

Welfare and Party Politics in Latin America

(Forthcoming, Cambridge University Press)

Jennifer Pribble

Department of Political Science

University of Richmond

jpribble@richmond.edu

Chapter 1

FROM SPECIAL PRIVILEGE TO SOCIAL RIGHTS: UNIVERSALISM IN SOCIAL POLICY

On March 11 2008, Chile's Socialist President Michelle Bachelet (2006-2010) signed an important piece of legislation into law. Law 20.255 reformed the country's pension system, introducing a solidaristic pillar that guaranteed a state-funded minimum or supplementary pension to the bottom 60 percent of income earners. The new law represented one of the most significant advancements in recent history for the social rights of Chile's low income workers, rural sector inhabitants, and women, granting them access to a basic minimum income in their old age. Moreover, the reform was fully funded, ensuring that the state could maintain the commitment for years to come. Indeed, as President Bachelet put it herself: "The truth is that it would have been easy to engage in populist politics at the cost of the dreams of our seniors. We, however, did not fall victim to this temptation. We opted, instead, to *guarantee social rights*". While Chile was able to integrate greater universalism into the pension system, the same was not true for family assistance and education policy, where reforms enacted during the 1990s and early 2000s did little to eliminate existing inequalities.

During this same time period, just over the Cordillera de los Andes, Uruguayan President Tabaré Vázquez (2005-2010) was also engaged in a sweeping effort to reconfigure that country's social protection system. After just two years in office, the *Frente Amplio* (FA) administration had passed a wide-reaching healthcare reform that expanded coverage among children and strengthened the public sector. The left/center-left government also unified Uruguay's family allowance system, equalizing the benefits for formal and informal sector workers, and providing income support to the bottom half

of the income distribution. Still, the first *Frente Amplio* administration finished its term in office without having made a significant change to education policy.

The Chilean and Uruguayan reforms marked a new direction in social policy, placing an emphasis on universalism and on the provision of benefits as a right of citizenship. This focus, however, was not integral to the policy initiatives carried out by all of Latin America's left-leaning governments during the early 2000s. Indeed, in 2003 Venezuela's leftist President, Hugo Chávez (1999-Present), began to construct an entirely new social welfare system alongside the existing state infrastructure. Chávez's initiatives, known as the Bolivarian missions, aimed at improving access to select education and health services as well as provide targeted income transfers, but the initiatives did not generally represent a move toward universalism in social protection. Similarly, in Argentina, the Peronist Party (PJ) administrations of President Néstor Kirchner (2003-2007) and President Cristina Fernández de Kirchner (2007-2011 and 2011-Present) enacted some reforms that moved toward greater universalism, such as the 2008 nationalization of the pension system and the 2009 universal child allowance, but the initiatives lacked a stable funding source and the country's progress was generally slower than that seen in Chile and Uruguay.

The events in Argentina, Chile, Uruguay, and Venezuela underscore several puzzling questions. First, why did these four countries – all headed by parties of the left/center-left,¹ with similar levels of development, democratic politics, and high

¹ I recognize that Venezuela's Socialist Party (PSUV) is located significantly further to the left than Chile's *Concertación* parties or the FA, but differentiating between left, center-left, center, center-right, and right would create an unwieldy typology with 16 separate categories. I, therefore, choose to combine all left-leaning parties into one category: left/center-left and all right-leaning parties into a similar category: right/center-right. I also realize that categorizing the PJ as a left/center-left organization is controversial because the party includes some right-wing politicians and supporters. While it is true that the party's ideology has fluctuated across time, many scholars have classified the PJ as left/center-left during the

exposure to international markets – pursue different reforms? Why did President Bachelet choose to maintain a private pension system, but add to it a citizenship-based flat-rate benefit, while Argentina opted to return to a state-run contributory system? Why did Chile create a new pension system, but leave family assistance virtually untouched? Why did Uruguay’s FA successfully reform healthcare and family assistance programs, but fail with regard to education policy? More broadly, what does this series of reforms suggest about Latin America’s left-leaning political parties and the ability of the “left turn” to produce meaningful changes in poverty and inequality?²

This book seeks to answer these questions, presenting a new theory about the role of policy legacies, electoral competition and political parties in shaping social welfare policies. In particular, I argue that policy legacies influence social policy reform by structuring the kinds of policy adjustments that are needed, and by empowering some organizations, while weakening others. In addition, I contend that electoral competition influences reform initiatives because parties that face a strong opposition are more likely to engage in universalistic reforms. Finally, I find evidence that the character of political parties, which I define as the combination of ideology, internal organization, and external linkage mechanism, has a profound effect on the nature of social policy reform. In particular, I find that two types of left/center-left parties, those which I identify as electoral-professional and constituency-mobilizing, have made progress toward universalism in social policy, while a third type, which I classify as non-programmatic-

Kirchner years. For examples of such work, see: Levitsky and Murillo (2008), Huber and Stephens (2012), Niedzwiecki (2010), Levitsky and Roberts (2011), Etchemendy and Garay (2011), Schipani (2012), and Ostiguy (2009). I discuss the classification of the PJ in greater depth in chapter 7.

² The “left turn” refers to the first decade of the 21st century, when ten Latin American states elected left-leaning executives. These countries were: Argentina (2003, 2007, and 2011), Brazil (2002, 2006, and 2010), Bolivia (2005 and 2009), Chile (2000 and 2006), Ecuador (2006 and 2009), El Salvador (2009), Nicaragua (2006), Paraguay (2008), Uruguay (2004 and 2010), and Venezuela (1998, 2000, and 2006).

electoral, has enjoyed less success.³ Thus, the theoretical framework developed in chapter 2 sheds light on the question of why parties with a similar ideological orientation sometimes pursue different social policy reforms and what such variation means for the ability of Latin American states to build sustainable and equitable systems of social protection. It, therefore, contributes a new perspective that builds upon and refines extant theories of welfare state development. The book also contributes to the growing literature on Latin America's left turn, presenting a new classification of parties that helps explain the high levels of heterogeneity among the region's left-leaning governments.

Equitable and Sustainable Social Policy: Latin America's Dilemma

The goal of building equitable and sustainable social policies is a challenge faced by countries around the world. While most states provide some form of social protection, the way that these programs are financed, designed, and administered varies significantly and these differences have consequences for the well-being of individuals and families. By the mid-to-late 20th century, a handful of Latin American countries had developed advanced social protection systems rooted in the Bismarckian social insurance tradition. In these countries, social expenditure constituted a sizable share of state outlays, but a large portion of the population remained excluded from the programs. Moreover, the quality of social services and the size of transfer payments in Latin America's advanced social protection states remained, for the most part, highly stratified across income and occupational categories, deepening inequality in the region. This is likely because Latin American social protection generally developed in a manner that favored the urban middle and working classes (Haggard and Kaufman 2008, 79-113).

³ These party types are discussed in detail in chapter 2.

The inability of Latin America's advanced social protection systems to provide adequate coverage and reduce inequality results from a mismatch between the structure of the region's labor market and the design of social policy. In advanced industrialized democracies, welfare regimes grounded in the Bismarckian tradition of contributory social insurance have been effective at protecting the bulk of the population, albeit in a more inegalitarian manner than in the Nordic regimes. In Latin America, however, where a large share of the population works outside the formal labor market, such systems inevitably generate coverage gaps and exacerbate inequality. The presence of informal workers has historic roots in the region, but this sector has grown precipitously since the decline of import substitution industrialization (ISI) and by the late 1990s, anywhere from 30 to 40 percent of workers in Latin America's advanced social protection states operated in the informal sector (Portes and Hoffman 2003, 52). Since informal sector workers do not pay payroll taxes, they lack access to contributory-based benefits such as pensions, family allowances and health insurance. Furthermore, because salaries in the informal sector are on average lower, and the employment more precarious, it is precisely the poorest sectors of society that are excluded from such programs, thus widening the divide between rich and poor.

This disconnect between the socio-structural reality of Latin America's labor market, namely that it is characterized by a large informal sector, and the design of social protection systems, which are based on formal employment, created a paradoxical situation for the region's advanced social protection states at the turn of the 21st century: while the countries were heavily invested in social programs, the very neediest sectors of

society were often excluded from policies.⁴ Figure 1.1 presents the difference in levels of pension coverage between the top and bottom income quintile among the economically active population in Argentina, Chile, Uruguay, and Venezuela.⁵ As illustrated by the figure, low income workers affiliate with the pension systems in these countries at a much lower rate than workers in the top income quintile. Moreover, the figure reveals that this coverage gap grew between 1992 and 2006. A similar trend is evident in Figure 1.2, which depicts the difference in levels of pension coverage between the top and bottom income quintile among the elderly population during the 1990s and 2000s.⁶ With the exception of Uruguay, this difference was generally greater than 20 percentage points and increased steadily throughout the 1990s and 2000s.

[Figures 1.1 & 1.2]

The fact that pension coverage among the poorest workers and senior citizens was anywhere from 10 to 60 points lower than that of the top income quintile, provides evidence of the inability of Latin America's social protection systems to adequately reach excluded sectors. By the late 1990s, a confluence of factors, including growing electoral pressure, international attention, and improved economic growth, facilitated a series of social policy reforms aimed at expanding coverage and reducing the stratification of benefits. The drive toward such reforms, however, has been a difficult one, as policy makers face a significant challenge: how to expand coverage and improve quality in a

⁴ Gøsta Esping-Andersen, *Why We Need a New Welfare State* (New York: Oxford University Press, 2002). and Filgueira (2006) both make a similar diagnosis about the disjuncture between new risk structures and old social welfare architecture.

⁵ The data used to calculate the difference is taken from (Rofman Lucchetti, and Ourens 2008, 32-119). High values represent a large coverage gap, whereas small values signify that coverage is relatively similar between the upper and lower income quintiles.

⁶ In both Figure 1.1 and 1.2, I dropped the observation for Venezuela in 2001 because of concern that the figure was incorrect. Reported coverage of pensions among the elderly population in the bottom income quintile increased by 15 percentage points in 2001 and then fell by 16 points in 2002 (Rofman Lucchetti, and Ourens 2008, 117).

fiscally sustainable manner. Achieving this goal often involves re-allocating existing expenditure in addition to increasing spending – a politically-charged task.

