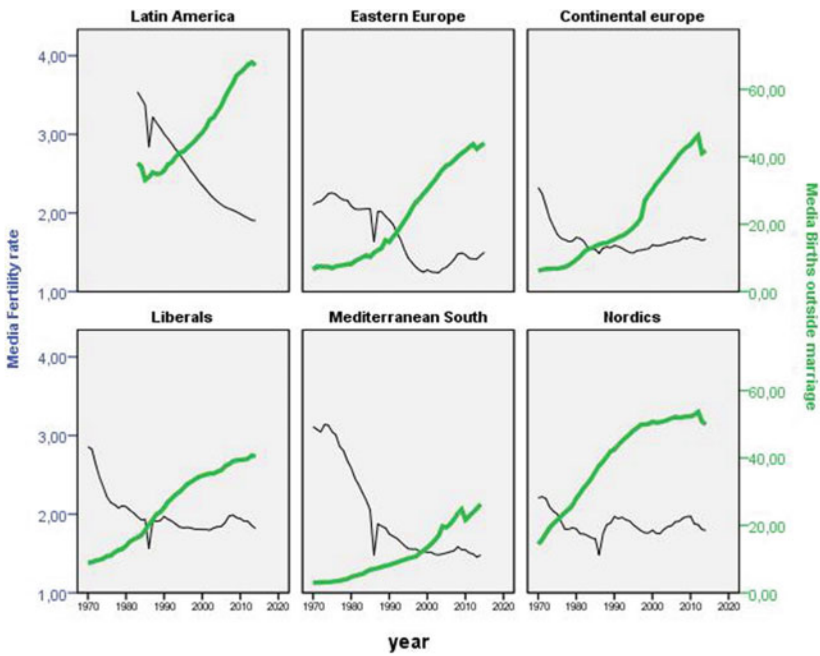

Fig. 9.3 Fertility rate & out of wedlock births by country groups, 1970–2018 (*Source* Own calculations based on OECD Family Database and World Development Indicators)

Western countries. Furthermore, as we reach the present, the region remains an outlier with levels of births out of wedlock higher than in all other regions.

A breadwinner father and a care-giver mother are no longer the "model" family in which children are raised, that is, the family that represents the most frequent family type. The incorporation of women into the labour market, the already increasing trends in separation and divorce, and changing cultural patterns have led to a radical decrease of the nuclear male breadwinner family (Ullman et al. 2014). While lower income families with children have a higher share of mono-maternal households and extended households with single mothers, when both parents reside in the household, male breadwinner models predominate. Thus either dominant configuration at the lower end of the stratification is inefficient and vulnerable. In the first case they are reliant on just one parent for income and care, and and in the second case the sexual division of labour makes them both poorer and more vulnerable to market shocks. In upper income households with children, biparental families predominate, yet with two breadwinners. Furthermore, in the upper quintiles the share of families with children has dramatically declined. This responds both to a composition effect and to new behaviour in young men and women from richer families: single person households, non-kin and non-couple households and couples with no children have increased dramatically. The diversification of family structures includes the presence of same-sex partnerships.

'Lone-mother households' have increased, whether they are defined as households with a woman and her children and no one else[4] (Chant 1997), or lone mothers living in extended households. Several factors account for this increase. Two prominent ones are union dissolution and migration. Either scenario can entail lone mothers' lack of income support by the non-resident fathers of their children. One implication is the scarcity of time that lone mothers face if they are to simultaneously take care of income provision and caregiving. This "time poverty" reflects in the amount of paid working hours that lone mothers can perform.

[4] Lone mothers are women who bring up children on their own, regardless of why they are not living with the child's father. Lone mothers are not defined by their civil status (as it is the case with "single mothers" and they need not be head of household nor the main economic contributor (Chant 1997).

Two other types of households have increased significantly: single person households and households where there are couples without children. The former went from 8.6% of all households in 2001 to almost 13% in 2017 (ECLAC 2019). This increase is due mostly to an ageing society where female single person households are quite important given women's longevity vis a vis males. The second type of household relates to the postponement of reproductive patterns and its increasing lag in timing with marriage or stable union. Such households have increased from 7.3 to 10.3% of all households (ECLAC 2019). In both cases such increases are much more pronounced at the higher end of socioeconomic strata. Indeed, single person households represent almost a quarter of all households in the richest quintile, while couples without children amount to 16% in the same income level. For those at the poorest fifth of the income distribution the figures are 5.8 and 5.7%, respectively (ECLAC 2019). Such trends, associated with the second demographic transition, are mostly present at the fourth and fifth quintiles of the income distribution, and largely absent in the poorest sectors of society.

Multi-generational, extended households remain a large proportion of households with children. While such households have decreased they still represent close to a quarter of all households with children. In many cases such households are matrilineal, with little or no participation of males, and in others they might also represent resource pooling strategies in contexts of scarcity. They also reflect at least partly a cultural tradition were the daughters are expected to care for their elderly parents. Extended households have become less prominent in better off families (though by no means insignificant: they remain 18% of all households in the fifth quintile), yet they remain particularly important at the lower end of the income distribution, and in many countries they still represent a relevant proportion of all households with children in the middle classes (between 32 and 26% of all households) (ECLAC 2019).

Demographic trends are embedded in considerable social inequality. Beyond fertility and early unions, most other relevant dimensions of family life—with the exception of the consistently low amount of time men across income strata dedicate to domestic work and care—are also embedded in substantial social inequality (UN Women 2017).

The three worlds of "sticky floors", "broken ladders" and "glass ceilings" documented in UNW's 2017 regional report, provide qualitatively different scenarios for maternal and paternal roles. These trends highlight how different the experience of motherhood is under different scenarios of female economic empowerment. A high proportion of all mothers in the lowest two quintiles bring up children largely without an income of their own, with a weak presence of paternal duties, and with little state support. To the contrary, most mothers in the two upper quintiles have an income of their own, have the market capacity to buy care services and are, overall, in a better position to negotiate a more balanced combination of paternal rights and duties. In between, women exert motherhood under the constant threat of individual and collective shocks, pushing them down the social ladder. While less studied, we believe that the experiences of fatherhood might also prove to be quite different along different social strata. The scant data available does not show differences in terms of non-paid work in the households (UN Women 2017); however, the emerging research on paternity recognition and child support suggest that such dimensions are starkly different by socioeconomic gradients (Bucheli and Vigorito 2017; Blofield and Filgueira 2019). This is also true when we consider location or ethnic origin. Early motherhood, lower education, absent fathers and lone mothers are overrepresented among families with African roots and Indigenous families, as well as in families in the urban periphery. In rural areas, while this can also be true, the most critical difference with urban milieus is the lack of access that families have to infrastructure, utilities and services (ECLAC 2019).

In sum, Latin American families are as diverse as ever, with cross-national variations as well as within-country variations along class and racial/ethnic lines. The heterogeneity identified above speaks of a "dual transition" among families: while some, usually upper and middle-upper income families, tend to experience more egalitarian arrangements, others, usually low and middle-low income families, are stuck or even reverting towards more unbalanced patriarchal relationships, including increasingly absent males, accentuating the unbalanced patriarchal contract. These patterns have received some, but not enough academic and policy attention.

9.4 Family Policies: Present but Not Sufficient

Clearly, most if not all social and economic policies affect families. Indeed, the state performs three basic tasks, all of which affect families: regulating the behaviour of individuals and institutions; the collection of resources from individuals, families and organizations through taxation; and the distribution and allocation of resources in the community (Filgueira 2007). However, we narrow it down here to highlight key policies that directly affect families.

First, how the state recognizes and regulates families—including marriage and divorce laws, reproductive rights and policies on intimate partner violence, child custody laws, and inheritance laws—profoundly affects how families are structured and the ways that they accomplish their tasks. Second, whether and how the state distributes a broad range of goods and services affects how families function (Blofield and Filgueira 2018). Here, we focus on direct policies that provide cash transfers and/or services to families, parents and children. Finally, policies on bodily integrity—both reproductive health and rights, and intimate partner and domestic violence—could be included under the core of family policies (ibid.).

9.4.1 Confronting Unbalanced Patriarchy: Lights and Shadows

In state recognition and regulation, legal provisions regarding union formation and dissolution (including provisions regarding early unions); maternal and paternal responsibilities in terms of the legal recognition, income provision and caregiving of their biological or adopted children within or out of wedlock; and male violence against women in the context of intimate relationships, all directly affect individual and family wellbeing.

In Latin America, as cohabitation has massively increased, legal recognition has followed suit, so that in most countries such unions now have the same rights as legal marriages (García and De Oliveira 2011). Moreover, over the past decades, laws that regulate partnerships have removed the last vestiges of formal inequality, and affirmed the principle of gender equality. During the last half century, legal regimes have also transformed the way parent–child relationships are regulated. A crucial matter is whether/how parental responsibilities over children transcend the specific arrangement, legal or not, between the parents. In other words, it is crucial to determine whether and how parental responsibilities become autonomous from conjugal relations. This is very relevant of course to children, but also to mothers as they are most likely primary caregivers.

A second crucial matter has to do with policies regarding paternal legal recognition, an issue that is especially crucial in Latin America, where historically laws have vehemently guarded the rights of "legitimate" children and their parents over "natural" or "illegitimate" children and their mothers (Milanich 2015), against the backdrop of the high prevalence of out-of-wedlock children. Over the past century, there has been a sea-change in legal regulations regarding parents and offspring, away from protecting the interests of (wayward) fathers, to officially enshrining the principle of the best interests of the child (Milanich 2015; Blofield and Filgueira 2019). Legally, all children born within wedlock are considered to be the offspring of both spouses, and in most countries, laws have equalized parental responsibilities between married and cohabitating parents. The crucial element is parental, specifically paternal, recognition and responsibility in cases where the parents never cohabited, or have separated. Paternal legal recognition is important not only for the stigma that lack of such recognition carries with it in Latin America, but also because it is a necessary prerequisite for other formal paternal rights and responsibilities. Between 10 and 30% of children in Latin America are estimated to be born without a legally recognized father (Blofield and Filgueira 2019).

Following from this, the second dimension is parental rights and responsibilities in cases where the parents no longer reside together. Here, laws and policies on economic support for the child, in the form of child support payments, and custody and visitation rights, are crucial. In cases where couples have been married and get divorced, the establishment of custody, visitation and child support payments are regularly part of the divorce proceedings. However, in the case of informal relationships, whether and what kinds of formal procedures exist become paramount (McLanahan and Pettit 2003). A large proportion of children with non-resident fathers do not receive child support. In recent studies (Cuesta et al. 2018; Bucheli and Vigorito 2017; Castaño 2017), the preliminary estimates indicate a range where only 14% of children receive child support in Guatemala, up to 60% in Uruguay and 51% in Chile. An important implication is the downward mobility and/or poverty of lone-mothers.

Our own estimates based on the Luxembourg Income Survey provide similar estimates. Figure 9.4 shows that while the countries that we have data for have mostly improved, the region is far from an adequate level of child support for lone mothers.

While we see significant movement across Latin American countries over the past two decades on these issues, particularly regarding

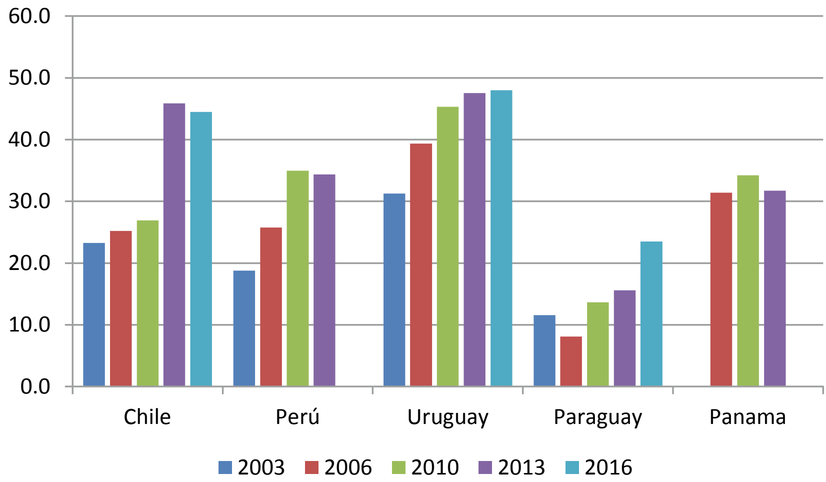

Fig. 9.4 Percentage of lone non-widowed mothers with children below 18 receiving child support (*Source* Own estimates based on special tabulations from Household Surveys, Luxembourg Income Study [LIS] Database)

more effective enforcement of child support, on the one hand, and maternal preference versus shared custody of children on the other hand (IPFF/WHR 2017; Martínez Franzoni 2019) the reality for many lone mothers, especially those from lower income groups, remains dire. In addition, the biological recognition of fathers has undergone transformations, hand in hand with the availability of DNA testing (Blofield and Filgueira 2019). Yet neither of these two critical areas were part of an integrated gender and class agenda of the left shift, and thus their impact was limited at best.