Figure 1.3 provides a visual account of the political dilemma faced by Latin America's advanced social protection states. In the figure, the x-axis represents the levels of spending on social welfare programs, ranging from limited funding to high, but sustainable, spending. The y-axis represents the nature of benefits, ranging from segmented (with only small sectors receiving highly unequal benefits) to universal access and benefit levels. Using this typology, I identify four basic types of welfare provision: (1) under-funded, but semi-universal systems; (2) high and sustainable funding and universal to semi-universal systems; (3) highly funded, but segmented systems; and (4) low spending and segmented systems. By the end of the 20th Century, Latin America's advanced social protection states would have been located somewhere in quadrants three or four, and therefore, faced one of two challenges: (1) to expand spending and universalism (moving from quadrant four to two), or (2) to reform the allocation of funds in order to increase universalism (move from quadrant three to two).

[Figure 1.3]

Clearly these two processes involve very different political calculations. Still, a general puzzle arises: what are the factors that explain a country's decision to move toward a more universal system of social protection? This book explores this question through a comparative analysis of Chile and Uruguay with a secondary focus on Argentina and Venezuela, concluding that the design of previous policies, electoral competition, and the character of political parties influenced social policy reforms in all four countries.

The issue of why some Latin American states have been more successful than others at reforming social protection systems in a manner that expands the coverage and quality of benefits for *all* citizens has not been fully explored by scholars of comparative politics. Indeed, extant research has generally focused on the determinants of spending levels, the historical origins of policies, and the determinants of liberalizing reforms during the 1980s and '90s. Beginning in the late 1990s and early 2000s, Latin American states began to expand social expenditures, but the character of these new policy initiatives varied across countries and across policy sectors, and very little scholarship has contemplated the question of why such divergence exists.⁷ In particular, the issue of why some countries have moved their social protection systems in the direction of greater universalism, while others have carried out reforms that deepen segmentation has not been fully explored. This question is pressing in both political and practical terms, as it provides insight into the potential paths that lead to more universal social policy, which is crucial for reducing poverty and addressing Latin America's high levels of income inequality.

Defining Universalism in Latin America

Studies of social welfare policy often use spending levels as a proxy for the relative size and strength of social protection programs. General expenditure figures, however, are misleading in the Latin American context because they do not permit an

⁷ Research that does consider this period includes: Rossana Castiglioni, "Las Políticas Sociales De La Nueva (Vieja) Izquierda Uruguaya," in *Pobreza, Desigualdad Y La 'Nueva Izquierda' En América Latina* (Washington D.C.: Woodrow Wilson Institute, 2010); Michelle Dion, *Workers and Welfare Comparative Institutional Change in Twentieth Century Mexico* (Pittsburgh: University of Pittsburgh Press, 2010); Evelyne Huber and John D. Stephens, *Politics, Development, Social Policy, and Poverty and Inequality in Latin America* (Chicago: University of Chicago Press, 2012); Christina Ewig and Stephen Kay, "Post-Retrenchment Politics: Policy Feedbacks in Health and Pension Reforms in Chile," *Latin American Politics and Society* 53, no. 4 (2011).

analysis of who receives benefits and of stratification in the quality of services and generosity of transfers. Moreover, while state expenditure is a crucial component of social protection, other aspects of public policy, namely regulatory standards and the design of financing mechanisms, also have important implications for the universality and quality of welfare policies.

Clearly, then, an analysis concerned with the ability of Latin American states to build more inclusive and universal social protection systems cannot rely solely on expenditure data. For this reason, this book develops and analyzes a new dependent variable: universalism. Universalism refers to social policies that guarantee coverage for a set of essential social services (preschool, primary, and secondary education as well as healthcare) and ensure a basic minimum income during the working years and after exiting the labor market due to old-age, sickness, or unemployment.⁸ In this way, the concept of universalism recognizes the important role of state-provided social spending, but is simultaneously concerned with the question of whether this spending reaches marginalized populations. The concept builds upon and expands the notion of basic universalism, which Filgueira et al. (2006) define as a system of social protection that guarantees coverage for all citizens for a group of essential services and transfers. In such a system, the state plays a central role in the provision of benefits, but also in ensuring that all individuals can access and effectively use the services and transfers. Examples of basic universal welfare policies include a flat-rate citizenship pension, a guaranteed minimum citizenship income, a public preschool system, and state guarantees to cover a group of health risks . My definition of universalism goes one step further,

⁸ Other policies, such as public provision of family planning, water, sanitation, and electricity are also of great importance to low-income families. Due to space constraints, I choose to focus on the traditional areas of welfare state policy.

contemplating to what extent social policies improve the quality of services and the size of transfer payments, as well as whether the financing of such programs is fiscally sustainable.

To assess the character of social policy reforms in Argentina, Chile, Uruguay, and Venezuela I evaluate policies along four dimensions: (1) to what extent does the new policy universalize coverage? (2) to what extent are policies administered in a transparent (rather than discretionary) manner? (3) to what extent do policies ensure quality public services or reduce segmentation in the size of income transfers?, and (4) to what extent is the financing mechanism equitable and sustainable? Using these dimensions, I rank each social policy reform as ‘pure universalism,’ ‘advanced universalism,’ ‘moderate universalism,’ ‘weak universalism,’ ‘neutral,’ ‘regressive,’ or ‘failed reform.’

This conceptualization differs from existing definitions of universalism, which are rooted in the experience of advanced industrialized democracies. In that context, a universal system is one in which all citizens have access to social services of a similarly high quality and receive generous income transfers. In the context of contemporary Latin America, the consolidation of such a welfare state is highly unlikely in the short to medium term. Still, some countries in the region have begun to create programs that expand coverage, equalize benefit levels, and narrow the gap in the quality of public services. Additionally, some states have started to ensure that access to benefits is defined in legal terms, avoiding political manipulation, and a handful of states have taken great care to construct a sustainable funding source for new policies. I contend that such progress constitutes a move toward universalism and warrants investigation, and therefore, I create a measure that allows for an assessment of degrees of progress.

Whereas a binary conceptualization of universalism would reveal no variation across Latin America, my measure provides insight into important differences that exist between states in the region with regard to the design of recent social policy reforms. Thus, while different from the traditional understanding of universalism, this measure is useful. Moreover, the dimensions identified in the measure provide insight into the fundamental question of whether or not all citizens receive relatively equal welfare benefits. Indeed, if a country provides quality public services and income transfers that are of a similar size to 100 percent of the population, then it seems safe to call the welfare state universal, regardless of whether or not the system is unified. I also include a dimension related to the administration of benefits and to the sustainability of funding because historically in Latin America, clientelism and boom-bust spending cycles have undermined the ability of states to guarantee a minimum level of social protection.

Using this new measure, reforms that achieve ‘pure universalism’ are characterized by 100 percent coverage and benefits that are granted in a transparent manner. The policy initiatives promote similarly sized transfer payments and quality public services. Finally, the programs are financed in an equitable and sustainable manner. None of the countries included in this study achieved ‘pure universalism,’ but Chile and Uruguay both carried out ‘advanced’ reforms in the domains of healthcare and non-contributory social assistance. ‘Advanced’ reforms increase coverage, ensuring access for at least the bottom 50 percent of the income distribution and they administer benefits in a legally-defined and transparent manner so as to minimize political manipulation. Moreover, ‘advanced’ reforms include mechanisms aimed at standardizing the size of transfer payments and the quality of social services, but often fall short of

obtaining full equality due to low levels of spending. These funding constraints are generated by the fact the financial base of 'advanced' reforms, while more equitable and sustainable than in previous periods, remains imperfect. The third category of reforms exhibit improvement on three dimensions of the measure, but fail to make progress on one dimension. Argentina's 2006 education reform falls into this 'moderate' category. A fourth type of social policy reform is classified as 'weak universalism,' which means the reform advanced on two of the four dimensions of universalism. Several of Argentina's initiatives during the early 2000s are classified as 'weak,' as is the 1995 Chilean education reform, which increased coverage, but failed to ensure a quality education for all children and exacerbated the equity of financing. The fifth category of the dependent variable is 'neutral' and describes initiatives that failed to produce any substantial change in at least three of the four dimensions of universalism. Venezuela carried out four neutral reforms to social assistance policy during the early 2000s, administering services in a transparent manner, but failing to improve coverage, transfer size, and funding sustainability. Finally, 'regressive reforms' are those that exacerbate problems of coverage, inequality, and financing, while 'failed reform' occurs in systems in which no change was enacted. Argentina's health and pension reforms during the administration of President Carlos Menem (1989-1999) are examples of regressive reforms because they decreased coverage and increased benefit segmentation. An example of failed reform was also witnessed in Argentina, where President Menem was unable to alter the country's healthcare system for retirees. Chapters 3, 4, 5, and 7 present an in-depth discussion of my coding of education, health, and non-contributory social assistance

reforms in Argentina, Chile, Uruguay, and Venezuela, but the standards that I use for scoring the legislation are summarized in Table 1.1.

[Table 1.1]

Before advancing further, it is important to clearly define the four dimensions of this measure of universalism. In the context of advanced industrialized democracies, universalism is associated with the Nordic welfare regimes and is defined as a system that provides generous benefits to all citizens, regardless of income, labor market status, or sex. In these universalistic welfare states, benefits are coupled with high tax rates, and therefore, the transfers and services consumed by high-income earners are recovered by the state through income taxes. In Latin America, by contrast, tax systems are notoriously weak, and therefore, the process of ‘universalism’ cannot be expected to work in an identical manner. For this reason, I contend that social policy reforms that provide automatic access to benefits (without discretionary criteria) to at least the bottom 50 percent of the income distribution should be considered as moving in a universal direction (advanced universalism). Thus, the further a state moves past 50 percent coverage, the stronger the trend toward universalism. Still, it is important to consider not only how broad coverage is, but also *how* that coverage is obtained, namely what criteria are used to identify beneficiaries. This is because in the universal welfare states, benefits are granted as a legally-defined right, which eliminates the possibility of using political criteria to favor some individuals and exclude others. Thus, in order for a state to qualify as having ‘advanced universalism,’ I contend that benefits must cover at least the bottom 50 percent of the income distribution and that access must be based on transparent and clearly defined criteria; not discretionary factors such as political favoritism.

This measure of universalism also considers whether policies improve the quality of social services and the size of income transfers. In this way, I contend that policies should be considered fully-universal if they guarantee that: (1) individuals using the public health system receive quality care for a set of fundamental services; (2) that children enrolled in public education receive quality schooling; and (3) that non-contributory transfer payments are generous, thereby reducing benefit segmentation between formal and informal sector workers.⁹ This study also considers whether the financing of social programs is equitable, namely whether it eases the burden on the poorest sectors of society, and if the funding is sustainable. By sustainable financing, I refer to policy reforms that are tied to a steady revenue source. Using these definitions, I evaluate reforms to healthcare, social assistance and education policy in chapters 3, 4, 5, and 7, based on how far each initiative moved in the direction of universalism.¹⁰

The Argument

The role of left parties in building and expanding universal welfare states in advanced industrialized democracies has been confirmed by an extensive body of research . In the context of contemporary Latin America, by contrast, many scholars have argued that ideological divisions have been significantly weakened by the constraints imposed by economic liberalization and globalization . Still, other studies have uncovered important differences in the character of regulatory, labor, and social policies adopted by left-leaning and right-leaning governments .

⁹ Since employees and employers also pay into the contributory system, it stands to reason that those benefits will be larger than non-contributory income transfers, which are financed through general revenue. Still, the size of this gap can be narrowed if the state invests heavily in the non-contributory system.

¹⁰ I experimented with weighing some dimensions of the measure more heavily than others, but the overall scores were not generally affected, and therefore, I decided to count each dimension equally in an effort to increase the transparency of the measure.

This study builds on both of these bodies of literature, but improves and refines the arguments by focusing not only on ideology, but also on the organizational structure and predominant linkage mechanism employed by parties. This focus on overall party character, which I define as the combination of ideology, internal organization, and external linkage mechanism, is innovative and it bridges two bodies of political science research that have, until now, remained separated. Specifically, I argue that the internal organization of political parties, particularly the strength of the tie between elites and base organizations, in combination with the party's ideology and the predominant linkage mechanism employed to appeal to the core constituency, has a profound effect on the timing and content of social policy reform. The classification of party character developed in chapter 2 identifies four party types: 'constituency-coordinating,' 'electoral-professional,' 'charismatic-movement,' and 'non-programmatic-electoral,' which exist on both sides of the ideological spectrum.¹¹ Each of the party types influences the content of social policy reform by determining the distribution of power inside the party and shaping what kinds of policy initiatives are likely to be pursued.

The theoretical framework also builds on extant literature that emphasizes the causal impact of previous policy design, or policy legacies.¹² I confirm the importance of these legacies, finding evidence that they influence the nature of social policy reforms in Latin America. This is because policy legacies shape the distribution of power and interests inside distinct policy sectors. This distribution, in turn, determines the costs and

¹¹ These distinctions are discussed at great length in chapter two.

¹² The concept of policy legacies was first developed by Paul Pierson, *Dismantling the Welfare State? : Reagan, Thatcher, and the Politics of Retrenchment* (New York: Cambridge University Press, 1994); Gøsta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton, N.J.: Princeton University Press, 1990); Evelyne Huber and John D. Stephens, *Development and Crisis of the Welfare State : Parties and Policies in Global Markets* (Chicago: The University of Chicago Press, 2001)..

benefits that politicians face when attempting to reform existing programs, and therefore, shapes the content of social policy initiatives.

The third and final variable that I argue influences the design of social policy reform is the nature of electoral competition. I find that electoral competition shapes policy reforms through two mechanisms. First, in a setting where electoral competition is intense, parties face incentives to carry out reforms that appeal to a broad sector of society. In addition to the intensity of competition, I argue that it is also important to consider where on the political spectrum that competition is located. Specifically, left-leaning parties that face intense competition from the right might be pushed to enact relatively centrist reforms in order to attract moderate voters. Similarly, when parties of the right face intense competition from the left, they may carry out reforms that expand state involvement in an effort to appeal to a wider range of voters.

I hypothesize that each of the three variables included in my argument are necessary causes of social policy reform and interact equally to determine the outcome. This is not to say that party character, electoral competition, and policy legacies are the only factors that shape social policy reforms. Indeed, a number of other variables, including economic performance, civil society mobilization, international pressure, and political-institutional design, also influence the design of policy outputs. Still, I contend that these effects are secondary to the impact of party character, electoral competition, and policy legacies.

Existing Explanations of Latin American Social Policy Reform

The theoretical framework developed and tested in this book builds on a large and rich body of scholarship that explores causal determinants of Latin American social

policy. In general terms, existing explanations have focused on economic and political-institutional variables. As demonstrated in chapters 3-7, many of these factors also influenced recent social policy reforms in Argentina, Chile, Uruguay, and Venezuela. The evidence presented in the case studies, however, suggests that, while important, these variables were secondary causal factors. In this way, the key variables analyzed in this book: policy legacies, electoral competition, and party character, worked in combination with several other factors to produce the given social policy outputs.

Economic Explanations: Globalization and Growth

Globalization, or the increased flow of goods, capital, people, and ideas across national borders, has been cited by many authors as an important determinant of variation in social spending levels and in the design of social protection systems . Specifically, some have argued that foreign direct investment can result in a ‘race to the bottom’ with regard to labor standards, tax codes, and subsequently social protection systems . Globalization may also influence social policy decisions because of the pressure that policy makers face to maintain the confidence of international investors . Upholding this trust requires governments to avoid deficits, which in turn may result in social spending cuts. In the case of Chile and Uruguay, my interviews turned up no evidence that these pressures influenced social policy formation. Instead, when I questioned elites about the motivation for maintaining balanced budgets (in the case of the *Concertación* and FA governments) or for engaging in deficit spending (in the case of the *Colorado* and *Blanco* governments), the reasons cited were tied to domestic political pressures and party preferences (Personal Interviews #1, #3, #4, #6, #10, #17, #18, #20, #21, #36, #43, #55, #66, #68, #69, #92,).

A final way that globalization is thought to influence social policy formation is through the involvement of external actors, namely international financial institutions (IFIs), in the policy-making process. The role of IFIs during the current neoliberal era has been significant, with institutions such as the World Bank (WB), the Inter-American Development Bank (IADB), and the International Monetary Fund (IMF) making sizable loans to countries for the purposes of economic stabilization and structural adjustment. The loan process provides IFIs with the leverage to encourage reforms of a particular type by means of conditionality. For this reason, some studies find that the involvement of IFIs can influence the nature of social policy reforms .

In the case of Chile and Uruguay, while IFIs have been involved in policy-making, it does not appear that the organizations were able to decisively shape the content of reform packages. Even in the midst of Uruguay's devastating 2002 financial crisis, the country was able negotiate spending protections for all social sectors with the IADB and the WB, allowing the state to maintain social expenditure at pre-crisis levels. An official from the government of *Colorado* President Jorge Batlle (2000-2005) told me that obtaining these guarantees required tough negotiations, but that ultimately they were able to extract the guarantees (Personal Interview #3). Similarly in Chile, despite the use of WB loans, an official from the Aylwin and Frei governments told me:

“the long and the short of it is that there was a great deal of symmetry in the relationship with the World Bank. They didn't force anything on us and couldn't force anything on us” (Personal Interview #28)

This comment was echoed by other policy-makers, one of whom reminded me that many representatives of the Chilean state are consultants for the WB and do not feel pressured by the so-called Washington technocrats (Personal Interview #79). Thus, while IFIs

provided proposals for policy design, it does not appear that the organizations were able to force the adoption of those reforms. An alternative interpretation of the IFI argument would suggest that the low level of IMF and World Bank involvement in Chile and Uruguay might help explain the ability of those two states to pursue more universalistic reforms. Such an explanation, however, has a difficult time accounting for variation across policy sectors inside the two cases. Moreover, IFI involvement in Venezuela has also been low since President Chávez's turn toward more radical policy in the early 2000s, but as discussed in chapter 7, the left-leaning government has nonetheless been slow to produce universalizing reforms.

Part of the reason why the influence of IFIs appears weak in this analysis could be related to the time period under consideration. The views of the World Bank and other financial actors have moderated across time, and by the beginning of the 21st century many IFIs had begun to stress the importance of social investment. In this way, the international context may have become more favorable to universalizing social policy by the early 2000s, thereby making this explanation less relevant than it was during the 1980s and early '90s. Several studies of Latin American social policy formation find evidence that the international diffusion of ideas and policy models is a crucial determinant of policy outputs. Thus, it stands to reason that the renewed international interest in social investment could have helped promote more universalistic social policy. This shift in the international context and the prominent policy models, however, cannot explain why some Latin American states pursued social policy reforms that expanded universalism, while others did not.

Another economic argument related to social policy formation is exemplified by the common belief that economic growth is the most effective form of welfare. Since the ability of governments to expand social policy programs is closely tied to tax revenue, which in turn fluctuates with economic cycles, studies have rightly noted that economic performance has important effects on the scope of social protection systems . Moreover, periods of economic crisis and austerity can undermine social safety nets, as governments are forced to cut spending. Since the early 2000s, Latin America has experienced a relative economic boom, thanks in part to a favorable export market. Indeed, the average growth rates for Argentina, Chile, Uruguay, and Venezuela between 2003-2010 were 6.62, 3.99, 5.31, and 5.01 percent, respectively.¹³ These solid growth levels have undoubtedly facilitated the expansion of social spending during this same period. Still, while strong *and* stable economic growth may have helped boost social spending, it could not guarantee that these increases would respond to the needs of society's most vulnerable groups and move policy design in a more universal direction. In the case of Chile and Uruguay, the fact that the two countries' progress toward universalism varied across policy sectors casts doubt on the role of economic growth as a key determinant of universalism. Indeed, if growth were a direct cause of universalism, then one would expect that Chile, which has experienced the most sustained growth of the four countries, should have gone significantly further than Uruguay toward achieving universalism, but this was not the case.¹⁴ Moreover, if this argument were true, one would have expected

¹³ This average was calculated using data from the World Bank, "World Development Indicators," World Bank, <http://newman.richmond.edu:2809/ddp/home.do?Step=3&id=4>. I use 2003 as the base year to avoid the dramatic declines witnessed in Argentina, Uruguay, and Venezuela as a result of the 2001 financial crisis.