9.4.2 *Maternalist Redistribution Only Takes You so Far*

Second, state policy on providing transfers and services aimed at the material well-being of children and often of their primary caregivers, usually mothers, is part of the core of family policy. Here, legal provisions, policies and programmes, especially cash transfers towards families and children, post-birth parental leaves, and care services are central.

Since the turn of the millennium, state interventions aimed at children, and at women as mothers, have increased across Latin America, in several ways. First, cash transfers increased the proportion of women with their own income through Conditional Cash Transfers (CCTs) and extended pension coverage, improving women's access to old age benefits on their own terms (as compared to benefits obtained as dependents of their husbands) (Arza et al. 2018).[5] While these reforms were the most far-reaching, they were also problematic. Indeed, the expansion of conditional cash transfers was linked to state demands of mostly maternal unpaid work. Under these programmes, monetary transfers were conditional upon children's school attendance and medical check-ups (Molyneux 2006; Martínez Franzoni and Voorend 2012; Cookson 2018; Bradshaw and Víquez 2008).[6]

Second, some countries also increased the length and coverage of maternity leave, and others created or expanded Early Child Education and Care (ECEC) services. Such efforts fell short, however, if the aim was to reverse the trends towards increased inequality in family arrangements. National efforts to expand services took off modestly in most countries of the region, and only in the latter half of the first decade of the twenty-first century (Blofield and Martínez Franzoni 2015; Batthyány 2015; Rico and Robles 2016). Regional agendas placed them high, boosted by regional networking with a gendered focus (Esquivel 2016).[7] Together with larger labour market participation, these developments have had a positive, transformative effect on women's lives. Yet overall, the levels of coverage remained low towards the end of the left shift and the stratification in such coverage quite high. The recent economic slowdowns and turn towards more conservative governments have reduced the prioritization of service expansion.

Meanwhile, fatherhood did not remain untouched, even if the emphasis on fathers' rights and responsibilities was generally much lower

[5] As a recent overview of the literature, this book chapter provides a more detailed discussion of scholarly work on the expansion of women's access to monetary transfers.

[6] We are not citing in here the rich body of research on the effects of CCTs upon women's access to economic resources and state demand of their additional unpaid work. Most scholars agree on the positive effect of the former—albeit the usually meager size of the transfers involved—and on the problematic character of the latter.

[7] Extensive reference to research on the subject conducted across the region can be found in Arza and Martínez Franzoni (2018).

than the emphasis on mothers. On the one hand, in a few countries fathers were the subject of policy reforms that extended or created paternal and/or parental leave at birth (Blofield and Touchton 2020; Lupica 2016; Rico and Pautassi 2011; Salvador et al. 2017). Two countries, Chile and Uruguay, established, in a regional first, the option of publically funded shareable parental leaves, while other countries established employer-funded, short post-birth paternity leaves (Blofield and Touchton 2020). On the other hand, a number of countries reformed family law, often to improve the low compliance with child support among divorced or separated fathers, and also often to give fathers more rights. Joint custody, a passionate demand by organizations of separated fathers, is a case in point. Finally, regarding biological paternity, some countries introduced changes in the burden of proof from mothers to fathers in the 2000s.

Finally, policies on bodily integrity—in the form of sexual and reproductive autonomy, on the one hand, and freedom from violence on the other—are fundamental aspects of individual and family well-being, and could be included under the core of family policies. States provide the framework in which couples bear—or do not bear—children, and the conditions under which this occurs, including whether it takes place without undue physical, financial, or psychological hardship. The state also plays an important role in ensuring (or not) the bodily integrity of individuals in terms of both reproductive autonomy and freedom from violence, within—and beyond—families. Both have significant consequences for family members on an individual level, as well as trends in family dynamics and wellbeing on a collective level.

- ***Contraceptive methods and their effectiveness in reducing teenage pregnancy have increased in several countries***: Yet other countries have witnessed a rise of conservative policies, where policymakers have been reluctant to promote measures seen as incorrectly promoting sexual and reproductive rights. At least three debates on sexual and reproductive rights are taking place in the region which directly affect the ability of women to control reproductive choice and the behaviour of males regarding such contested control: legal abortion, new contraceptive methods and subsidies, policies for making them known and available (eg. long term reversible contraception), and sexual education in schools.

- ***Violence against women in the context of intimate relationships has been addressed by laws and policies across the region***: The region witnesses a new set of laws, national plans, specialized court agencies, among other relevant changes. Gender based violence constitutes a central mechanism by which males can and do exert power within families and the household. Massive public campaigns, sexual education, increasing police engagement in combatting such violence, growing systematic data and legal changes regarding the criminalization and penalties associated with domestic violence are changing the landscape, but not without major institutional, cultural and political resistance.

9.5 The Politics Behind the Policies

There are some clear overarching trends toward more egalitarian family law across the region, as well as an emphasis on anti-poverty policies toward children. Beyond this, policies and the politics of policies vary across countries and across policy types (see for example the special issue of *Social Politics* 2017, on gender equality policies in Latin America). Some areas have been more researched, such as anti-poverty cash transfers, and work–family policies, while other areas, such as paternity recognition, and child support policies, have received very little attention.

Some areas of family policy have also been the arena of significant collective action, both progressive and conservative. Organizations of separated fathers have been prominent drivers for collective action in terms of family law, particularly in terms of child support, on the one hand, and of children's custody, on the other hand (UN 2011; IPFF/WHR 2017). In several countries, feminist organizations have led massive mobilizations against male violence. These mobilizations have included anti patriarchal men such as those who are meeting in Uruguay in 2019 and met in Argentina in 2018 under the *Encuentros de Varones Antipatriarcales* (https://www.facebook.com/elva2018/). Reproductive rights, especially abortion, have continued to be a source of deep polarization, as feminists have mobilized extensively for reform while religious and conservative forces have sought to stave off any change (Blofield and Ewig 2017).

Other areas, such as paternity recognition or parental leaves, have been the subject of less social pressure from below but nonetheless hold deep implications for families, and require both policy and academic attention (see Martínez Franzoni [2019] for a tentative typology of policy change and questions regarding the policy dynamics behind them).

Overall, agendas for policy continuity and/or change in the realms of child support, child custody, birth leave and violence are deepening tensions between different views regarding families and, by extension, regarding how the gender contract should look like. Some of these efforts can help balance out the gender contract; others can deepen the imbalance. Examples of the former are measures to prevent and punish domestic violence, or proactive policies on paternity recognition. Examples of policies that can deepen the imbalance are efforts to reduce state intervention in defining and enforcing child support by non-resident fathers, or policies that restrict girls' and women's access to reproductive services. Similarly, policies that support work-family reconciliation can alleviate the care crisis; however, policies that focus only on mothers may aggravate gender inequalities, while policies that promote paternal co-responsibility may alleviate them, at least over the longer term.

It is crucial for us to better understand both the drivers of policy change—in these different areas—as well as the implications of policy design, for the well-being of women, men and children. It is also a timely project, given that many issues are at the beginning stages of being politicized more forcefully—for example, paternity recognition and child support—and thus evidence-based analysis could be of utmost importance to social and political actors, as they mobilize around these issues in different national contexts. Such analysis would also help identify the risks of undoing progress already made, and potential strategies to avoid these risks.

9.6 In Closing

The region shows continuities and dramatic changes in families, both positive and negative for gender, generational and socioeconomic inequality, that have yet to be properly understood. Moreover, the interaction of familial changes with the dynamics of markets and the actions of states requires better and broader research lenses. The interplay between social and gender inequalities has and will continue to have an impact on family arrangements and on how these arrangements shape gender relations. How politics, state policies and market dynamics respond to these family transformations will in turn determine the future patterns and functions of families in the region.

What have been the structural bottlenecks that limit and place a ceiling on family forms and family trajectories that are friendly to women's empowerment and an egalitarian gender contract? How can an unbalanced patriarchal gender contract, on the one hand, become more balanced and, on the other hand, become post patriarchal? What is the menu of policies available to promote this aim and how should the menu vary across and within countries? These are the overarching questions that this chapter has only started to address. We make no claim to have answered any of them. But we do make a simple claim: the transformation of families should be considered a true silent revolution.

This revolution either deepens or was unable to revert two highly problematic features of our family regime: an unbalanced patriarchal contract and a divergence along income and class lines in how families reach more robust or fragile family arrangements to confront a transformed social and economic landscape. In this process, the upper classes and upper middle classes follow a consistent pattern: a move towards a more gender egalitarian division of labour, informal yet childless first unions, less and later fertility, and relatively stable levels of mono-maternality. At the other end of the distribution stable biparental families cannot move away from a traditional pattern in the sexual division of labour, while another proportion of families see the increasing disappearance of men as providers and caregivers.

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CHAPTER 10

Family Policies in Latin American Countries: Re-enforcing Familialism

Natália Sátyro and Carmen Midaglia

10.1 Introduction

Beyond the well-documented significant social and economic transformation in Latin America during the past decades, there have been demographic and family changes in the last 40 years similar to those of developed countries, which impact well-being in the region. The increase in life expectancy in single-parent families and in homosexual marriages; the decrease in fertility rates and therefore the number of children per woman; the participation of women in the labour market; and the increase in family instability, with a rise in the number of separations and divorces, can be used to start a public discussion about the classic role of protection played by families in the region (García and Oliveira 2011). One of the

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most important socioeconomic changes in the region is the participation of women in the labour market. In 2017, the participation rate of women in economic activities was 51.5%, while for men, it was 78.5% (ECLAC 2018). Even though these rates are low in comparison to those of European countries, they reflect substantial transformation in recent decades. This set of changes raises questions regarding the need to reconcile the productive and reproductive spheres of people's lives. Reproductive cycles affect the private lives of workers, specifically women, thus producing direct effects on family arrangements and determining work options and opportunities unequally, with a strong gender bias.

In this context, family policies become essential on the public agenda, and according to their aspirations, they can reinforce the role of family and women in the scope of care and unpaid work or, on the contrary, enable reconciliation between working and reproductive functions to project women in the labour market, minimizing the responsibilities of reproductive life (Robilla 2014).

This debate forces a reflection on the current formats of the generation and provision of social protection, specifically on the role played by the State, market and family in this area. It proposes academic and political reviews in relation to the welfare regimes in force in the West (Esping Andersen 1990), with a particular scope in Latin America, where incomplete social states prevail (Midaglia and Antía 2017). The purpose of this article is to identify, in a comparative way, the main types of family policies promoted in the region from the beginning of the twenty-first century to 2015, coinciding with a phase of expansion of public intervention in social matters. Although Latin America has promoted family policies, they were subsidiaries of other social policies, and those that had the greatest development were those of social assistance associated with poverty and social vulnerability situations. Furthermore, most of them reinforce the responsibility of the family and not of the State in protecting its members.

This chapter is divided into 6 parts beyond the introduction. In part 2, we included our phenomenon of analysis in the theoretical debate and then conceptualized family policies. The empirical part of the work is presented in the fourth part, in which we conducted a comparative analysis of the 3 main types of family policies found in Latin American countries. After that, we raised some theoretical hypotheses to be investigated in other studies, since we bring here a descriptive comparative perspective. Finally, we made some concluding remarks.

10.2 Well-Being and Families: Theoretical Expectations

The classic welfare regimes of Europe in the twentieth century considered the family to be an axis of intervention through different models. One model sought to make its members independent from their family nucleus through universal policies aiming to impact social stratification (social-democratic regime). In contrast, the other model tended to reinforce the protective role of these family units, ensuring social benefits to the male provider inserted in the formal labour market, reinforcing the main income of the family unit (conservative-corporate regime) (Esping-Andersen 1990). From this approach comes the existence of a group of public benefits aiming to relieve the subsistence of the dependent members of the worker (essentially minors); these benefits were conceived as monetary support (allowances or family allowance, etc.) administered by social security. This generated a class of differentiated citizens made up of those who were not included in the formal labour market or who had unpaid jobs. From this perspective of welfare, including hybrid or combined schemes, such as the Mediterranean (Esping-Andersen 1998), the main family protections were afforded by labour in terms of salary supplements, and in this context, the greater the presence of the church was, the greater was the role of the family in the achievement of well-being. The male figure as key to family support (male-breadwinner family model) became the dominant focus of family social policy until the 1990s (Häusermann and Kübler 2010: 169).

The socioeconomic and demographic changes taking place in the West have emphasized traditional protection schemes, which are inadequate in addressing the so-called "new risks" related to the interruption of trajectories at work, the incorporation of women in the labour market and changes in the roles of integration into the family, among others (Bonoli 2005). In the Latin American context, the implementation of these new schemes becomes complex. Latin America has incomplete and informal social states (Gough and Wood 2004; Barrientos 2009). Even at its best, the countries of the Southern Cone have not developed family policies comprehensively, as we will see. In parts of the region, namely, the Andean and Central American regions, strong familiarism persists (Martínez Franzoni 2008a). This claim becomes even more pertinent if it is analytically agreed that this specific type of public provision tends to challenge traditional social protection perspectives, since its development was not part of the "hard core" of public provision schemes (Häusermann and Kübler 2010: 170).