¹⁴ Chile's growth rates have been positive in all but 2 years between 1990 and 2010, according to the World Bank (2012) . The country's average growth rate between 1990-2010 was 5.03 percent, compared to 4.29,

Chile to make the bulk of its progress toward universalism during the high growth governments of President Patricio Aylwin (1990-1994) and President Eduardo Frei (1994-2000). Interestingly, however, Chile's most decisive reforms toward greater universalism were carried out during the slower-growth administrations of President Lagos and President Bachelet.¹⁵ Thus, while growth is an important contextual factor, and while the commodity boom of the early 2000s undoubtedly helped the move toward greater universalism, it does not adequately explain variation across the Argentine, Chilean, Uruguayan, and Venezuelan cases.

Political-Institutional Variables

A second group of variables that have been found to influence the formation and change of social policy in Latin America are political in nature, relating to political regime type, the design of state institutions, and the role of parties and interest groups. The first of these political-institutional arguments focuses on the impact of democratic and authoritarian rule. Several studies of social policy expansion and reform in Latin America find that democratic states tend to invest more in social welfare programs and that this spending tends to be more egalitarian than that of authoritarian regimes. The bulk of research about the effects of democracy on social policy focuses on the role of electoral competition, which forces politicians to respond to citizen demands and increase social expenditure. McGuire (2010, 7-11) highlights other facets of democracy that may influence social policy design, especially in the health sector. In particular, he notes that increased access to information, the ability to form advocacy groups, and increased

3.14, and 3 percent for Argentina, Uruguay, and Venezuela, respectively "World Development Indicators," World Bank, <http://newman.richmond.edu:2809/ddp/home.do?Step=3&id=4..>

¹⁵ Chile's average growth rate between 1990 and 1999 was 6.38 percent. By contrast, the average growth rate between 2000-2009 was 3.67 percent (World Bank 2012, calculations by author).

attention to equal rights fosters an environment that is conducive to the expansion of basic health services. Other studies, however, question the impact of democracy on social spending, noting that the effect of political regime is mixed because democracy may empower privileged interest groups and promote poor policy design . All four countries in this study were democratic throughout the whole period of the analysis,¹⁶ and the case studies presented in chapters 3-7, reveal that one key element of democracy, the intensity of electoral competition, does have an important effect on the design of social policy reform.

Perhaps the most widely cited institutional arguments about welfare state development and change focus on the design of political institutions and the impact of veto points . In particular, Castiglioni (2005) finds that variation in the extent to which institutions concentrate political power helps to explain differences in social policy outcomes in Chile and Uruguay between 1973 and 1998. I differ from Castiglioni with regard to the importance of institutional variables. Specifically, I contend that the effect of veto points on social policy outputs are less significant than my three variables of interest: party character, electoral competition, and policy legacies.

The literature highlights three institutional veto points that are important in dispersing political power: federalism, bicameralism, and referenda. For the cases of Chile and Uruguay, the causal importance of federalism and bicameralism can be discounted since both countries are unitary states with bicameral legislatures. While both cases of slow progress analyzed in this book – Argentina and Venezuela – are federal

¹⁶ The nature of Venezuela's political regime is a subject of intense debate. Freedom House scores Venezuela as 'partly free,' while Argentina, Chile, and Uruguay are scored as 'free' Freedom House, "Freedom in the World," (Washington DC: Freedom House, 2012), online.. Thus, while the Venezuelan regime has moved toward autocratic tendencies, it has not yet been classified as 'not free.'

states, there is no evidence that the shared outcome was related to the countries' institutional design. In fact, some scholars argue that Venezuelan President Hugo Chávez's efforts to centralize power have all but eliminated sub-national autonomy in contemporary Venezuela. All of this suggests that something other than federalism or bicameralism is driving variation in the character of social policy reforms.

The cases in this analysis do vary with regard to the presence of mechanisms of direct democracy (i.e. referenda and popular initiative), with Uruguay and Venezuela exhibiting this institutional characteristic, while the other states do not. Since Uruguay's return to democracy, the use of referenda have had important consequences for national politics and there is some evidence that the institutional mechanism did indirectly affect social policy-making in that country.¹⁷ In interviews with political elites, however, I was consistently told that the ability to use the referenda mechanism is not equally plausible for all parties. Members of the three largest Uruguayan parties noted that the FA was particularly effective at calling for referenda. A Deputy from Uruguay's Independent Party put it clearest, stating:

“It's not the referenda mechanism on its own that was powerful. It was that rule in combination with the fact that FA was in opposition... In fact, I would go so far as to say that with the exception of the 1989 initiative, without the FA there wouldn't have been any other referenda” (Personal Interview #91).

This point was also made by FA legislators and suggests the institutional rule did not have a direct effect on policy output, but instead influenced outcomes by means of the FA's constituency-coordinating character. In this way, the role of the referenda in

¹⁷ The only successful use of the mechanism in association with social policy was the 1989 popular initiative that resulted in a guarantee that pensions would be increased at the same time and to the same magnitude as state workers' wages (Figueira 1995)

shaping social policy complements the argument presented in this book, illustrating yet another way in which the FA's party character influenced policy outputs.

Another institutional variable that has been found to influence social policy formation is the design of a country's electoral system . The countries in this study differ with regard to the design of electoral rules, and the variation, while not a direct cause of universalism, does shed light on the policy-making process in each country. Specifically, Chile's binomial electoral system, which makes it difficult for a party to win both seats in any given congressional district, has traditionally resulted in an over-representation of the parties of the right . The institutional design has also encouraged the formation of political coalitions. This marks an important difference between Chile and Uruguay, namely that the *Concertación* is a coalition of center and left parties, whereas the FA is one party. This, in turn, influences social policy formation in each country, introducing additional obstacles in Chile that do not exist in Uruguay. A second institutional characteristic that influenced social policy formation in Chile was the designated Senator rule, which existed until 2005 and granted special representation to the parties of the right. These two characteristics of Chile's political institutional design influenced policy formation by constraining the institutional and partisan powers of the president, forcing the left/center-left *Concertación* to negotiate with the opposition and with coalition partners . My analysis confirms that these institutional rules had some impact on social policy formation in Chile, but I find these effects to be minor in comparison to party character, electoral competition, and policy legacies. Specifically, institutional design cannot explain why the *Concertación* governments of the 1990s and 2000s excelled in some policy domains, but not others. It also fails to explain why the parties of right were

effective at opposing some initiatives, but had less of an effect for others. This variation is more thoroughly explained by party character, electoral competition, and policy legacies.

Uruguay also has a peculiar electoral system, which provides for double simultaneous vote (the right to select both a party and a specific list) and proportional representation.¹⁸ Both of these mechanisms help explain the fractionalized character of the country's political parties.¹⁹ Castiglioni (2005) argues that the fractionalization of Uruguay's party system has resulted in greater power dispersion, which slowed efforts at retrenchment. I, by contrast, argue that party fractionalization has had an indirect effect on social policy by influencing the organizational structure of the parties. In particular, I contend that the fractionalization of Uruguay's parties is one of the contributing factors to the FA's constituency-coordinating structure because the high level of internal competition provides incentives to political elites to maintain strong ties to base organizations and work to expand territorial presence. In this way, institutional design has influenced the process of social policy reform in Chile and Uruguay, but I contend that its effects are minor in comparison to party character, electoral competition, and policy legacies.

A final group of theories of social policy reform focus on the role of political parties, political leadership, unions, and interest groups in shaping the nature of reform efforts. Since the 1980s, Latin American political elites have faced an economic and

¹⁸ The 1996 electoral reform eliminated double-simultaneous-vote for the President (by requiring parties to select one Presidential candidate per party through primary elections).

¹⁹ To date, leadership within the FA has been quite fluid with different fractions growing and declining in distinct moments Rafael Piñeiro and Jaime Yaffe, "El Frente Por Dentro. Las Fracciones Frenteampelistas 1971-1999," in *La Izquierda Uruguaya: Entre La Oposición Y El Gobierno*, ed. Jorge Lanzaro (Montevideo: FESUR, 2003).

social policy-making environment characterized by significant constraints. The neoliberal doctrine, which stresses downsizing the role of the state, scaling back social spending, and de-regulating markets, has placed new political pressure on policy-makers . Globalization has also influenced the policy-making environment, as countries must compete on the international playing field and foster the confidence of international investors . Political parties in general, but particularly those of the left/center-left, which historically defended a state-led development model and publicly-provided social protection, have been hard-hit by these international and domestic constraints. In addition to the pressure to shift their traditional policy positions, parties of the left/center-left have suffered as labor market flexibilization, trade liberalization, and the decline in public sector employment have resulted in a weakening of unions, the core constituency of the parties, both in terms of overall numbers and general political power .

As a result of these constraints, some scholars have argued that ideological differences between parties of the left and right have become increasingly small . In this vein, some studies show that populist parties of the left/center-left have recently engaged in regressive social policy reforms , while parties of the right/center-right have carried out progressive reforms in at least one case . These studies conclude, therefore, that party differences on matters of social policy are relatively unimportant. Still, a growing body of research finds that parties of the left and right vary with regard to how they design regulatory, labor, and social policy . I contend that these seeming inconsistencies in research findings result from the fact that debate about the impact of partisanship on policy outcomes has remained separate from research on political party organization and linkage mechanisms, and that to fully understand the process of social policy reform, one

must consider the overall character of a party, which I define as the combination of ideology, internal organization, and linkage mechanism. Indeed, while ideology does make a difference with regard to the general priorities of a party, that orientation is not always translated into corresponding actions and I contend that such discrepancies result from variation in party organization and linkage mechanism. Thus, political parties do influence social policy formation in Latin America, but to understand their effect, one must disaggregate the concept of party into three dimensions: ideology, organizational structure, and linkage mechanism.

In addition to political parties, several studies of Latin American social policy focus on the role of unions and other interest groups in shaping the content and success of reform initiatives . The bulk of these studies find that labor unions have tended to resist reforms to education, health, and pension policy, and that even when approved, the actors have often blocked effective implementation. Other research, however, finds that labor unions have not always been hostile to progressive social policy reforms and have even, on occasion, embraced efforts to expand protection to previously marginalized sectors of the population . I contend that this disagreement in the literature results from the fact that many studies focus directly on union behavior rather than analyzing the broader context in which labor unions formulate their preferences. In particular, I argue that the design of previous policy, or policy legacies, is crucial for understanding whether or not labor unions and other organized interest associations will support a given policy reform. In this way, the design of previous policy can either facilitate or inhibit the passage of policy reform by shaping the preferences of potential veto actors.