10.3 Deciphering Family Policies

Family policies present challenges that differs from those presented by policies in other sectors, such as health, education, housing and employment, due to the difficulty of restricting the object. The unit of action, namely, the family, presents a series of needs for each family member and for the family as a whole, which requires transversal and intersectoral public interventions, that is, defined provision in specific and distinct areas of public policies. According to Zimmerman (1995), "*family policy constitutes a collection of separate but interrelated policy choices that aim to address problems that families are perceived as experiencing in society*" (3). In this way, she continues, "*family policy finds expression in a multiplicity of family-related programs and services such as family life education, family planning, child care, adoption, homemaker services, and foster care*" (Zimmerman 1995: 3–5).

On the other hand, there is no clear set of coordinated family policies, and these policies can thus be considered rather fragmented, uncoordinated actions (Arriagada 2007; García and Oliveira 2011) that sometimes aim to create different outcomes. Any support given to the family with dependent members or to individuals who would not be able, without this help, to lead an independent life, that is, any support aimed at relieving the pressures experienced by the main adult or the adults responsible for their family in the exercise of their responsibilities (Salido and León 2016: 370) may, in some way, be classified as family policy. From these observations, it seems that the goals of the actions that can be grouped under the label of family policies are quite diverse and include initiatives that seek to reconcile women's work with motherhood, impacting the division of tasks and gender power within households. These initiatives can be directed towards individuals who influence fertility decisions and who can identify different strategies according to age groups to create a series of social measures that seek to combat poverty in general and child poverty in particular (Saraceno 2011: 4).

In addition to the diversity of policies and programmes spread across more than one sectorial area, Zimmerman notes that family policies have their own characteristics that make it difficult for the analyst to cover all possibilities, although this can be generalized for practically all public policies. They can be "*explicit or implicit, manifest or latent, direct or indirect, intended or unintended in terms of its family effects or consequences*" (5). Exemplifying the categorization of implicit and explicit policies, which was originally outlined by Kamerman and Kahn in 1978 (which became a classic for grouping targeted programmes that impact family units), the way in which these benefits incorporate the actions of other type of benefits designed in another specific area or sector becomes evident. In this sense, these traits allow us to observe the political choices in the formulation of such policies, regardless of the policy-maker's awareness of the effects caused. For example, *implicit family policy* can occur within educational policies, social assistance, health, etc., the goals of which do not refer to the family unit dynamic but rather benefit some of its members, especially social segments in a situation of dependency (Saraceno 2011: 3). Even the absence of public policies that address the protection of the segments of the population that depend on care can already be considered as such. On the other hand, explicit family policies "*might include enabling families to remain together, enabling parents to care for their children while working outside the home, enabling adult children to care for frail elderly parents, or requiring parents to be financially responsible for their children*" (Zimmerman 1995: 5). Policy interventions include a wide range of instruments, from income transfer policies to fight poverty to a variety of services (Arriagada 2007; Zimmerman 1995).

The boundaries between the two policy groups are not well defined. Notwithstanding this differentiation of groups of policies, the question remains whether these protections are oriented to the family as a nucleus of action or to its members as citizens, to add another theme related to what type of family is prioritized with the provision of family goods (Saraceno 2011: 4).

This concept limits the possibility of working with the idea of classic welfare regimes, in which the benefits were directed to the male figure providing for the family. The modern perspective of family policies reinforces the need to work with the concepts of familiarization and defamiliarization (Saxonberg 2013) as a new group of public policies that addresses new social risks. These political and analytical assessments were incorporated into the post-feminist criticism discussion of the seminal work of Esping-Andersen (1990), which forced the field literature to incorporate these two dimensions into the analysis of regimes and to work with public policy schemes that go beyond those described by Esping-Andersen (Orloff 1996; Sainsbury 1999; Martínez Franzoni 2008a, b; Martínez Franzoni and Voorend 2009; Lohmann and Zagel 2016; Leitner 2003).

In addition to being implicit or explicit in their objectives, policies can both reinforce the care role of the family pillar (to the detriment of the role of the State, the market and the third sector). In this case, policies can reinforce the role of unpaid care of dependent members, usually women, who would be classified according to the idea of familiarism, as they can aim to encourage the participation of women in the labour market as well as reinforce the role of the State in providing social protection with the aim of defamiliarization. Korpi (2000b) helps us understand the dilemma in the consequences of the different institutional designs by discussing "Wollstonecraft's dilemma: does a policy support women's labour force participation or does it encourage their unpaid work at home?" (Korpi 2000b: 143). This is undoubtedly a key question in the analysis of family policies.

These key terms become clearer when Leitner (2003) addresses care provision policies considering the origin of this care, whether it comes from the family, the State or the market. He analyses the issue by contrasting the two dimensions of familiarizing policies and defamiliarizing policies, the latter of which tend to take the burden of care from the family through the public provision of social care services or public subsidies to the provision of care through the market (358). From these two dimensions, he finds four types of models or possible trends: strong familiarization and strong defamiliarization—with optional familiarism; weak familiarization and strong defamiliarization—where we find defamiliarizing policies; strong familiarization and weak defamiliarization—where we find explicit familiarism; and, finally, weak familiarization and weak defamiliarization—where we find implicit familiarism (354–358). This typology is very useful for understanding Latin American countries, where the family pillar is very strong in providing protection and care (Martínez Franzoni 2008a, 2009). In other words, Leitner says that an analysis of family policies aims to examine whether "*the extent to which the caring function of the family is promoted determines whether a welfare regime is conceptualized as a familiaristic or a de-familializing system*" (Leitner 2003) and if each of the programmes has more explicit or implicit traits, for example, aiming at direct or indirect effects.

Despite fomenting new types of protection, Latin American countries have models of general support to the family, insofar as they present few and insufficient services in terms of coverage and generosity when compared to models in European countries. As will be shown in the text that follows, it is worth mentioning that most family policies in Latin American countries are still very incipient with respect to the most innovative models, such as care policies, which reinforces the role of the family and the fact that cash transfers are aimed more at fighting poverty than ensuring the social emancipation of family members. To that end, care policies reinforce the role of women as caregivers, placing them as heads of the family and reducing opportunities to emancipate them economically. In the absence of the state, the market and the third sector, a substantial part of the population is in the area of implicit familiarism.

10.4 Types of Most Common Family Policies in Latin America

We still lack sufficient comparative analysis to understand different family policy choices. However, there is a growing body of work that has tried to characterize family benefits and social assistance services to families (Martínez Franzoni 2008a, 2009; Leitner 2003; Lohmann and Zagel 2016; Robilla 2014; Arriagada 2007; Cortes 2017; Mischke 2011; Pezer 2018). Salido and León (2016: 372) distinguish three basic types of family programmes depending on the policy instruments "*on which they are articulated: a) maternity/paternity leave, parental leave and flexibility of work time, whose purpose is to guarantee the labour rights of temporary parents facilitating dedication to caregiving tasks; b) attention and care services, designed to make the tasks of caring for and raising children more bearable, relieving parents, especially mothers, of the burden of care; and c) monetary resources in the form of tax transfers or deductions, aimed at offering parents compensation for the costs associated with the arrival at home of a new child*".

Here, we add a fourth and a fifth policy category, which should be considered in family protection analysis. The fourth group of family benefits is broad and heterogeneous, referring to the review of old public interventions that directly affect the size and dynamics of family structures, such as those related to birth control and family planning. It is still necessary to add to this grouping the recent civil measures and regulations, which also have a strong impact on the structure and organization of these groups, such as the regulation of consensual union, changes in the regulation of divorce and separation and laws and programmes to fight violence against women. Unfortunately, this innovative package of initiatives will not be covered in this article. Finally, the fifth category is indicative of the State's responsibilities in this area where the "no action" policy is considered, referring to the gaps in public intervention, which lead to what has been described as "*familiarism* de facto *or by default*". In the absence of State protection or the provision of services by the market, the family turns to vulnerable sectors in the basic area of satisfying their needs and basic care (Saraceno 2011: 7).

10.4.1 Sequential Policies: Maternity, Paternity and Parental Leaves

There are several ways in which policies can help to reconcile work with the care obligations of a family, that is, to reconcile the needs and the time of the productive and reproductive spheres of people's lives. According to Blofield and Franzoni (2014), "*sequential policies refer to income support policies so that breaks for caregiving do not threaten people's income security. They include maternity, paternity and parental leave policies; flexible work time policies; and policies toward part-time work*" (Blofield and Franzoni 2014: 44).

Maternity leave is defined as labour regulation that guarantees the protection of work and the remuneration of women during pregnancy (at the end), delivery, *postpartum* and the first months of breastfeeding. Paternity leave ensures this prerogative of *postpartum* care to the father. Parental leave is understood as the regulation that allows this labour protection to be granted to men or women and may come with the imposition of minimum periods for men to be required to take leave to make the division of care work a reality, fostering co-responsibility.

Traditionally, women have been the main beneficiaries of these policies through maternity leave, since paternity leave in general lasts a few days, but in countries with a more defamiliarizing welfare state, such as Scandinavian countries, parental leave is a reality. This is not the case for Latin American countries, with the exception of Cuba, Uruguay and, more recently, Chile, as we shall see.

There is already a wide spectrum of regulations that allow work-family reconciliation in Latin American countries. It should be noted that Convention No. 183 on Maternity Protection of the International Labour Organization (ILO) 2000 recommends that all countries, regardless of income, must guarantee women a minimum of 14 weeks of paid maternity leave. ILO Convention No. 183 also states that women should be guaranteed at least two-thirds of their remuneration during maternity leave.[1]

In South America, all of the following countries have maternity leave for the formal sector with 100% salary replacement: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay and Venezuela. Currently, Ecuador does not meet the ILO minimum of 14 weeks (Convention No. 183), having only 12 weeks, and Argentina, Bolivia and Peru, with 90 days (amounting to approximately 12.8 weeks), are not complying. In Uruguay, maternity leave can be 13 or 14 weeks, depending on the type of contract (since 2013). Venezuela and Chile have been offering 18 weeks, and more recently, Colombia (Law no. 1.822 of 2017) and Paraguay (Law no. 5.508 of 2015) have been providing 18 weeks. In Brazil, it is 120 days in the private sector (approximately 17.1 weeks) and 180 in the public sector (approximately 25.7 weeks). Brazil, Chile, Colombia, Peru, Uruguay and Venezuela have more generous policies in the case of adoption (UNICEF 2011; Lupica 2016). Paternity leave in the region varies from 2 to 14 days. The major financier in most countries is social security (over 80%), except in Bolivia and Ecuador.

In Central American countries (Costa Rica, Cuba, Dominica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Dominican Republic and Mexico), the situation is very similar in terms of maternity leave, as all have it in the formal sector, with 9 out of 10 having 100% salary replacement (Dominica is the exception, and the replacement is only 60%). Employers share a large proportion of financing in comparison to the southern part of the continent. In Costa Rica, Guatemala, Honduras, Mexico, Nicaragua, Panama and the Dominican Republic, it is a shared responsibility, and if contributions are not up to date, the employer pays the full amount. Maternity leave is 10 weeks in Honduras; 12 weeks in Dominica, Guatemala, Mexico, Nicaragua and the Dominican Republic; 14 weeks in Panama; 16 weeks in Costa Rica and, more recently, in El Salvador; and 18 weeks in Cuba.

Until five years ago, only Guatemala and the Dominican Republic had paternity leave, but currently, only Honduras remains without any subsidy of this nature; in the other countries, it varies from 2 days (as in the

[1] ILO. https://www.ilo.org/lisbon/temas/WCMS_650861/lang--pt/index.htm.

case of Guatemala and the Dominican Republic) to 3 days (El Salvador) to 5 days (Mexico and Nicaragua since 2017). Cuba, as we shall see, has no paternity leave but rather offers parental leave. Costa Rica and Honduras address adoption cases with the same scope as the birth of biological children (UNICEF 2011; Lupica 2016); for the others, the law does not explicitly address this topic.

Finally, Caribbean countries[2] also have, without exception, maternity leave in the formal sector. In Barbados, Cayman Islands, Jamaica, Haiti and Suriname, it is 12 weeks, but in the latter case (Suriname), it is only in the public sector. In the private sector, there is maternity leave only if there is a collective bargaining agreement. In Antigua and Barbuda, Bahamas, British Virgin Islands, Grenada, Guyana, Saint Lucia, Saint Vincent and the Grenadines, Saint Kitts and Nevis, Trinidad and Tobago, it is 13 weeks. Only in Barbados is maternity leave fully covered by social security for its duration; in Belize, it is 14 weeks. In eight of these countries, including Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Haiti, Jamaica and Trinidad and Tobago, the full amount of the remuneration of the working class is covered. However, there is a wide variation in the responsibility of the social security system and the employer in regard to the time and the contribution share. In Antigua and Barbuda, Granada, Saint Lucia (depending on the contract modality, it covers 100%), Saint Vincent and the Grenadines and Saint Kitts and Nevis, social security covers 65%, and in the case of Saint Lucia, the employers cover the remaining amount. Guyana has 70% coverage through the social security system. None of them regulate leave in adoption cases. Only the Bahamas allows 7 days of paternity leave, but without remuneration (UNICEF 2011; Lupica 2016).