Method, Research Design, and Case Selection

The pages that follow provide a process-oriented account of social policy reform in Chile and Uruguay, with a secondary focus on Argentina and Venezuela. The study employs the qualitative method of process tracing to test my theoretical assumptions, drawing on original interview data from more than 135 in-depth interviews with political elites in Chile and Uruguay. I also analyze archival data gathered from an extensive study of press and legislative reports. In the shadow case analysis of social policy reform in Argentina and Venezuela, I rely on secondary source information. Small-n qualitative studies are sometimes criticized for violating the norms of statistical research and for the inherent limits on the generalizability of findings . Still, a growing body of scholarship has emphasized the important strengths of qualitative research, namely its ability to test causal processes and probe a theory’s internal validity . Specifically, these authors argue that qualitative methods provide unique leverage in establishing causal inference because the studies analyze “causal process observations” rather than “dataset observations” (Collier, Brady, and Seawright 2004, 252-264). Causal process observations, they note, are within-case observations that provide insight into how a relationship unfolded. Typically, scholars use these observations to carry out process tracing, which allows for two types of a hypothesis test: hoop tests and smoking gun tests . This study employs process tracing to carry out a series of hoop tests that assess whether the causal sequence outlined in chapter 2 actually played out in the manner that I have specified. A hoop test proposes that particular pieces of evidence must be present within a given case in order for the hypothesis to be confirmed . In chapter 2, I highlight a series of expectations that identify such evidence. To perform these hoop tests, I draw on hundreds of causal process observations, revealing precisely how party character, electoral competition, and

policy legacies influenced social policy reforms in Argentina, Chile, Uruguay, and Venezuela. The study focuses primarily on within-case variation and I provide multiple probes of the hypotheses, analyzing 37 failed and successful reforms in three policy sectors inside each case. Thus, while the number of cases analyzed in this book is relatively small (four), the number of causal process observations is large, thereby allowing for a rigorous test of the hypotheses.

Since the focus of this book is to assess whether party character, electoral competition, and policy legacies influenced social policy reform by means of the mechanisms specified in the next chapter, I select four cases that provide wide variation on these independent variables. The analysis of each of the four cases explores the mechanisms that link party character, electoral competition, and policy legacies to distinct types of social policy reform. For this reason, I select Argentina, Chile, Uruguay, and Venezuela because they each represent a different type of party; display divergent levels of electoral competition; and exhibit distinct policy legacies.

I focus on Chile and Uruguay as my primary cases of analysis for two reasons. First, Chile and Uruguay are similar in many regards, but exhibit interesting variation on the three key variables addressed by this study: policy legacies, electoral competition, and party character. In particular, Chile and Uruguay have very comparable levels of economic development, reaching per capita GDP levels US\$11,999.24 and US\$11,069.14, respectively, in 2009 . The two countries also exhibit similar records of democracy, strong political institutions, high levels of state capacity, and institutionalized political parties. Moreover, both Chile and Uruguay are unitary states with low levels of ethnic and racial diversity. The two countries differ, however, with regard to policy

legacies, electoral competition, and party character. Whereas Chile underwent a process of radical privatization in education, healthcare, and pension policy, Uruguay continues to exhibit heavy state involvement in all social sectors except healthcare. Moreover, in Chile the ruling left/center-left *Concertación* governments faced intense electoral competition from the right side of the political spectrum throughout the entire period of this analysis. By contrast, in Uruguay, the right/center-right *Colorado* and *Blanco* governments of the 1990s and early 2000s faced intense electoral competition from the left/center-left FA. However, in 2004, when the FA assumed office, the left-leaning party faced weak electoral competition because of the *Colorado*'s precipitous decline. With regard to party character, Chile's left/center-left parties are electoral-professional in nature, while Uruguay's left/center-left *Frente Amplio* is a constituency-coordinating party. Similarly, one of Chile's conservative parties, the Independent Democratic Union (UDI), is a constituency-coordinating organization, whereas Uruguay's traditional (right/center-right) parties exhibit an electoral-professional structure. In this way, Chile and Uruguay provide clear contrasts on the key variables in my framework, and therefore, are the two primary cases analyzed in the book.

I also chose to focus on Chile and Uruguay because the two countries have been among the most successful states in the region in advancing toward universalism.²⁰ In this way, they provide fertile territory for understanding how Latin American states have begun to move toward more inclusive welfare policy. Progress in Chile and Uruguay, however, has been neither perfect nor uniform. In Chile, movement toward universalism is most evident in the domain of pension policy, with notable advancement in healthcare

²⁰ Costa Rica has historically had the most universalistic welfare state in the region (Martinez Franzoni and Sánchez-Ancochea 2012). The country, however, varies from Chile and Uruguay with regard to its historical trajectory, thereby making a controlled comparison difficult.

and more moderate improvement in education. In Uruguay, impressive progress occurred in the domain of family allowances, with important achievements in healthcare policy, but little improvement in education.

The inclusion of Argentina and Venezuela in a less detailed shadow analysis is instructive, as it provides greater variation on one of my key independent variables: political party character. Indeed, Argentina and Venezuela exhibit levels of economic development that are similar to Chile and Uruguay with a GDP per capita of US\$11,961.40 and US\$9,115.39, respectively, in 2009 (Penn World Tables 2011, online), but the two countries vary with regard to party character. In particular, both Argentina and Venezuela have been governed by a non-programmatic-electoral party of the left/center-left: the Peronist party (PJ) in Argentina and the Socialist Party of Venezuela (PSUV) and Fifth Republic Movement (MVR) in Venezuela.²¹ Critics may wonder why I selected Argentina and Venezuela rather than Brazil and Bolivia – two countries with well-known left/center-left parties that have made advancement in the domain of social policy. While I do discuss both of these cases in the conclusion of the book, it did not make good theoretical sense to include them in this analysis for two reasons. In the case of Brazil, the left-leaning Workers' Party (PT) exhibits a party character similar to Chile's *Concertación* parties at the national level and an organization reminiscent of Uruguay's FA at the local level. Thus, inclusion of Brazil would not provide greater variation with regard to my primary variable of interest: party character. While Bolivia would provide a fourth party type, the country exhibits a dramatically different level of

²¹ As mentioned previously, the PSUV is located further to the left than other parties in the analysis, but for reasons of parsimony I choose to group left and center-left parties into one category. I also recognize that the PJ is not a traditional left/center-left party, but rather tends to exhibit ideological flexibility, sometimes being led by left-leaning elites and other times reflecting more conservative tendencies.

economic development than that of Chile and Uruguay, which makes a structured comparison very difficult.

Although Argentina and Venezuela are both federal states, I focus on national-level policy initiatives. While sub-national variation likely exists in both countries, with certain states or provinces exhibiting better coverage and service quality than others, universalism requires that all citizens, regardless of geographic location, have access to a minimum standard of protection. Such minimum standards are typically enforced through federal mandates, and therefore, I focus my attention on national-level policy formation.

The research design utilized in this book, therefore, provides for a stringent test of the hypotheses. The causal process observations utilized to assess the internal validity of the theoretical framework provide systematic evidence of the mechanisms that link party character, electoral competition, and policy legacies to reform outcomes. In this way, the study is an example of how qualitative methods can be effectively used for a particular type of hypothesis testing. The book, therefore, makes an important contribution to the growing literature about the logic of qualitative social science inquiry.

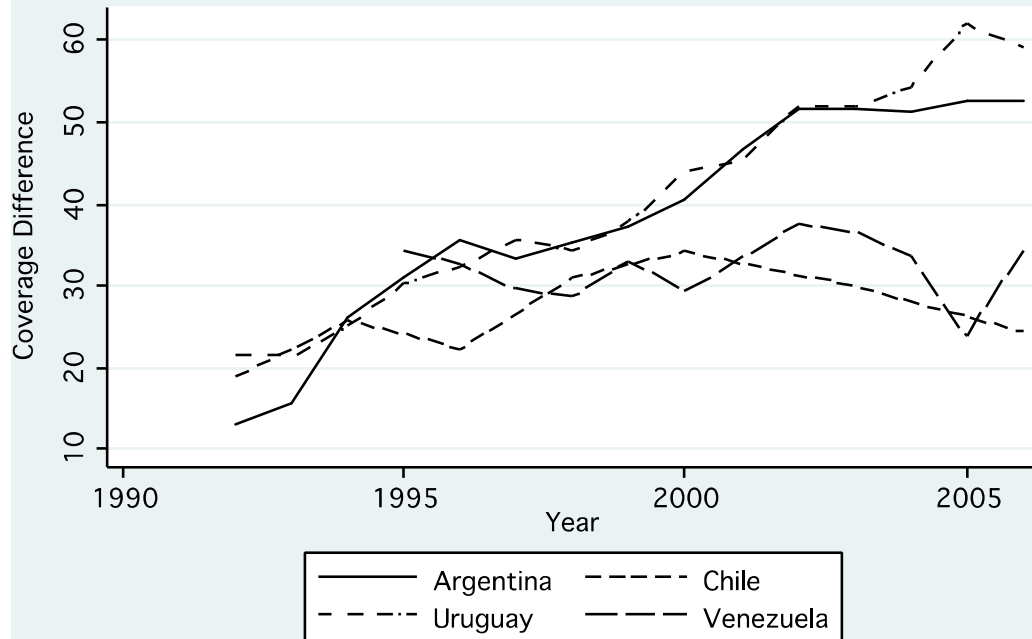
While qualitative analyses have many strengths, they are unable to adequately assess the external validity of a theory due to the difficulty of generalizing from such a small number of cases. In light of this limitation, it is important to clearly delineate the boundary conditions of this argument. The theoretical framework established in this book does not seek to provide a grand theory of policy reform that can be generalized to all corners of the globe for all periods of time. Rather, I seek to explain a small population of countries, namely Latin America's advanced social protection states, during

the 1990s and 2000s.²² These countries include Argentina, Brazil, Chile, Costa Rica, Mexico, Uruguay, and Venezuela.

This book is organized into three parts. In the first section (chapters 1 and 2) I develop a theoretical framework that seeks to explain patterns of social policy reform in contemporary Latin America. In the second section (chapters 3, 4, 5, and 6) I use process tracing to analyze successful and failed attempts to reform healthcare, non-contributory social assistance, and education policy in Chile and Uruguay since each country's transition to democracy. I also describe how political parties in each country evolved, and why they consolidated distinct organizational characteristics. In the final portion (chapter 7 and 8), I employ a structured comparison to assess the capacity of my theoretical framework to explain successful and failed policy reforms in two secondary cases: Argentina and Venezuela. I conclude with a reflection about the book's main findings, highlighting important theoretical and practical implications of the study.

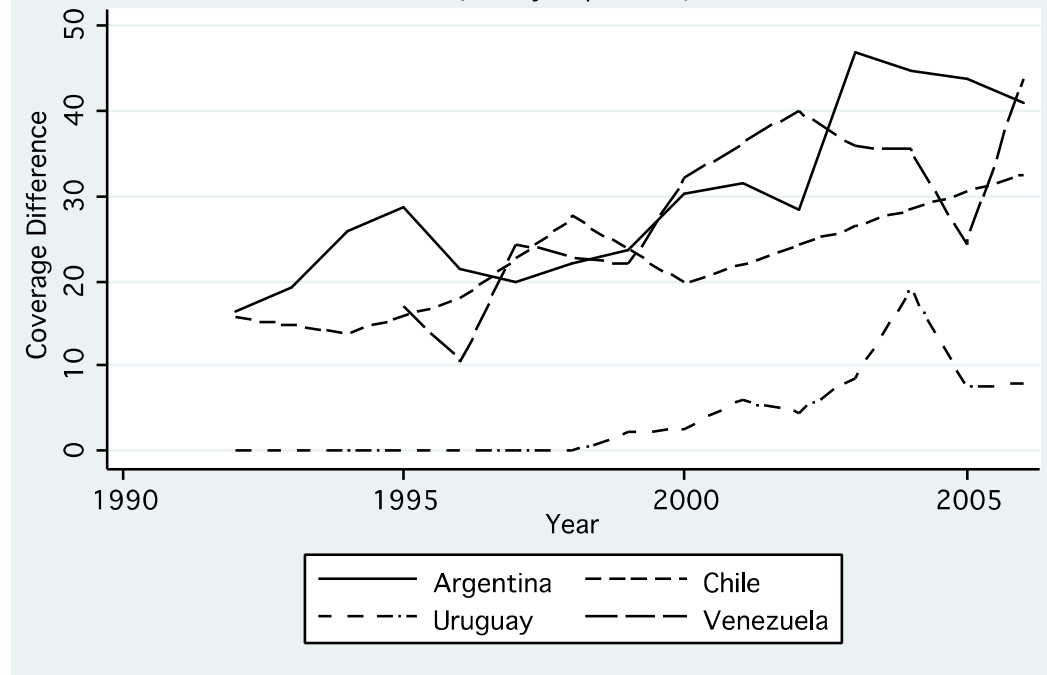
²² This temporal focus is important because the global economic context shifted significantly during the early 2000s, as many Latin American states began to enjoy a favorable export market. Additionally, international financial institutions and the policy community altered their thinking about the role of the state in providing social services and transfers.

Figure 1.1: Difference Between Top and Bottom Income Quintiles' Pension Coverage (Economically Active Population)



Author's calculation based on data from:

Figure 1.2: Difference Between Top and Bottom Income Quintiles' Pension Coverage (Elderly Population)



Author's calculation based on data from: .

Figure 1.3: Categories of Social Protection

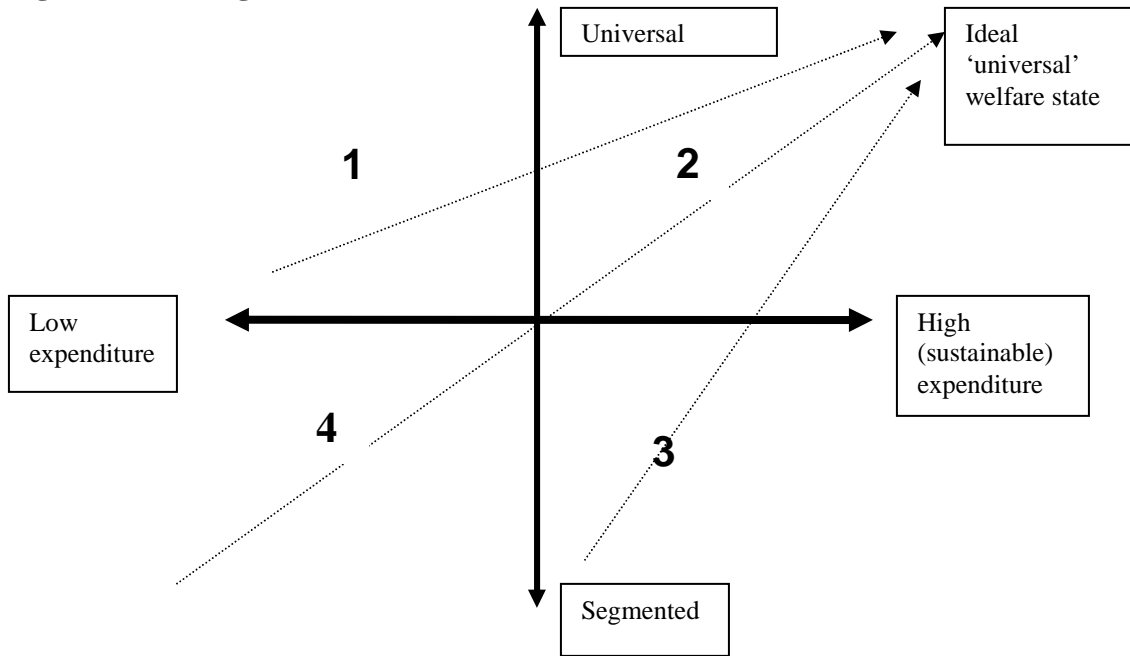


Table 1.1: Categories and Scoring of Universalism

	Pure Universalism	Advanced Universalism	Moderate Universalism	Weak Universalism	Neutral	Regressive Reform	Failed Reform
Achieves universal coverage	100% universal	Increased coverage, arriving at more than 50%	Provoked change on three dimensions	Provoked change on two dimensions	No change or change on only one dimension	Reform exacerbates coverage problems	No reform adopted
Character of policy implementation (transparent vs. discretionary)	Automatic right of all citizens	Transparent provision to a large segment (more than 50%) of population. This group is clearly defined in legal terms and political manipulation is not present.				Granted in a particularistic and non-transparent manner. Political manipulation is possible or present.	No reform adopted
Ensures quality services and reduces segmentation in benefit generosity	Yes	Improvement, albeit imperfect				Reform exacerbates inequality in services and transfers	No reform adopted
Equitable and sustainable financing	Broad progressive financing system	Improved financing, albeit imperfect				Reform undermines financing	No reform adopted

Chapter 2: CREATING UNIVERSALISTIC SOCIAL POLICY: THE ROLE OF POLICY LEGACIES, ELECTORAL COMPETITION, AND PARTY CHARACTER

“The Frente Amplio has the perfect structure for accumulating votes and power from a position of opposition. This is the case because we created an organization that is able to internalize a huge degree of difference and resolve issues internally to win votes. The party is so diverse and that helped us come to power, but it makes governing very difficult.” – Frente Amplio Senator²³

The push to reform welfare regimes so that they better respond to the character of ‘new’ social risks is a challenge faced by states around the world. Indeed, deindustrialization and the increased informalization of the labor market, coupled with demographic and social transformations, have affected all corners of the globe, leaving increasingly large segments of the population outside the reach of many welfare states, particularly in countries where social policy is rooted in the Bismarckian (contributory) tradition. This is especially true in Latin America, where the region’s advanced welfare regimes developed a network of social policy throughout the 20th century that relied heavily on contributory social insurance.²⁴ In the late 1990s and early 2000s, however, as coverage gaps grew increasingly evident, states in the region began to grapple with the difficult task of reforming welfare policies in a more universalistic direction.

What accounts for variation in the ability of Latin America’s advanced social protection states to build more inclusive welfare regimes? For those countries that did move in the direction of greater universalism, how did they proceed? In this chapter I present a theoretical framework that answers both of these questions, identifying two distinct paths toward universalism in Latin America. The first path, which is exemplified by the policy reforms enacted during Chile’s *Concertación* governments (1990-2010), is best characterized as “universalism from above” and involved technocratic elites, motivated by fiscal concerns and a

²³ Personal Interview #48

²⁴ Since the privatizing reforms of the 1980s, these systems exhibit a mix of Bismarckian and liberal tendencies.

commitment to equity, working in isolation from political demands to create a more efficient and equitable system of social protection. This path was made possible by Chile's policy legacies, which fragmented organized interest groups; by the 'electoral-professional' character of the country's left/center-left parties, which allowed politicians to by-pass demands from the voting base; and by the presence of strong electoral competition from the right. Chile's top-down approach to social policy reform was beneficial in some regards because it avoided the tendency to provide special (and highly inequalitarian) privileges to powerful corporatist organizations, but it also weakened the parties' ability to defend reforms against opposition from the private-sector and right-wing parties.

In Uruguay, the path toward greater universalism has involved a bottom-up process of coalition building, which required difficult negotiations between various societal groups. This path, while more politically challenging than the 'reform from above' strategy, was pursued because of the country's policy legacies, which empowered organized interest groups; the constituency-coordinating character of Uruguay's left/center-left party, the *Frente Amplio* (FA); and the absence of strong right-wing competition. The 'bottom-up' path toward universalism is wrought with uncertainty because groups representing powerful insiders may oppose universalistic reforms if they involve removing special privileges built into existing social policies. Since constituency-coordinating parties, such as the FA, grant these organized interest associations significant power in policy making, the opposition of such groups can prove paralyzing. Still, the presence of strong ties to base organizations can also prove helpful for advancing universalistic policy reforms, as it facilitates the formation of a broad pro-welfare coalition capable of mobilizing support for the initiative. As a result, Uruguay's record of social policy reform is mixed, with significant progress in some domains and failure in others.