Why is it important to know the contribution share of the social security system and the employer? The international conventions signed by countries with the ILO reinforce the idea that leave remuneration must be disconnected from the employer; according to the norm, it must be funded through the social security system. If not, the employer will continue to discriminate against women when hiring, as they will cost

[2] We are considering the following countries: Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Cayman Islands, British Virgin Islands, Grenada, Guyana, Haiti, Puerto Rico, Jamaica, Saint Lucia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago.

more. If we consider all of Latin America, the percentage of leave policies funded by social security is low in comparison to that of the richest countries (Lupica 2016: 305).

We can observe the heterogeneity of countries in Latin America. In South America, social security covers approximately 96.5% of employees' benefits; in fact, only in Bolivia and Ecuador do employers bear part of the responsibility in these types of leave. In Central America and Mexico, however, the social security payment share drops to 76.11%, with El Salvador pulling the average down with only 25% of financing through the state system and the strong presence of employers in 5 countries out of the 10 that were analysed. In the small countries of the Caribbean, state funding drops even more to an average of 64.7% coverage and with less participation even from employers, that is, less coverage in general. Out of the 34 countries analysed, only in 47% of them is maternity leave the sole responsibility of social security, ranging from 80% of the countries in the South that have more robust social protection systems to only 28.5% of the countries in the Caribbean region (UNICEF 2011; Lupica 2016).

As already indicated and detailed in some of these cases, Chile, Uruguay and Cuba are exceptions, since they are the only ones out of 34 countries that have parental leave; in the case of Chile, it is called *Permiso Postnatal Parental* (PPP). Chile made this change with Law no. 20.545 of 2011 (Labour Law). Female workers may be absent from work for 12 weeks at full time with regular payment or 18 weeks at partial time with partial payment. When men and women have paid work in the formal labour market, women may share full weeks with men during the leave period, with women enjoying the benefit first, followed by the men (Lupica 2016; Rossel 2013). In Uruguay, this is the National Care System, recently approved in 2015, which also brought the innovation of parental leave in 2013 (Ley 19.161) (Blofield and Franzoni 2014; Batthyány et al. 2015). The region's situation is quite different from that of Europe, where parental leave has been in place since 1974 (e.g., Sweden).

Finally, sequential or conciliation policies are strongly characterized by the existence of regulations that allow for time flexibility in the labour market, with reduced working hours and flexibility in working hours, in addition to leave for eventual child illnesses, accidents or deaths in the family. However, these types of policies are even more scarce, and when they exist in the region, instead of conferring protection to these positions, they make jobs precarious, as observed in the labour reform that took place in Brazil in November 2017 (Law no. 13.467).

Despite all this progress, laws and sequential policies for the region present some limitations (Lupica 2016). First, this legislation exists for formal workers (only in some countries is it possible to pay insurance without being a formal worker), and informality is a reality in all countries, reaching more than 50% of the economically active population in much of the region. This implies that those who are "…*notably formal-sector waged workers, to the detriment of informal-sector, independent, part-time and rural workers—and their children*" (Lupica 2016; UNICEF 2011) are excluded. In this group, there are also domestic workers, who remain a very vulnerable class (ECLAC 2013), although in some countries in the region, specific measures have been taken to improve their employment situation and strengthen the application of ILO Convention no. 189 and Recommendation no. 201.[3] They also remain a vulnerable group, although they have benefited from the application of employment formalization strategies adopted by Latin American governments. Second, the duration of these benefits is relatively short, not taking into consideration older but still dependent children, and the school system, as we shall see, does not provide support for this type of full-time care and care for the whole childhood period. That is, the concern with conciliation is basically in the first months of the child's life; then, there are no conciliation policies. Third, there is a gap in the legal frameworks that do not address care for other members, such as elderly adults and disabled individuals, who are unable to live independently and work, as we will see (Lupica 2016: 307).

10.4.2 Cash Transfer Policies: Anti-poverty Policies Reinforcing Familiarism

Conditional Cash Transfers (CCT) have several possible formats: they are aimed at different targets (formal workers, families in poverty and extreme poverty, and individuals with some type of disability that makes it difficult to provide for their own, to name a few), can be conditioned or not, and vary widely in terms of the generosity and coverage of the target groups.

[3] Convenio 189 y Recomendación 201 de la OIT: https://www.ilo.org/travail/whatwedo/publications/WCMS_168267/lang--es/index.htm.

Thus, we can speak of family allowance, family salary, conditional cash transfer, discount in income tax and other forms of cash transfers.

As explained above, family subsidies were introduced in Europe between the 1930s and 1950s to alleviate the economic burden of families; this was a transfer made to the male breadwinner in the market for each son or daughter (Salido and León 2016: 377), forming part of the benefits of the classic social security systems. Latin America has also adopted family salaries, mainly nations in the Southern Cone, which, despite being incomplete, offer relatively broad assistance systems compared to those offered in the rest of the region. This type of measure, as well as discounts on income tax or other benefits directed at families, such as maternity leave as mentioned above, constitute a core of explicit familiarism protection. It tends to be reinforced, although it does not cover the entire population in any of the countries on this continent.

However, we would like to emphasize a policy that is aimed at the poor and extremely poor and, in general, at those who are outside the formal labour market or do not have enough income to get out of poverty. The reason is that these anti-poverty policies constitute a large proportion of family policies in some countries (Richardson and Bradshaw 2012; García and Oliveira 2011; Arriagada 2007). In this sense, for underdeveloped contexts, there seems to be a close association between new social policies, specifically family policies, and situations of socioeconomic vulnerability or poverty (Saraceno 2011).

Social initiatives in Latin America started as few in number and staggered. Under Pinochet, Chile was the precursor in 1981 with Subsidio Único Familiar (Lavinas 2013), although it did not last long. Venezuela kicked off this process, even before the approaches of multilateral agencies: its *Beca Alimentaria* Programme (originally known as Family Subsidy) lasted from 1989 to 1999. In 1990, Honduras implemented its *Asignación Familiar* Programme (PRAF), and in 1996, Brazil launched the Child Labour Eradication Programme (PETI) and the Continuous Cash Benefit (BPC), which to this day still transfers one minimum wage to all elderly and disabled persons who are unable to fend for themselves. All of these are government-financed income transfer programmes.

However, a greater regional and international impact came from a Mexican programme known as *Educación, Salud y Alimentación—Progresa,* which began in 1997 to benefit initially rural areas (it later changed name to Oportunidades and is now called Prospera). Many scholars have studied its effects mainly on poverty and inequality (Soares et al. 2007; Cecchini and Madariaga 2011: 112; Lindert et al. 2006; Sátyro and Soares 2011). In the same year, Argentina implemented the *Programa Nacional de Becas Estudiantiles*, albeit on a smaller scale than Mexico. Subsequently, there has been a clear change in the strategies of the multilateral agencies, whereby many programmes include financing and recommendations and proliferate in various Latin American countries. Today, it is already known how this social protection model has spread to all continents, while some studies have also analysed the impact of this diffusion on the adoption of this CCT throughout the region.

Concerning noncontributive CCTs, most programmes have the same scope, namely, family income cut-off in terms of poverty and extreme poverty at 2 dollars and 1 dollar per capita, respectively, with a priority on families with children.

In general, countries with full coverage of the extremely poor (Argentina, Brazil, Chile, Ecuador, Mexico, and Uruguay) are above 0.7 on the HDI, whereby Brazil has the lowest HDI index among these six countries. Costa Rica, Panama and Peru (countries where no left party has come to power) do not cover all of their poverty-stricken population, even with an HDI higher than that of Brazil. Cecchini and Madariaga (2011) show different national investments vis-a-vis GDP and the variation in programme coverage vis-a-vis the poor and poverty-stricken population. They also highlight that among the Andean community countries, Ecuador indeed displayed the greatest resistance to the imposition of conditioning, which is defended by international institutions. In 2003, Ecuador transformed the non-conditioned income transfer programme *Bono Solidario* into a CCT, although "to this day little emphasis has been given to conditionings" (Cecchini 2013: 374). Coverage varies widely by country and programme, but in general, South America has more generous coverage than Central America does.

We do not intend to spend much time on CCTs because this book has a specific chapter on this topic. However, it is important to reaffirm that anti-poverty strategies became family policies, changing the face of social protection on the continent (Richardson and Bradshaw 2012; García and Oliveira 2011; Arriagada 2007). Therefore, such cash transfers targeted the low-income population and have specific conditions related to family access to health and education. Unlike subsidies, conditional cash transfer programs constitute non-contributory assistance, targeting families with vulnerable incomes; benefits are derived in different ways across countries but will generally be a basic amount per son or daughter, may have a ceiling (maximum number of children) or not, and often provide a basic amount for families in extreme poverty. In general, families must comply with conditionalities such as vaccine maintenance, pre- and post-natal follow-up, children's school attendance (approximately 80 or 85% attendance), and some follow-up in social assistance services or professional training, for example. Preferably, benefits will be transferred to the mother, who will be responsible for monitoring conditionalities. That is, although the benefit is for the family, a practically universal rule in these programmes is that the woman receives the benefit in 95% of the cases. This does not occur only in exceptional cases. This leads to a strengthening of the role of women in the place of care, even though studies note the impacts of their insertion in the labour market.

As Barba (2019) notes, in addition to the fact that these programmes share a similar design, they have certain relevant differences in terms of coverage and transfer values. However, the most significant distinction lies in the protective role played by these benefits, according to the social assistance scheme in which they are registered (Barba 2019). In other words, in some countries, this package of measures is complementary to existing social provisions, while in others, it becomes a fundamental component of public protection. However, it is also important to emphasize the fact that they reinforce the role of the family in protecting individuals, specifically women.

10.4.3 Care Services: Between Informal Care and the Complete Absence of the State and Market

Care services are the greatest weakness of all institutional offerings. In the absence of public policy, that is, the non-action by the State as an analytical category, care services are the maximum reference of implicit familiarism. That is, in the absence of public care policies and a market offering this type of services, it is families and, in some cases, non-profit organizations that carry on this work (Sátyro et al. 2020 mimeo).

We will briefly address two segments related not only to the life cycle but also to where the need for care is a reality: early childhood care and long-term care for elderly adults and people with physical or mental disabilities who are incapable of independent life and work.

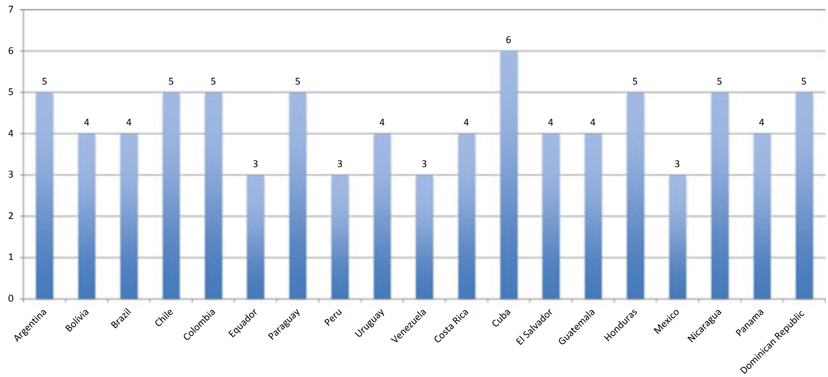

Fig. 10.1 Basic school age imposed by legislation in various countries (*Source* Prepared by the authors based on data from Concha-Díaz et al. [2019])

10.4.3.1 Childcare in Early Childhood

With regard to childcare for children aged 0–6 years, most of Latin America already has a system that helps to reconcile work and family. However, as we will see, these services, when they exist, are for children of 3, 4, 5 or 6 years old. Out of the 19 countries on which we have information[4] (countries in South America, Central America and Mexico), 4 is the average mandatory age for children to be in school. Ecuador, Mexico, Peru and Venezuela set the benchmark at 3 years old; Bolivia, Brazil, Costa Rica, El Salvador, Guatemala, Panama and Uruguay establish it at 4 years old; Argentina, Chile, Colombia, Honduras, Nicaragua, Paraguay, Dominican Republic establish it at 5 years old; and finally, Cuba established it at 6 years old (Concha-Díaz et al. 2019) (Fig. 10.1).

These policies started at different times in the countries analysed. Cuba was the first to establish such a policy, although it only began in the 1980s; between 1995 and 1997, Panama, Brazil and the Dominican Republic established floors. Therefore, it was in the 2000s that most countries created their laws (15 out of the 19 countries considered in this part of the paper). If we consider that Brazil also lowered the age from 6 to 4 in 2009, this figure changes to 16 out of the 19 countries; of these

[4] Recently, Concha-Díaz et al. (2019) carried out a systematic survey on early childhood care services for Latin American countries, and it is based on this work that we conducted our analysis (with the exception of Brazil, as we had more updated data).

countries, 12 created their laws after 2005. This shows that the incorporation of these laws is quite recent (Concha-Díaz et al. 2019; Domingues 2018).

Coverage does not seem to be related to the maturity of the legislation (that is, when it was created), and it definitely does not depend on how progressive the legislation was regarding the minimum age category. Apart from Cuba, which should always be treated in its idiosyncrasy, we have the largest coverage in Uruguay (91.31), Brazil (91%), Peru (89.06%), Chile (78.43%), Costa Rica (77.31%), Argentina (74.87%) and Mexico (70.37%) (Fig. 10.2) (Concha-Díaz et al. 2019). Brazil also has 30% coverage in day-care centres for children between 0 and 3 years old (Domingues 2018). Uruguay, Brazil, Chile, Costa Rica and Argentina always appear to have the most structured social protection systems, which makes Peru an exception in this group. Apparently, the institutional legacy of welfare policies has some effect, but further research would be required to confirm this proposition.