Thus, the Chilean and Uruguayan cases exemplify two paths that move in the general direction of universalism, but which may not necessarily arrive at the same outcome. Indeed, whereas the top-down path is more certain, it is unlikely to produce a fully universalistic outcome. The bottom-up path, by contrast, may produce a mixed record, but when reforms are successful, they are likely to move the furthest toward universalism. I now turn to a discussion of the variables that I contend are important for explaining a state's choice to reform social policy in a more universalistic direction: policy legacies, electoral competition, and the character of political parties.

Universalizing Policy from Above and Below: Policy Legacies, Electoral Competition, and Party Character

Policy Legacies

The importance of policy legacies in determining social policy outcomes has been cited by many authors, who note that the previous design of policy has long-lasting effects on the ability of reformers to alter the design and scope of social protection. In the case of social policy reform in Latin America's advanced social policy regimes, I contend that policy legacies influence the reform process through two separate channels. First, policy legacies structure the sorts of problems that exist. For example, in the case of education, a policy that expands school enrolment without constructing new schools will likely generate a legacy of over-crowding, which would then have to be addressed by subsequent reforms. Previous policy also determines fiscal pressure for reform. This has been especially true since the 1980s, when the neoliberal agenda forced Latin American states to balance budgets and ensure "efficiency" in their social spending. In this context, policies that place a significant drain on state resources may provide potential reformers with increased support for their initiatives. Such is the case in Chile, where the previous design of healthcare and pension policy imposed costs on the public sector and

generated concern among policy experts about the fiscal sustainability of the system. On a related note, the Pinochet-era education, health, and pension reforms generated coverage gaps that grew increasingly salient during the 1990s and early 2000s, paving the way for policy reform. In Uruguay, policy legacies influenced recent reform initiatives by means of a similar mechanism. In particular, the country's emphasis on boosting secondary school enrollment during the late 1980s was pursued without adequately expanding the number of public schools, which led to problems of overcrowding and declining quality, thus fueling the 1995 education reform. In the domain of family allowances, the steady and significant decline in the value of the benefit during the 1980s and '90s was important in prompting a series of reforms to the system in the early 2000s. Thus, in both Chile and Uruguay policy legacies shaped the nature of recent reforms by generating a series of problems that called for attention.

A second way that policy legacies influence the reform process is by structuring the distribution of power within the policy sector; emboldening some groups, while weakening others. Policy sectors are made up of many different interest groups, ranging from individuals and organizations that use services/transfers to those who provide the services/transfers. During the 1980s and early 1990s, international financial institutions (IFIs) and domestic technocrats pushed Latin American governments to privatize the delivery of social programs, which in turn generated important policy legacies. However, not all Latin American states moved equally far in the direction of privatization, and therefore, the policy legacies generated during the 1980s and 1990s vary significantly cross-nationally and across policy sectors within countries. In particular, in those states and sectors where privatization was pursued, a new actor entered the policy-making arena: private providers. The private sector actors proved to be extremely powerful, and in subsequent policy reforms, these firms, and the associations that they belonged

to, mobilized to block efforts that involved the expansion of state involvement in social protection, an increase in regulations on private involvement, or increased tax liabilities for the private sector. In countries where the trend toward privatization was more tempered, the strength of private actors remained weaker, thereby reducing the barriers to reform. Importantly, however, in those states where private actors remained weak, another barrier to universalizing reform existed: corporatist interest associations, including unions, which represented stakeholders in the existing system. While the strength of trade unions is influenced by a number of factors, including the nature of the labor code and historical developments, the absence of wide-scale privatization allowed the organizations to maintain a powerful role in policy formation, thereby altering the reform process.

In this way, the structure of power in countries and sectors that underwent deep privatization was fundamentally different from those states and sectors where privatization was partial or non-existent. In systems characterized by advanced privatization, reformers interested in building more universalistic systems of social protection faced resistance from private providers, but because the privatizing reforms had disempowered organized interest groups,²⁵ political elites did not face strong challenges from stakeholders. In those countries where privatization was limited, by contrast, efforts to build universalistic reforms sometimes faced opposition from powerful organized interests committed to the defense of the status quo.

Chile and Uruguay exhibit divergent policy legacies with regard to the power of private sector and corporatist interest associations. During the military government of Gen. Augusto Pinochet, Chile advanced further than almost any other country in the region toward the privatization of education, health, and social security programs . The depth of privatization,

²⁵ I use the term ‘interest groups’ rather than ‘trade unions’ because other organizations, such as medical professional groups and the pensioners’ movement, are relevant to the reform process.

however, varied across sectors, with the pension system becoming fully privatized, education becoming largely privatized, and health remaining mixed. In Uruguay, the trend toward privatization was much weaker than in Chile, but there were also differences across sectors. Whereas the country's health system has always been characterized by heavy private involvement, education remained largely public, and the 1995 pension reform created a system built on both a public and private pillar. This difference in policy legacies (advanced privatization in Chile and low-medium privatization in Uruguay) generated vastly different policy-making terrains, with elites in Chile having to address a powerful private lobby, while Uruguayan reformers were forced to grapple with a mobilized group of corporatist stakeholders. This variation helps explain why each country pursued a different path toward universalism. The absence of mobilized interest groups in Chile facilitated a top-down approach, while the presence of strong and mobilized interest associations in Uruguay required a bottom-up process of political negotiation. These two strategies also resulted from variation in the character of electoral competition in each country.

Electoral Competition

Electoral competition refers to the intensity of elections and the strength of opposition parties. In countries where elections are hotly contested, competition is high. By contrast in settings where opposition parties are weak and elections are easily won, competition is low. I contend that electoral competition influences social policy reform by means of two mechanisms. First, in settings of intense electoral competition social policy reforms can take on a new relevance. In this way, in highly competitive settings, parties can be pushed to engage in reforms that they might otherwise ignore for the sole purpose of boosting electoral support. In addition to the intensity of competition, however, it is important to consider where the competition is

located. Specifically, when left-leaning parties face intense competition from the right, social policy reforms may take on centrist characteristics so as to appeal to moderate voters. Similarly, when right-leaning parties face intense competition from the left side of the ideological spectrum, the organizations may carry out reforms that are more progressive in nature in an effort to court the support of independent voters.

In the four cases studied in this book, levels of competition and the location of the primary competitor varied significantly. Whereas Chile's left/center-left parties faced intense competition from the right, the FA faced only moderate competition during its first term and the opposition parties were more centrist in nature. By contrast during the 1990s, Uruguay's traditional parties faced strong (and ever-increasing) competition from the left-leaning FA. Finally, in Argentina and Venezuela, the PJ and PSUV faced a relatively weak opposition, but competition did increase in the early 2000s in Venezuela and in 2009 in Argentina. In all four cases, this competition (or lack thereof) influenced the nature of social policy reform.

Political Party Character: Ideology, Organizational Structure, and Predominant Linkage Mechanism

Many studies of democratic policy-making have come to the conclusion that parties matter, but the ways in which parties influence policy outcomes is an issue of intense debate. This is especially true in Latin America, where parties are renowned for their inchoate and undisciplined character. Add to this, the new economic constraints introduced by liberalization and globalization, and one arrives at a highly contested question: do partisan differences account for variation in the timing and content of social policy reform? I contend that they do, but that ideology alone does not explain this variation. Rather, it is important to consider ideology *in combination with* party organization and linkage mechanism to fully understand the role of parties in policy formation and change.

The first dimension along which parties vary is with regard to their ideological orientation, or the set of beliefs that denote an ideal social order and specify a means for arriving at that outcome. In Latin America, the primary ideological divide that separates parties is the left-right (state-market) distinction. For this reason, I classify parties as either left/center-left or right/center-right. I use the terms ‘left/center-left’ and ‘right/center-right’ rather than ‘left’ and ‘right’ in an effort to create two broad categories that capture *all* parties in the system. In this way, ‘left’ and ‘center-left’ parties are classified in one category, as are ‘right’ and ‘center-right’ parties. While I recognize that the parties in each category vary with regard to their precise ideological location, with some being located further to the left (or further to the right) than others, I contend that creating five separate ideological categories would create an unwieldy typology.

A second dimension along which parties vary relates to their internal organization. Differences in the organizational structure of parties have important implications for how power is distributed among sectors of the party; for the degree of autonomy political elites enjoy when making decisions; and for the ability to enforce discipline among members. The issue of party structure and in particular how organizations have changed in the wake of neoliberal economic reforms has been studied by scholars of Latin American politics . These authors underscore that the neoliberal era and changes in political competition have ushered in important modifications to the internal organization of left/center-left political parties. Similar organizational changes have also occurred within parties of right.

Party organization is a broad term and one that covers a range of characteristics related to the internal workings of a party. The existing literature identifies two general types of party organization: electoral professional (or cadre) parties and mass parties . The two party types

differ with regard to the role of professionals versus party bureaucracy, the strength of ties inside the organization, the importance of internal leadership, the financing of party activity, and the importance of ideology . The focus of my framework is on only one of these organizational characteristics: the strength of the link between elites and the base, and I code organizations as either “strong” or “weak” in this regard. I argue that the strength of ties inside the party influences policy output by shaping whether elites enjoy autonomy in designing social policy reforms.²⁶

A final dimension along which parties vary is related to the predominant linkage strategy used to connect elites with the organization’s core constituency. Linkage mechanisms define the nature of the relationship between the electorate and a party. The literature on linkage techniques reveals three general strategies: programmatic, clientelistic, and interest incorporation .²⁷ Whereas parties that employ a programmatic linkage strategy rely on the unconditional provision of public policy to win votes, clientelist parties administer public goods in exchange for electoral support . The incorporation linkage is similar to the clientelist strategy, except that goods are targeted to social groups rather than individual households . To maintain a parsimonious framework, I collapse this tripartite classification of linkage strategies into two categories: programmatic and non-programmatic mechanisms, but I distinguish between three subtypes of non-programmatic representation: one that relies on the conditional exchange of public goods with individual voters (clientelism); another that relies on delivering benefits to

²⁶ Richard S. Katz and Peter Mair, "Changing Models of Party Organization and Party Democracy," *Party Politics* 1, no. 1 (1995): 18. make a similar distinction between mass and catch-all parties, arguing that the relationship between members and the elite is bottom-up in mass parties, whereas in catch-all parties, relationships are top-down and members act as ‘cheerleaders’ for the elite. The authors also identify the existence of a third party type: the cartel party.