Finally, this is an area in which there is significant participation by the State, but the market is an important pillar in several countries. For this information, data are available for only 11 countries, and out of these, state participation is above 80% in the cases of Costa Rica (86%), Bolivia (86%) and Colombia (81.6%), in addition to 100% in Cuba. Chile

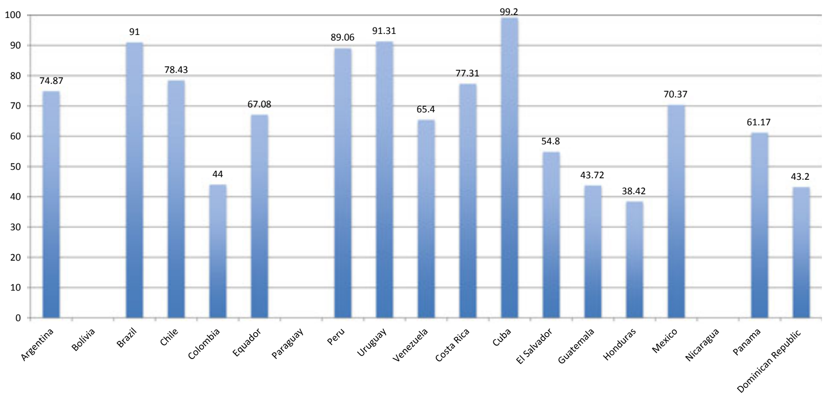

Fig. 10.2 Net enrolment rate in various countries (*Source* Prepared by the authors based on data from Concha-Díaz et al. [2019])

stands out for its greater market presence, with 50.3% of private enrolments versus 49.7% of enrolment in public establishments. In the others, private (public) participation varies: Argentina 33.4% (66.6%), Bolivia 14.2% (85.8%), Chile 50.3% (49.7%), Colombia 18.4% (81.6%), Ecuador 27% (73%), Peru 27% (72.2%), Uruguay 25% (75.1%), Costa Rica 13.9% (86.1%), Cuba 0% (100%), Dominican Republic 56.45% (40.5%) and Mexico 9.7% (69.4%) (Concha-Díaz et al. 2018).

10.4.3.2 Long-Term Care for Elderly Adults and People with Disabilities: The Exchange of Services for Income Transfer

According to Bloeck et al. (2019: 1), "*long-term care is a range of services and supports you may need to meet your personal care needs. Most long-term care is not medical care but rather assistance with the basic personal tasks of everyday life, sometimes called Activities of Daily Living (ADLs)*". They add the following: "*most LTC-related activities do not require care providers to have acquired highly specialized skills, and customarily, family members—typically women—have provided care for people with disabilities*". In Nordic welfare states, social protection is not only more de-commodifying, but there is typically also an extensive offer of care services aimed at defamiliarizing care. However, this is lacking in most social protection systems. Matus-Lopez (2015) states that in 2015, only 30 OECD countries had LTC policies (Matus-Lopez 2015: 486) and that in Latin America, only 6 countries have some type of home-based system or specialized centre (493), even though the scope of these policies is always residual.

Matus-Lopez (2015: 487) brings 6 categories of long-term care services. Undoubtedly, the fourth type is the most frequent policy in Latin American countries; it "*is not a service* per se *but it results in a service: financial aids for health care (cash-for-care). These financial aids consist of money transfer to dependent people, or their families, so that they will be able to satisfy health care needs in a direct way (people whose relatives take care of them) or through the hiring of external services*". It can be said that there is a non-contributory cash transfer for elderly people in extreme poverty in all countries in South America, in almost all of those in Central America (except Dominica), and in 6 of the fourteen countries in the Caribbean (Antigua and Barbuda; Bahamas, Belize, Guyana, Saint Kitts and Nevis and Saint Vincent and the Grenadines). For people with disabilities, there is some kind of cash transfer in Argentina, Bolivia, Brazil, Chile, Ecuador, Peru, Uruguay, Cuba, Guatemala, Mexico, Panama, Antigua and Barbuda, Saint Kitts and Nevis and Trinidad and Tobago. Out of the 22 countries considered here where there is some type of non-contributory programme, there are approximately 40 programmes (created from 1919 to 2017) targeting elderly adults and people with disabilities, including the Mexican case with structural revisions in 2019 (see Table 10.1). Of these, half were created in the twenty-first century, and overall, the values are substantially higher than the CCTs seen above. This is the way that most countries address the needs of elderly adults and people with disabilities who are not capable of independent living and

Table 10.1 Availability of cash transfers to elderly adults and people with disabilities

Countries	*Elderly*	*PwD*	*Year*
Argentina	1		2016
Bolivia	1	1	1997/2013
Brazil	1	1	1996
Chile	1	1	2008
Colombia	1		2012
Ecuador	1	1	2003
Paraguay	1		2009
Peru	1	1	2011/2017
Uruguay	1	1	1919
Venezuela	1		2011
Costa Rica	1		1974/1999
Cuba	1	1	1979
El Salvador	1		2009
Guatemala	1		2005
Mexico	1	1	2007/2019
Panama	1	1	2009/2013
Antigua and Barbuda	1	1	1993
Bahamas	1		1972
Barbados	1	1	1982
Belize	1		2003
Bermuda	1	1	1970
Guyana	1		1994
Saint Kitts and Nevis	1	1	1998
Saint Vincent and the Grenadines	1		1998
Trinidad and Tobago	1	1	2001/1997

Source Prepared by the authors with data from ECLAC https://dds.cepal.org/bpsnc/sp (accessed on 14 January 2020) work and who have not previously contributed to social security. Even though these values are much more expressive than the CCTs that aim to fight poverty exclusively in their income dimension, the values rarely cover all the costs of medicines and care necessary for people with such characteristics in the family scope. In one way or another, the family is the great pillar.

With regard to the existence of long-term institutions, the situation is much more residual. Only a few countries have more structured experiences, namely, Uruguay, Chile and Brazil.

Uruguay enacted Law no. 19.353 in 2015 as part of the National Care System, whose goal is to promote the autonomy and independence of people in need of care and assistance services. According to Matus-Lopez and Pedraza (2016: 2), "*the law considers that both dependent individuals and caregivers are beneficiaries. Three groups of dependent individuals are defined: younger than 13 years; all-age disabled people; and people older than 65 years who need help to perform activities of daily living*".

In Chile, the DELTA project has been implemented since 2017, which designs the pillars for a future long-term care system. There is clearly a construction of ideas in an attempt to generate consensus on the basic definitions for the implementation of such a system (Dintrans 2018), but this project still requires further work.

In Brazil, most of what we have in terms of long-term institutions is offered by philanthropic entities, with the State being highly residual. According to Camarano and Barbosa (2016), there are just over 100,000 vacancies in long-term institutions in Brazil, of which 65.2% are philanthropic, 28.2% are private and only 6.6% are public or mixed, which means that there are only 218 institutions in a country the size of Brazil.

Considering that maternity leave extends to a maximum of 6 months and that this policy is offered to all women only in Cuba, the coverage of these programmes is not universal, although it exists extensively in the region. Given that it is residual the part of schools that offers full-time services and the fact that the family largely remains the sole responsible party for the care of children aged 0–2 years old, here we have regimes that reinforce familiarism explicitly and implicitly.

10.5 Determinants of Change

We need several factors to explain the introductions, reforms and variation of family programmes in Latin America in recent decades.

Although we know that the existence of a problem does not guarantee that it will be on the political agenda and will not even guarantee the implementation of public policies or regulatory frameworks that address such issues, demographic changes in family structures over the past 30 years, as well as the massive participation of women in the labour market, can be identified as structural factors that pressure governments to provide better protection for families, aiming at the possibility of reconciling work activities and care for dependent individuals (Ferree et al. 2002; Béland 2005).

Moreover, there is a certain convergence to consider a period of economic growth in which economic resources were available for social investment (Altman and Castigloni 2019; Hagopian 2016), in addition to the arrival of left-wing politicians to a series of national governments (Arditi 2009; Levitsky and Roberts 2011; Prible 2013) and the increase in political competition in national political arenas (Fairfield and Garay 2017; Garay 2016; Altman and Castiglioni 2019). Finally, the strengthening of non-governmental actors and social movements (Garay 2016; Altman and Castiglioni 2019) benefited the expansion of social policies, including family policies. In other words, even authors who show that a left-wing presence in the national political arena is not a per se condition believe that, combined with a democratic context, which has increased political competition, it has produced positive effects on social investments in several countries.

However, family policies constitute a specific and new group (in the region) of public social interventions in terms of protections that address the so-called new risks. These lines of action are guided by ideas that tend to review or modernize those that have organized the classic welfare benefits (capital versus labour). Thus, family policies highlight values such as gender equality, the redistribution of power in the home and co-participation in the care of dependents. The policies and programmes discussed above structure the social and civil demands raised by various groups, essentially by gender movements, which have gained public space in the last thirty years in advanced countries and, more recently, in Latin America. The pressure and the capacity of the articulation of these social actors contribute to explaining the approval level of family initiatives, which seem to be installed as a modern component but are still reduced in public provision schemes. However, the pressure capacity of any social movement depends on its presence in the parliament (Korpi 2000a). Since 1995, there have been substantial increases in the proportion of women in some Latin American countries, with Bolivia (53%), Mexico (48%), Granada (47%), Costa Rica (46%) and Argentina (41%) among the 20 countries with the highest proportion of women in Parliament in 2020, but we also have cases such as Brazil, where in the 2018 elections, women occupied only 15% of the seats in the National Chamber, ranking 128th globally (Unión Interparlamentaria 2020). Therefore, the region shows a large variation in this indicator. In any case, the average increase in this participation was large in the region, more than elsewhere (Unión Interparlamentaria 2020). Based on the above, we suggest that it was the feminist movement that pushed for this type of specific measure to be included among social protections and not the classic pro-distribution agents (unions) that resort to their "power resources" in favour of well-being (Korpi 2000a). However, given the incipience of gender movements in Latin America and the fact that it is still a region with low rates of women in parliaments, gender inequality can be considered one of the political causes of the limited development of this benefit package. The interactions of these factors will probably help us to explain even the differences in the approaches of more familiarizing or more defamiliarizing policies. For some analysts, the orientation of these protections tends to be the subject of disputes and political coalitions, as a strategic core of social values that guide public provision schemes are proposed for debate or are under review (Häusermann and Kübler 2010).

Finally, we also advocate that one cannot disregard the institutional legacy in this matter. The discussion on welfare regimes shows that the family is a central pillar of social protection in the region and is central to explaining protection systems as well as the high level of informality in the labour market. In the absence of the market or state, it is the family that fully supports its members.

10.6 Final Considerations

A new reality has developed in Latin America, which is the emergence of some types of family policies and the consolidation of others with different impacts on the production of families' well-being. In the last two decades, the possibility of policies that help to reconcile work and caregiving by females has become a concern. These policies consolidate an agenda that discusses the redistribution of responsibilities in reproductive stages, specifically with respect to care for children, elderly adults and people with disabilities. These policies also address the role of monetary support for the dependent population, among others, and can be thought of as family policies.

As we stated in the introduction, although Latin America has promoted family policies, some of them were subsidiaries of social policies in other sectors, and those that had the greatest development were those of social assistance associated with poverty and social vulnerability situations. Three types of policies were analysed in this paper: sequential, cash transfer and care services. Maternity leave is present in every country in the region, with a variation in the number of weeks covered: the average length of leave is 13.4 weeks, and if we only consider the countries of the Southern Cone, the average rises to 15.3 weeks, which, in their majority, supports the 14 weeks paid determined by Convention no. 183 of the ILO. That is, there is a wide range of leave policies, but in general, they vary from 12 to 18 weeks, with different levels of coverage. In contrast, paternity leave varies from 2 to 14 days, and parental leave exists only in Cuba, Chile and Uruguay. Thus, although leave policies are considered defamiliarizing in other contexts, one can see here a clear gender bias that challenges this characteristic, and even more so if we consider that in most countries, this leave is only a reality for formal workers.

Conditional cash transfer programmes were originally designed to fight poverty. It is a basic protection for families in situations of poverty and extreme poverty. There is a massive presence in the region of such programmes, and despite fulfilling the function of minimizing famine, they reinforce explicit familiarism, as the woman is responsible for receiving and ensuring compliance with conditionalities in 95% of cases. There is no question that such programmes help women who are heads of the family on a large scale with regard to their basic needs, but they do not address their insertion into the labour market; furthermore, they reinforce a gender role within the family.

With regard to childcare programmes, we basically analysed the regulation that defines the minimum dyad for school entry and the enrolment rate for this age group. Despite the universality of the idea of an early childhood school, ages vary from 3 to 6 years old. Therefore, between the end of maternity leave (for workers in the formal market) until the beginning of compulsory school, care remains within the family nucleus, as the market also does not cover such services on a large scale. Regarding policies aimed at protecting elderly adults and people with disabilities who need care, we have seen that they are basically restricted to income transfer, with services being absolutely residual. There is no state, there is no market and, in some countries, it is known that there is some presence of the third sector, but we do not have access to data on this sector.

In a region marked by informality and the fact that family nuclei are a central pillar in the production of well-being, the policies and programs analysed proceed in directions in opposition to those of the effects they produce. In general, these are policies marked by familiarism, either implicit or explicit, and even with policies that are normally considered defamiliarizing, such as maternity leave, the almost complete absence of parental leave shows a gender bias that in fact does not classify the policy as defamiliarizing. In summary, family policies, even in their version of social assistance programmes, contribute to improving the limited construction of regional well-being. However, the adoption of these benefits has failed to change the dominant and incomplete model of regional protection, in which the general source of support is the family, as these policies provide few services with sufficient coverage and generosity to serve a varied universe of families, and consequently, the population does not receive protection. In the future, it is necessary to project greater participation by the State in social protection, especially for informal workers, who are typically unprotected. In addition, it is important to increase the pressure capacity of the groups that fight for family policies that effectively promote reconciliation between work and caregiving responsibilities for women.

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PART III

The end of an era?

CHAPTER 11

The Paradigmatic Radical Reform in Brazil's Social Policies: The Impact of the Temer Administration

Natália Sátyro

11.1 Introduction

The objective of this book is to analyze the social reforms that have occurred in Latin America in the last several decades, based on when the pink tide of leftist governments reached central executives, starting at the beginning of the twenty-first century. However, the last years have seen a reverse trend, and several countries have faced the return of right-wing administrations after more progressive experiences. In 2016, a right-wing coalition brought Michel Temer (Brazilian Movement Democratic Party—MDB—per its Portuguese name) to power in Brazil after the impeachment of President Dilma Roussef. In 2018, by direct election, Jair Bolsonaro (Social Liberal Party—PSL) was elected in Brazil based on his authoritarian speech style, expressions of support for a military

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dictatorship and an extreme right position with regard to social issues. In 2015, Mauricio Macri assumed the presidency in Argentina. In Uruguay, in 2019, Luis Lacalle Pou (National Party) defeated Daniel Martinez of the Broad Front coalition (Spanish: Frente Amplia—FA), winning the presidency in a tight race. And in Bolivia, Evo Morales resigned on 10 November, 2019, and the Vice-President of the Senate, Jeanine Añez, took over on an interim basis two days later. Without a doubt, Brazil saw the most extreme case of a reversal of a previous trajectory, in terms of politics, but mainly of social protection, which is the book's focus. As we will see, the social structure set up after the promulgation of the Federal Constitution of 1988 has been dismantled. The radical nature of those changes justifies this case study within the scope of this book. While the other chapters are basically aimed at comparative studies, this article focuses on the analysis of an extreme case of retrenchment and its drivers.

Since the welfare state crisis during the 1980s, analysis and explanation of welfare state retrenchment has been at the heart of academic debate. A second turn of the economic crisis started in 2007, with direct consequences for national economies across the European countries and around the world (Starke et al. 2014). According to del Pino and Ramos (2016), "Spending cuts have accounted for two-thirds of the volume of fiscal consolidation (vs. one-third accounted for by increases in revenues) in many countries" (2016: 1). Some countries have been affected more than others, such as Spain and Greece. Although one could highlight, to some extent, the economic and financial fragility of Southern European countries, the literature in the last ten years has featured analyzes of many cases of financial and economic crises around the world and their consequences for social expenditures (Dellepiane and Hardiman 2012a, b; Guillén and Pavolini 2015; Heins and de la Porte 2015; Bauer et al. 2014). But we can also cite authors who have discussed the myth of the welfare state crisis in the '80s (Kerstenetzky 2012). We are now reaching a consensus that this could be called an era of permanent austerity, so named by Pierson in 1998. As a consequence of this period of permanent austerity, cutbacks in social policies have been mandatory even for left-wing governments, although they have had different strategies and levels. The landscape is no different in some of the South American countries, which include Brazil, Argentina and others.

Researchers on welfare retrenchment have been successful in their theoretical explanations of "how political decisions to curb government income could be seen as a strategy of systemic retrenchment" (Klitgaard and Elmelund-Præstekær 2014: 1). There is agreement in some of the literature that political decisions to decrease social protection are highly unpopular. They are associated with risks of electoral punishment (Pierson 1996; Klitgaard and Elmelund-Præstekær 2014). Thus, the question is: Why do political actors retrench, and what strategies have been used? In the context of deep political and economic crises, this study analyzes how determinant political factors have been in leading governments to retrench their most important social policies in order to reach fiscal stability.

To analyze this issue, we propose a case study of Brazil in recent times. The political crisis that began in 2013 brought a new president to the executive branch who forced the creation of a New Fiscal Regime (NFR) that has had direct impacts on Brazilian social policies. The aim of this regime is to impose limits on the growth of the federal government's primary expenditures over the long term. As we will see, this will have a huge impact on social expenditures in general.

With the aim of assessing the extent of the reforms and explaining why they were so radical and wide, this article is organized as follows. First, there is a discussion of the concept of welfare state retrenchment and theories about the way that governments cope with periods of austerity using blame avoidance or credit claiming. Second, we will explain the nature of the New Fiscal Regime. After that, it will be necessary to return to the changes in social protection embodied in the Federal Constitution of 1988 in order to understand the impact of the NFR on social policies. Fourth, we will present an explanation of systemic retrenchment. Finally, some conclusions will be offered; basically, we argue that the New Fiscal Regime means systemic retrenchment of social protection in this country, with deep impacts on health care, education, social assistance and social security.

11.2 Key Concepts—Retrenchment, (De)Regulation, Dismantling Policies: Blame Avoidance or Credit Claiming?

Regarding the phenomenon under study, there is no consensus in the literature regarding the best term to be used. The concepts could change the focus of the analysis but, in general, they are more complementary than exclusionary. In general, the debate includes reforms, cutbacks, (de)regulation and efforts to contain and reduce social expenditures, whether through welfare retrenchment or policy dismantling, as noted by Pierson (1994), and Bauer and Knill (2014). Several closely related concepts are used to express a multifaceted phenomenon. According to Bauer and Knill (2014), policy dismantling is "a change of a direct, indirect, hidden or symbolic nature that either diminishes the number of policies in a particular area or reduces the number of policy instruments used, and/or lowers their intensity. It can involve changes to these core elements of policy and/or it can be achieved by manipulating the capacities to implement and supervise them" (2014: 35). This is our point of departure. Jordan et al. (2014) stressed that the mainstream literature on social policies does not ordinarily use the term "retrenchment". These authors noted that the term "regulation" is more dominant, along with a variant of "deregulation". Actually, these three authors were making a point about the importance of whether a government is terminating, deregulating or retrenching, because those are different strategies for policy dismantling.

We could discuss, not only policy dismantling of the welfare state, as Pierson (1994) emphasized, but also, as highlighted by Jordan et al. (2014), liberalization in the way that the state regulates society. Jordan et al. tried to clarify the difference between deregulation and re-regulation. They described Majone's deregulation concept as "a process through which traditional structures of regulation and control are dismantled or radically reformed" (2014: 11). For these authors, the deregulation process could be achieved through cancellation or abolition of existing rules and through substitution and systematization, which are different ways of revising existing rules. The concept of deregulation allows a different approach and broadens analytical capacity. Also, it is important to consider whether retrenchment is systemic or non-systemic, as noted by Pierson (1994). According to this author, there are some types of political actions that "constrain government revenue in order to limit the amount of money that can be allocated to public programs as a key strategy of systemic retrenchment. The logic of such strategy is quite simple; where there is no money there can be no programs" (Pierson 1994: 15; Klitgaard and Elmelund-Præstekær 2014).

It is very useful to understand the various dimensions of this phenomenon. The concepts of policy density and policy intensity used by Jordan et al. (2014) are very helpful. For these authors, "Policy density describes the extent to which a certain policy area is addressed by governmental activities. Policy density tells us something about the penetration, and also the internal differentiation, of a given policy field, subfield or policy item" (2014: 34); it describes the breadth of legislative activity in a given policy field. On the other hand, "Policy intensity provides a basis for measuring the relative strictness and/or generosity of policies. Each decrease in policy intensity signals that a jurisdiction intervenes less intensively in a given issue area, perhaps resulting from the application of policy dismantling strategies" (2014: 34). This allows better classification of a policy dismantling process, the strategies adopted, and whether there would be more consequences for the density or intensity dimension. We argue that the term "policy dismantling" can include all these analytical categories. They should be used to internally disentangle the phenomenon.

11.3 Explanatory Factors: Why and How Does It Happen?

The question here is: Under what conditions do politicians engage in policy dismantling? Basically, politicians want to preserve their chances of re-election even when they want to implement policy dismantling agendas. So there is a need to focus on which strategies are chosen by politicians and what segments of the population are chosen to lose something. Beyond the situational factors, it is also necessary to analyze other actors' preferences, their power in the political arena, institutional constraints, how powerful the left is in Parliament, and opportunities (Bauer et al. 2014: 30–31).

First, the analysis needs to consider institutional constraints as a prerequisite for special majorities in legislatures to change constitutional decisions. In the case of Brazil, it is very difficult to achieve, and there are existing, powerful players with the ability to veto changes (Bonoli 2001; Obinger et al. 2005). Does the labour movement have a strong mobilizing capacity? Do left-wing parties have a strong presence in Parliament? Is it politically feasible to implement policy dismantling? (Obinger et al. 2005: 106–107). The literature has many examples of how some losers turned out to have veto power. We could give several examples of this power to veto, and cause the withdrawal of, plans to cut pensions or even non-contributory benefits, as in the cases of Italy and Spain (Bonoli 1997). In order to be able to pass systemic reforms, a government needs to have majorities in Congress, and to be able, not only to avoid blame for its strategies, but also to neutralize or co-opt the opposition. Policy dismantling needs to be a combination of blame avoidance strategies and politically feasible options (Wenzelburger 2014).

In this context, talking about blame avoidance assumes that punishment is always expected. This brings us to our second analytical factor: the ideology of governments as central to explaining the phenomenon. The literature has already gone beyond a time when it was thought that every government had the same risk of being punished electorally. It is now known that right-wing government parties can even benefit electorally from welfare state retrenchment (Persson and Svensson 1989; Klitgaard and Elmelund-Præstekær 2014; Bonoli 2012; Giger and Nelson 2011; Schumacher et al. 2013; Elmelund-Præstekær et al. 2015). The idea of systemic retrenchment can be attractive to right-wing governments. According to Klitgaard and Elmelund-Præstekær (2014), this strategy is not only "perfectly consistent with their general preference of less taxing and government spending, it would also reduce the capacity of left-wing successors to pursue expansionary policies in the future" (2014: 6). Therefore, even when they have the option to claim the credit, they will pursue strategies. In contrast, previous research has shown that left-wing governments are expected to tend towards more comprehensive social protection (Klitgaard and Elmelund-Præstekær 2014: 6–7). Thus, one would expect that left-wing governments should to be punished (Giger and Nelson 2011; Schumacher et al. 2013; Elmelund-Præstekær et al. 2015; Wenzelburger 2014).

But if policy dismantling is adopted, who will be affected? There will always be some proportion of the citizens that is dissatisfied. Jordan et al. (2014) made good use of Lasswell (1936—apud Jordan et al. 2014), revising his political concept of "who gets what, when and how" and suggesting a version for policy dismantling, "who gets less, when and how" (2014: 4). According to Bonolli (2012), governments tend to look for the "path of least resistance", or any blame avoidance strategy that appears to be "politically acceptable" (from an electoral point of view). This author indicated that in this situation, the consequences of retrenchment tend to fall on groups of people who are less likely to have veto power, on groups of people who are less politically organized, on those with less capacity to mobilize support in Parliament, such as poor and extremely poor people, and on those who are in an insecure labour market position, such, as immigrants. These are some of the most vulnerable segments of society, consisting of social minorities or social categories that are located far from pressure groups and lobbyists (Bonolli 2012: 107).

This analysis leads to three basic hypotheses. The first, classic hypothesis is that ideology matters because social preferences and projects lie along an ideological spectrum, and the electoral cost of the same project has different weights for leftist and rightist governments, that is, the right and the left will be judged electorally based on different expectations. The second is that the strength and effectiveness of institutional constraints matter. In a political arena with more institutional constraints and more players with veto power, radical changes and reforms will be more difficult. That is why it is important to know the rules of the game and the actors that have effective veto power. The third hypothesis is that timing is important, because it provides windows of opportunity when the balance of institutional arrangements changes. Sudden political changes create environments that are more conducive to radical changes, while political continuities will tend towards incremental changes. Also, in order to understand the adoption of policy dismantling, it is necessary to map the political and institutional conditions under which it was possible, what strategies were used, who was affected, the extent "to which the costs and benefits of dismantling are distributed across the affected actors; and the extent to which these actors were able to organize and mobilize for or against it" (Bauer et al. 2014: 41).

11.4 The New Fiscal Regime

On August 31, 2016, Dilma Rousseff was thrown out of office after a long investigation of corruption. Rousseff was Brazil's first woman president, and, during this time, the Brazilian Senate had temporarily removed her from office for six months to allow an impeachment trial. It ended a 13-year administration by the Workers' Party (Partido dos Trabalhadores—PT). Rousseff's impeachment was the end point of turmoil that began in 2013 when hundreds of thousands of Brazilians took to the streets to express their political and social dissatisfaction. This spontaneous movement started without leaders from any social movements or political parties, and had no clear demands. In addition, it was possible to observe two other processes: first, growth in rates of disapproval of the president as shown by public opinion polls; and second, the so-called Carwash Operation investigation in which, over two years, prosecutors uncovered a bribery scheme at Petrobrás—the huge Brazilian oil company. The Carwash Operation basically fought against corruption and money-laundering in the political arena in Brazil. It became the biggest corruption scandal in Brazil's recent history. All these factors triggered a political crisis.

Rousseff was impeached based on more than two-thirds of the senators' votes, and Brazil's presidency was occupied by her vice-president (August 31, 2016), Michel Temer. At the time, he was already the interim president (since May 12, 2016), and he was from the centrist Brazilian Democratic Movement Party (MDB). It is important to note that, although Temer was Rousseff's vice-president, his party was at the centre of the impeachment crisis, based on an alliance with right-wing parties.

Immediately after he took office, the Temer administration brought forth a proposal for a new tax regime. It was promulgated by Proposed Constitutional Amendment 55, the so-called PEC 55, formerly PEC 241. The aim of the New Fiscal Regime was to impose limits on the growth of the federal government's primary expenditures over the long term. It froze a portion of financial expenditures, and was heavily targeted on social expenses. Essentially, based on the amount of expenditures in 2016, it capped the primary expenses of the three branches of the government (executive, legislative, and judicial), as well as the Public Prosecutor's Office and the Public Defender's Office (Article 101: 1), meaning that the expenditures of 2016 would be the basis for the next 20 fiscal years, adjusted only for inflation (Article 102: 1–4) (Garcia 2016). If the government fails to stay within these limits, it will be prohibited from hiring staff, running civil service entry examinations, raising staff pay and creating or changing government jobs that incur additional costs.

But one could assume that a change as substantial as this new tax regime would have proportionally difficulty getting passed, with institutional constraints and players with veto power. In order to be approved, a Constitutional Amendment (CA) requires three-fifths approval in two rounds of voting in the House of Representatives, and another two rounds of voting in the Senate. On 11 October, 2016, the House of Representatives approved the measure by 366 to 111 votes, and less than a month later, in the second round, the House approved it again by 359 to 116 votes. On 29 November, 2016, by a margin of 61 to 14, the Senate approved the PCA, and, finally, fifteen days later, on December 13, it was definitively approved as Constitutional Amendment No. 95. In less than three months, Congress—both Houses—had approved it. Let's take a moment to repeat that: It passed in each chamber twice and obtained votes from more than three-fifths of the congress people in both bodies, even though 60% of Brazilians expressed their disapproval in a poll by the Datafolha polling institute (*The Guardian* 2016). How was this possible?

In times of economic and political stability, governments are often reluctant to retrench social expenditures, since it offers electoral risks and is very unpopular (Pierson 2001; Bonoli 2012), yet what the Temer government did was real systemic retrenchment in the social area. Perhaps it was because the NFR did not affect social expenditures in the short term. But somehow, this administration determined public policies for the next five administrations by locking in their expenditures. This was done in order to respond to economic and political pressure to reduce public deficits. In our attempt to understand systemic retrenchment of social protection in Brazil, we focus our study on the following key factors: the timing; changes in the executive branch; and more specifically, the relationship between the executive and legislative branches.

The NFR is a type of policy dismantling that makes changes on the revenue side, impacting the ability of future governments to create income based on the deregulation. It facilitates "creep-and-hide" retrenchment because it prevents future governments from making new spending decisions. It is what Pierson (1994) calls "systemic retrenchment" because it alters the rules of the game and modifies the social policy system in the long run (Pierson 1994: 15–16). It is clearly a type of blame avoidance strategy.

But returning to the focus of this paper, the question is: How and to what extent will the NFR impact social protection?[1] With this information about a ceiling on all government expenditures, it is possible to

[1] Article 104 covers how non-compliance will be addressed, which is largely through limiting the ability of offending agencies to take actions, such as promotions, hiring more personnel, or financing programs, that would lead to an increase in expenses. Article 105 states that the "minimum applications in actions and services" for public health maintenance and development will be equal to the 2017 fiscal year expenditure. Article 106 establishes that the effects of the amendment will be enforced from 2018 to the last financial year of the New Tax Regime (2037). Article 107 states that the amendment does "not constitute an obligation [of] future payment by the Union" and does not "revoke, dispense or suspend" its constitutional obligations that have "fiscal goals or expenditure ceilings". Article 108 stipulates that any legislative proposal that moves to "create or alter" compulsory expenses must be accompanied by a budget and finance impact report. Article 109 adds to Article 108 by mandating that a proposal that intends to increase expenses is to be suspended for up to 20 days, and its compatibility with the New Tax Regime is to be analyzed by a fifth of the House representatives (these quotations are directly from NFR).

understand that the NFR is not a regular reform of the pension system or healthcare system, but will systemically impact social protection. As noted in the introduction, in order to prove this, we will examine the NFR's impact on health care, education, social assistance and social security.

11.5 Federal Constitution—1988: The Basis for Expansion, the Reference for the NFR's Impact

In order to understand the NFR and its impact, it is necessary to present a brief description of how the Federal Constitution of 1988 ushered in new forms of social protection and to observe some social improvements of recent years. In contrast with the Temer government proposal, the Federal Constitution of 1988 (FC88) recognized social protection as the State's duty and created national policies that included a comprehensive social welfare system. These changes played a notable role in the transition from the military dictatorship to democracy in Brazil (Sátyro 2014; Sátyro and Cunha 2014). The Social Welfare System was created (Sistema de Seguridade Social), which included universal health care, social security and social assistance. This included a number of changes in the social protection system. First, health care was recognized as a universal right that should be accessible to all citizens. This was the basis for the creation of the universal and free Unified Health System (UHS). Before democratization, health care was a type of insurance, and it was combined with social security in the same ministry. After the FC88, health care and social security were separated. The main political actors who defended public health fought to create a specific bureaucracy for health care, because it was important to support its own agenda, independent of the social security system. A massive decentralization process for this policy was implemented, and the federal government coordinated the process of developing subnational state capacities to offer the services (Arretche 2012). However, the health care budget was always the Achilles heel of the UHS. After a decade, there was political debate that included politicians, academia, pressure groups from private and public sectors, healthcare bureaucrats and bureaucrats from different levels of government. This led to Constitutional Amendment 29/2000 (CA29), which linked resources to public health activities and services. This made it possible for the health system to deal with the financial crisis of the '90s. CA29 set a minimum amount that was due to each of the federative entities; in this case, the federal government should expend at least the amount expended the year before, plus 5%, until 2004. After that, it was to be the amount committed in the immediately preceding year, corrected for the nominal variation of the gross domestic product (GDP). This meant that if there was economic development, then there would be an increase in health expenditures. However, in 2015, there was a change in the method for calculating this minimum. As required by the federal government by Constitutional Amendment 86/2015, it became the minimum investment, which is linked to a percentage of net current revenue (NCR), in a staggered way, as follows: from 13% in 2015 to 15% in 2020.

Aside from capping social expenditures for 20 years, the NFR deregulated institutionalized mechanisms and undermined the foundation of actual Brazilian health policies. First, it disconnected expenditures from net current revenue, going back to the '90s patterns as it was before this rule has been introduced. Second, the NFR imposed the loss of resources that had been increased after CA29 and CA86. Third, the NFR discharges governments to allocate more resources in economic growth contexts. This will result in reduction of per capita expenditures for public health, and it will degrade the Unified Health System (Vieira and Benevides 2016). But the strategy of capping expenditures in the long run will hide retrenchment, since it prevents future governments from making new spending decisions; this is a case of explicit deregulation.

Vieira and Benevides (2016) carried out a systematic study of the impact of PEC55 (CA95) on federal health expenditures. They investigated the trajectory of health expenditure since 2003, and did some simulations of future expenditures according to the PEC55 rules. Health expenditures as a percentage of the GDP began at 1.58% in 2003 and fluctuated over the years, reaching 1.75% in 2009 and 1.69% in 2015 as a function of CA29/2000. Their simulations showed that if the PEC55 had started in 2003, health expenditures would have systematically decreased from 1.75% to 1.01% in 2015; a decrease of 40%. These authors also projected expenditures for the UHS based on federal expenditures, simulating different ways to calculate them. In all the scenarios, they observed decreases that varied from the best value of minus 10.10% of GDP investment in 2016 (0.17 pp), to the worst case of minus 50.10% of actual investment (0.81 pp). These options are the result of the room to manoeuvre allowed by the PEC55. Finally, health expenditure per capita also showed a large decrease in all forms of calculation, with values varying between minus 10% and minus 50% for all cases in comparison with the previous rule. Since the cuts are scattered across the time, the strategy is clearly blame avoidance through deregulation and capping revenue. It is important to note that, during 2017, newspapers announced the closure of several hospitals.

Second, since an innovation in the Federal Constitution was the inclusion of social assistance as part of the social welfare system, social assistance was recognized for the first time as a public policy, which changed the historical perspective on charity and philanthropy. The poor were now recognized as citizens with rights to social protection, independent of their capacity to contribute. It is notable that the FC of 1988 also included the idea that elderly, people with disabilities, people with low income and those unable to work need to be protected by the State. The Constitution created a new social benefit—called the Continuous Cash Benefit (CCB—*Benefício de Prestação Continuada*)—that was independent of previous contributions; its value was to be tied to the minimum wage. Finally, it is important to stress that the FC88 established that the basic benefits of social security and the Continuous Cash Benefit should not be smaller than the minimum wage. That was because of the historical learning process when benefits were strongly devalued due to hyperinflation and did not actually protect beneficiaries from poverty and hunger (Brasil 1988; Jaccoud 2005; Sátyro and Cunha 2014).

The CCB was launched in 1996 under the Cardoso administration. Cardoso also launched a system of national conditional cash transfers that were divided among small programs with many families with more than one benefit; most of the poor had no benefits. However, even here, social assistance consisted of fragmented programs. This changed while the Worker's Party was in power. First, several small programs were combined into the Family Grant Program (Programa Bolsa Familia) with a different proposal for coverage. In 2005, the Ministry of Social Development and Fight against Hunger (MDS) implemented the Single System of Social Assistance (SSSA) to offer social assistance services to the poorer population. The 2015 SSSA Census reported that there were 8155 Social Welfare Reference Centers (Centros de Referência da Assistência Social—CRAS) in 5394 municipalities with 91,965 workers, 2435 Specialized Social Welfare Reference Centers (Centros de Referência Especializados de Assistência Social—CREAS) with 22,288 workers, and 235 Homeless Population Service Centers (Centros de Atendimento à População de Rua—POP Centers) with 3108 workers (Sátyro 2014; Sátyro and Cunha 2014, 2018).

Although this entire infrastructure for social assistance services was offered, it was the conditional cash transfer, the Family Grant Program (Programa Bolsa Familia—PBS), that became famous, under Lula's government. It reached up to 14 million families and more than 52 million people and garnered international recognition of its impact on poverty and income inequality. It is not as well known that the biggest proportion of the Ministry budget is directed to the Continuous Cash Benefit. In 2016, 4.5 million individual benefits were registered. As mentioned above, the benefit amount is linked to the minimum wage, so it has huge impact on the Ministry's budget. According to Paiva et al. (2016), the CCB's share of the MDS budget between 2006 and 2016 was around 55%, reaching 57.4% in 2016, in contrast with the Family Grant at 35.8%, the remaining 6.7% going to social assistance services and other actions.

Paiva et al. (2016) strongly suggested that projecting MDS expenditures over the next 20 years shows that its budget as a percentage of the GDP would decrease 46%, from 1.52% (2016) as a projection based on the previous rules to 0.70% (2036) using the PEC55 (EC95) rules. It is important to highlight that among these transfers and services, the CCB is the only one that has constitutional backing. This means that when there are budget constraints, other actions will suffer retrenchment first, and social services will be undermined. Municipalities don't have enough fiscal capacity to deal with social assistance services, equipment and street level bureaucracies by themselves. As an immediate consequence, there was an attempt to make a 97% cut in the budget of the Single Social Assistance System in the federal budget of 2018 that was reversed. Also, there was a proposal that the CCB, which originally increased the eligible age (to be beneficiary), also would be untied from the minimum wage and contributions would be required, as we will see in a later discussion of social security reform. Here, we can see the strategy studied by Pierson when he said, "Where there is no money there can be no programs", indicating that limiting revenues is an effective way to accomplish systemic retrenchment. When budget constraints occur, discretionary spending is the first thing to be suspended.

It is known that in spite of the NHS, Brazil's national health system is mixed. People who are in the formal market, and the middle class in general, depend on private health insurance plans, and the rest of the population uses the NHS, mostly poorer people; despite of all Brazilian have the right to access the NHS. It means that the dispersed targets of the two policies (health care and social assistance) will not affect the organized groups in the formal market, which have social security guarantees and have more capacity to press governments. With respect to who loses out, the target is the poorest Brazilians; they are a diffuse target, and are less organized social actors with no capacity to fight back.

Third, adding to all this, it is important to also highlight that the FC88 established compulsory primary education for all children and adolescents between 7 and 14 years old; this was established during the Cardoso administration. During the Lula administration, the age range was extended (to 4–17 years old) and a higher budget was invested. Regarding educational policies, "The Constitution established that, annually, the Federal Government shall apply to Education Maintenance and Development expenses, at least 18% of net tax revenue and the Municipalities at least 25% (tax revenue deducted from constitutional transfers to States and Municipalities" (Mendlovitz 2016). Mendlovitz (2016) calculated the differences between the expenditures that really occurred and those that would have occurred if the PEC's rule had been applied. The results showed that if the PEC's rule was applied to previous years, the difference between the real amount applied with the previous rules and the PEC's rule would vary between minus 4% and minus 18% depending on the year (2011–2016). This author also did the projection for the following years, and the results showed an even worse situation: The amount would be $0.6 billion less in 2018 and $17.1 billion less 2025 (Mendlovitz 2016).

Fourth, it is important to analyze social security. The Federal Constitution brought two crucial changes to this area: First, unemployment insurance became a right for contributors; and second, it allowed partially contributory Rural Social Security benefits. This means that a solidarity principle was inserted into the insurance system, because it recognized the right of social protection for farm workers who carry out agricultural production under the family farming system, without the use of salaried labour (Sátyro and Cunha 2014). This entitlement has had a huge redistributive impact. For those who work in this system, monetary contributions are very difficult because their work is seasonal. The FC88 also stipulated that different benefits could not be assigned to the same category, such as rural and urban, and men and women. Because the FC88 stipulated the minimum wage as the basic social benefit, this meant that everyone needed to receive benefits of at least one minimum wage.

The NFR's impact on social security and pensions is not clear, and simulations and projections on social security are more difficult. That is because the insurance and contractual nature of social security has legal guarantees, in contrast with other social policies. It cannot be cut in the same way, and there are a lot of pressure groups that are aware of their rights and have real mobilization capacity, not only in unions, but also in Parliament. To understand the impact of the New Fiscal Regime on social protection, it is necessary to understand how the amount of social security spending impacts the percentage of total expenditures with respect to total social spending. Capping social expenditures in general means that in the near future, there will be no room for other social policies.

In addition, the Temer government presented the Proposed Constitutional Amendment for Pension Reform (PEC 287/2016). There was not enough time to get approved during his administration, but Jair Bolsonaro, his successor who was elected in October 2018, revived the proposal from PEC 06/2019, then PEC 133/2019, until its approval as Constitutional Amendment No. 103 of 13 November, 2019. It was a hard parametric reform, but the original proposal was much harder, and extremely radical (Dieese 2019). According to Matijascic and Kay (2017), the original proposal was to completely eliminate the by contribution time pensions,[2] but that was changed after negotiation and the proposal was for 35 years of contribution for men and 30 years for women, with no minimum retirement age (Dieese/Anfip 2017; Dieese 2016). Pensions due to death (perpetual care benefits and survivors' benefits) were limited to the minimum wage with some nuances (Dieese/Anfip 2017; Dieese 2016, 2019). With respect to old-age retirement, the original proposal required a retirement age of 65 years for everyone, but after negotiation, the proposal was for at least 15 years of contribution and a required retirement age of 65 years for men and 60 years for women; CA 103 approved 62 for women and 65 for men (Matijascic and Kay 2017; Dieese 2019). With regard to rural pensions, the original proposal was 65 years of age and 25 years of contribution; CA 103 approved 55 years of age for women and 60 for men, and 15 years of contribution to those activities and 20 years of contribution to future others. Projections made by experts have suggested that those who enter the legal labour market at 16 (or younger), would have to work for 49 years in order to receive

[2] Brazilian Social Security has at least two mainly kind of pensions: by age and by contribution time (this one, independently of the age).

full retirement; note that the life expectancy is 67 years in Brazil's poorer regions. Regarding death pensions, the original proposal was that it would be forbidden to accumulate other benefits, but after action by some pressure groups, the proposal was changed to set 44 years as the minimum age to be a beneficiary, and keep the possibility of accumulation. In the original proposal, the Continuous Cash Benefit would be untied from the minimum wage (although it is a type of social assistance, it has been managed by the National Institute of Social Security—INSS) and being eligible at age 70; the proposal was completely withdrawn and the benefit kept as before (Matijascic and Kay 2017; Dieese 2019). CA 103 means that women and informal workers will receive less protection than before.

Finally, in the same direction as the NFR, Bill (PL) 4302 of 1998, which was first proposed during the Cardoso government, was approved on 22 March, 2017 by the House of Representatives with 231 pros, 188 cons and 8 abstentions, and then needed only presidential approval. Basically, it changed the existing legislation regarding outsourcing. Up to that time, the law allowed outsourcing only for activities supporting the institution; for example, a university or school could outsource things like cleaning, garbage collection and infrastructure, but not teaching. By contrast, they can now outsource teaching, because the approved legislation allows any facility of any nature to outsource its target activities. A recent longitudinal study of the characteristics and consequences of the working conditions and remuneration of outsourced economic activities, compared to those that are not outsourced (Dieese 2017), showed that there are more accidents at work in outsourced activities, the workday is longer, and the average wage is 23.4% lower. The results showed that the salaries of outsourced workers in regions outside the Southeast region are smaller, reinforcing regional inequalities. The data also showed the potential for high instability, precarious labour conditions and short-term contracts with less social protection, and all this is, added to fewer available health and social services, will no doubt increase poverty. In addition, Nassif (2018) suggested that this specific reform will have three important results. First, social security will be made financially unfeasible, since it is supported by contributions from formal jobs, so a reform that induces the rise of informal work hits at the heart of social security. Second, it makes the public budget unfeasible. Until this reform, it was possible to estimate the size of the Individual Income Tax collection when consulting the General Register of Employed and Unemployed (Caged per its Portuguese name). With this reform, this revenue will decrease, along with increases in the precariousness of employment, an effect that is already being felt. Finally, this reform empties the Employee's Severance Guarantee Fund (FGTS per its Portuguese name), which is a fund that guarantees resources for investments in housing and sanitation, such as clean water and sewage; up to the present, these investments were based on the FGTS (Nassif 2018).

All of this information allows the inference that the NFR was policy dismantling; more than that, it was systemic retrenchment of social protection as part of a larger neoliberal plan for dismantling social rights. For example, it is clear that it changed the regulation structures for health policy. But the main strategy was blame avoidance, inasmuch as the NFR limits government revenue for the next 20 years by capping the amount of money for social policies. Of course, average people will not immediately understand the severity of the cuts, but, as time goes by, all social policies will have lower budgets. Again, as Pierson (1998) said, "Where there is no money there can be no programs". We can confirm that the NFR affects both the density and intensity dimensions of social policy, which is why we defend saying that "systemic retrenchment" is a direct consequence of the NFR.

11.6 Why Was It Possible to Implement This Systemic Retrenchment?

First, in order to understand the analyzed phenomenon, it is mandatory to understand the characteristics of the Brazilian political system. On the one hand, the FC88 gave presidents strong proactive and reactive powers, meaning that they have sweeping constitutional powers. On the other hand, the party system is highly fragmented, so it will always be necessary to build coalitions in order to form governments, even informal ones. In other words, presidents need to build cross-party coalitions because their parties always control only a minority of seats. This confirms that one of the strongest characteristics of the Brazilian political system is the presidentialism of coalition (Mainwaring 1997). Thus, despite their executive presidential power, they need to be closely related with the Legislature.

The second element is the importance of thinking about the timing phenomenon. Schmitt (2012) helps us ask the right questions to explain systemic retrenchment. He said, "The first analytical question regards the country-specific timing of reforms and the choice of dismantling strategies". And this author posed a second question: "What are the precise triggers for policy dismantling in this case?" that is, "What is the relevant country-specific breakpoint that leads to the reversal of the policy path from expansion to active dismantling?" (2012: 65). The timing of active dismantling is a function of a series of necessary conditions of different natures. Roussef's impeachment broke the institutional and political equilibrium of the political arena in Brazil. When a legitimate government is thrown out of office because of corruption, it is expected that its replacement will move away from corruption and follow the political agenda that won the national elections. However, contrary to these expectations, the new government has set out an opposing agenda. The impeachment process changed the composition of the government, and, as a result, changed the government agenda. It created fertile soil for systemic retrenchment.

This brings us to the third aspect. Roussef's impeachment changed the ideology of the executive branch, and drastically changed the balance of power in the Brazilian political arena. First, as said previously, the impeachment replaced an administration under the Workers' Party with a right-wing coalition. This means that, even with the vice-president taking office, the coalition that was formed to throw out the elected president was clearly to the right on the ideological spectrum. Normally, politicians are afraid of welfare retrenchment because of the electoral cost, the fear of punishment. But, in this case, the government agenda had changed without the backing of ballot votes, so this cost would be lower.

Power and Rodrigues-Silveira (2019) showed the differences and distance between the ideology of the entering presidents, the seat composition of the House of Representatives, and the municipalities between 1994 and 2014. Although the focus of their research was municipality ideology, they graphically showed that throughout all of the PT administration there was an equilibrium between a left-wing Executive and a more right-wing Legislature. Even though Power and Rodrigues-Silveira (2019) affirmed that "over time, the left-wing PT moderated its ideology and became much closer to the national average", it always remained more to the left than the House of Representatives, and the PMDB always acted as Brazil's pivotal party. We argue that the impeachment changed this composition, returning to an extremely conservative composition similar to the time before the PT administration, as Power and Rodrigues-Silveira showed.

In addition, some authors have shown that right-wing government parties can even benefit electorally from welfare state retrenchment (Giger and Nelson 2011; Klitgaard and Elmelund-Præstekær 2014). According to Klitgaard and Elmelund-Præstekær (2014), such strategies are consistent with their general preferences, and they have the option of claiming the credit for strategies that confront economic crises. It is important to note that, in addition to the political crisis, the country was also experiencing a massive economic crisis that was a true recession, providing a suitable arena in which to claim credit for austerity policies. In such arenas, it is to be expected that left-wing governments will be punished more than right-wing parties (Giger and Nelson 2011; Schumacher et al. 2013; Elmelund-Præstekær et al. 2015).

11.7 Final Considerations

The present paper explores a recent change in the political arena in Brazil, the New Fiscal Regime and other laws, and their impact on social policies. As shown for other reforms, we showed that the NFR was part of a more complex retrenchment plan that provides less pension, labour and social protection. For example, under the social assistance policy, and as a result of decreases in social spending, MDS discretionary spending fell 12% in 2017, and, in 2018, the drop in the supply of social services was the consequence of the primary result goals of the economy (IPEA 2019). However, because the cuts are being made by measures spread across time and space (various ministries), their causes are hidden. And since people will find it difficult to link the problem of immediate cuts to the actions implemented in December 2016, there will be even less pressure to revoke EC95.

We have shown that the National Fiscal Regime implemented by the Temer government was a dismantling policy that brought about systemic retrenchment of social protection, because it strongly constrains the social budget for the next 20 years. Expenditures are based on the 2016 level, and in the case of health care, are now uncoupled from economic growth. The federal budget is capped for the next five administrations. This means that although they could claim credit for austerity policies that respond to an economic and fiscal crisis, the main strategy used was blame avoidance. The losses will be spread out over time, and will extend to all policies, showing the density and intensity of this reform. This is compatible with the general pattern identified in the analysis of the dismantling policy and is supported by the results of Klitgaard and Elmelund-Præstekær (2014). We reinforced their findings: "Right-wing governments pursue welfare state retrenchment in an indirect manner by reducing the public revenue" (2014: 15).

Our work has helped us to understand the timing and conjunction of the factors that triggered these dismantling policies in the Brazilian case. Central to the analysis is an understanding of presidentialism of coalition, the main characteristic of the political system in Brazil. This means that while the president is powerful, they really need to have a close relationship with Parliament. The analysis also clearly showed that Roussef's impeachment changed the balance of power between the executive and legislative branches; it ushered in a conservative government coalition to face an even more right-wing Congress. We also showed that partisan ideology matters for this type of policy reform. We also argued that a president who is not elected brings with them a lower electoral cost when implementing social retrenchment policies. It is important to realize that before the presidential election, polls showed that Temer had support of no more than 1%, and more important, he is legally prevented from being a candidate in the next election. This means that he was not worried about electoral risk, so he did not have the same fear of electoral punishment as an elected president would.

Finally, we strongly confirmed the contention by Bonolli (2012) that governments tend to transfer the cost of retrenchment to groups of people who are less politically organized. We can infer that the New Fiscal Regime directly halts the redistributive process that was previously on course in Brazil, because it dismantles all the mechanisms developed in the Federal Constitution. In addition, the NFR disproportionately affects poor people, because they have the most precarious and informal relationship with the market, and are necessarily a less organized group.

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