²⁷ Some of these authors identify more than three types of linkage mechanism, but the three that are common to all of the typologies are: programmatic, clientelistic, and interest incorporation. For a thorough discussion of this literature, see Morgan (2011).

select groups (interest incorporation); and a final type, which is based on the belief that a leader deserves support because of his or her unique personality traits (charisma).²⁸

The role of charisma as a form of authority is well-established in the literature, but reliance on such a linkage is inherently unstable in the long-term because of the fact that leaders do not live forever and because their popularity can fluctuate. For this reason, parties that rely on a charismatic linkage strategy will, with the passage of time, either shift to an alternate mechanism or risk decline. While this process of adaptation could theoretically involve the adoption of a programmatic linkage strategy, such a transformation is highly unlikely. A more probable outcome is that the charismatic party moves toward an alternate non-programmatic linkage mechanism: clientelism or interest incorporation. An example of such a transformation was seen in Argentina's Peronist Party, which emerged under the charismatic leadership of Juan Perón, but eventually came to rely on interest incorporation, and then later on a mix of interest incorporation and clientelism.

A large body of research reveals that parties typically employ multiple linkage strategies, using different techniques to connect with distinct constituencies. For this reason, I focus my analysis on the predominant linkage strategy used to connect the party elite with its *core constituency*. I employ Gibson's (1996) concept of core constituency, which he defines as: "those sectors of society that are most important to its political agenda and resources. Their importance lies not necessarily in the number of votes they represent, but in their *influence* on the party's agenda and capacities for political action" (Gibson 1996, 7). In this way, the core constituency of left/center-left parties tend to be unions, peasants associations, and other

²⁸ This distinction is also made by Kirk A. Hawkins, *Venezuela's Chavismo and Populism in Comparative Perspective* (New York: Cambridge University Press, 2010); Kenneth Roberts, "Party-Society Linkages and the Transformation of Representation in Latin America," *Canadian Journal of Latin American and Caribbean Studies* 27(2002); Herbert Kitschelt, "Linkages between Citizens and Politicians in Democratic Polities," *Comparative Political Studies* 33, no. 6/7 (2000)..

organizations that represent non-elite interests . The core constituency of the right, by contrast, consists of elite sectors that include capitalists, managers, and large-landowners . By focusing exclusively on the linkage technique used to connect the party elite with the *core constituency*, I avoid the problem of analyzing a party's full "linkage portfolio." There is, however, one party in this analysis, the Argentine Peronist Party (PJ), which relies on two separate linkage strategies to connect with its core constituency. In particular, the PJ connects with unorganized sectors, such as informal workers or the urban poor, by means of clientelism, but connects with members of the labor movement by means of an interest incorporation linkage strategy. This point is discussed in greater depth in chapter 7.

By combining the two dimensions of internal organization and the predominant linkage strategy, I identify four potential party types, which are presented in Table 2.1. The first type, which I call 'constituency-coordinating,' is characterized by a strong link between the base and party elites and reliance on a programmatic linkage mechanism. The second type of party, which I refer to as 'electoral-professional,' has weaker ties, but also relies on a programmatic linkage strategy. A third party type, which I name 'charismatic-movement,' combines a strong link between elites and the base, but reliance on non-programmatic linkage strategy to mobilize political support. The fourth and final party type is characterized by weak ties to society and a reliance on a non-programmatic linkage mechanism, which I refer to as 'non-programmatic-electoral.' This type of party can be disaggregated into three sub-types: a 'charismatic-electoral,' a 'corporatist-electoral,' and a 'clientelist-electoral' organization. As mentioned previously, there is one party in this analysis, the PJ, which falls into two of these subtypes: the 'corporatist-electoral' and 'clientelist-electoral.' I, therefore, classify the party as a 'non-programmatic-clientelist/incorporation electoral' organization.

[Table 2.1]

Each of these party types can be adopted by parties of either the left/center-left or right/center-right. I hypothesize that this combination of ideology, organizational structure, and predominant linkage mechanism, which I define as party character, will shape the nature of social policy reform adopted in contemporary Latin America. Table 2.2 summarizes each of the eight party types and provides regional examples of such organizations.

[Table 2.2]

The party classification presented in Table 2.2 describes each of the organizations at a specific point in time. Parties, however, are not static, but undergo regular change to both their internal organization and their external linkage strategies. Such adaptations can occur for a number of reasons. For example, a non-programmatic (clientelist) linkage technique may prove to be an effective strategy in settings of high inequality and poverty, but have less traction as a country develops and improves its income distribution. Similarly, changes to the internal organization of a party could be provoked if an organization moves from a position of government to opposition. Whereas strong ties are helpful to opposition parties because they provide a means for mobilizing resistance and building electoral momentum, such a structure can make governing difficult. Similarly, parties exhibiting weak ties to social groups may find it hard to succeed in opposition, due to an inability to effectively connect with their core constituency. Thus, a shift from government to opposition (or vice versa) may provoke a change in party organization.

Such a transition occurred in both Chile and Uruguay, but failed to alter the fundamental character of the countries' parties. In the case of Chile, the left/center-left *Concertación* coalition lost the 2009 presidential election, ceding power the right/center-right National

Renovation party for the first time in 20 years. During the *Concertación's* first two years in opposition, the left/center-left parties faced strong incentives to strengthen ties with civil society. Indeed, in 2011, a series of student and teacher protests erupted in Santiago and quickly swept across the country. The intensity of the student-led movement captured the attention and admiration of a broad swath of Chilean society, enjoying significant popular support. The left/center-left parties, therefore, were presented with a unique opportunity to build the organizations' mobilizing capacity in advance of the 2013 presidential election. Interestingly, however, the parties have made very little effort to reach out to these groups. In Uruguay, the FA won the presidency in 2004 after more than 30 years in opposition. During the first two administrations of President Tabaré Vázquez and President José Mujica, the party has occasionally sought to weaken ties with the base, but the overall structure of the organization has remained intact. Importantly, then, while the shift from government to opposition (and vice versa) has resulted in slight organizational changes to Chile and Uruguay's left/center-left parties, the overall classification of the parties has not changed.

Other developments might also provoke a shift in party organization. In particular, a clientelist linkage strategy can be effective for a party in government, but such a mechanism is hard to sustain in opposition, when a party lacks access to state resources. Finally, external shocks may force a party to adapt its internal organization and/or linkage strategy. For example, a clientelist party that governs during an economic crisis might be forced to scale back state expenditures, which will undermine its ability to distribute public goods in exchange for support. Similarly, the death of a charismatic leader could force a movement to seek out a different type of linkage mechanism.

For all of these reasons, the internal organization and external linkage strategy employed by a political party are likely to evolve with the passage of time. In this way, the description of the Argentine, Chilean, Uruguayan, and Venezuelan parties presented in this book reflects a specific period of time (the late 1990s through the early 2000s). Within this temporal context, some of the parties exhibited very little change with regard to their internal organization and predominant linkage strategy, while others underwent slight transformations. Indeed, as mentioned previously, the internal organization of Uruguay's FA experienced a minor change that resulted in a weakening of the party's ties with base groups. Uruguay's traditional parties also underwent adjustments, adapting their linkage strategy from a predominantly non-programmatic to a programmatic mechanism. By contrast, the Chilean parties, the PJ in Argentina, and President Hugo Chávez's parties (the Socialist Party of Venezuela and the Fifth Republic Movement) remained more constant in terms of their internal organization and linkage strategy during the late 1990s and early 2000s. I discuss these trends in greater detail throughout the remainder of the book.

Party Character: Theoretical Expectations

I expect the eight party types outlined in table 2.2 to influence the formation of social policy by means of the three dimensions captured in the typology: ideology, party organization, and linkage strategy. Parties with a left/center-left ideology are characterized by a vision of an ideal society that stresses equality and low levels of social marginalization. Moreover, subscribers to the left/center-left ideology believe that such a society can only be obtained by maintaining a strong role for the state in regulating the market and in providing social services and income transfers. By contrast, ideologues on the right/center-right of the political spectrum define the ideal social order as one in which individual initiative and opportunity are prioritized

over communal well-being. Individuals in this camp believe that state involvement in the economy and in the provision of social benefits distorts incentives and results in inefficiencies, and therefore they favor a minimal role for the state. Since the goals of universalism require state involvement and regulation, I expect that left/center-left parties will be more likely than their conservative counter-parts to promote such reforms.

Clearly, however, ideology on its own cannot explain variation in social policy outputs. Indeed, an overview of Latin America's left-leaning governments quickly reveals that the policy reforms carried out by these administrations have not always reflected the goals of universalism. This discrepancy, I contend, occurs because of variation in parties' internal organization and linkage mechanisms. The organizational structure of a party influences the strength of the ties between the party elite and its base. The strength of these ties shapes the nature of social policy outputs because it provides the party rank and file with power to monitor and influence elite behavior. Since the rank-and-file tend to be more ideological than the leadership of the party, organizations that foster a strong link between the base and elites are likely to produce policy that more closely reflects the interests of the core constituency. Still, because the presence of strong ties between political elites and the party base tends to disperse power, policy formation can prove to be extremely challenging, as leaders are forced to balance the sometimes competing interests of diverse sectors. I, therefore, expect a mixed record of policy reform in governments led by 'constituency-coordinating' and 'charismatic-movement' parties, with some efforts moving toward universalism, while other initiatives fall short of such goals.

The final aspect of party character that I expect to influence the nature of social policy reform is the predominant linkage strategy used to connect party elites to the core constituency. Linkage mechanisms influence policy output by shaping the kind of policy initiatives that elites

find useful for winning votes, thus encouraging the adoption of some reforms and inhibiting others. For parties that rely on a programmatic linkage mechanism, any number of policy options can provide fruitful material for contesting elections. This leaves open the likelihood of reform in any of the social policy sectors. For parties that link to voters by means of a charismatic personality, it is important to pursue policies that sustain the appeal of the leader. Such policies can take a number of forms, but it is important that the benefits are easily linked to the charismatic leader. For this reason, charismatic parties are likely to adopt an entirely new institutional infrastructure for the administration of social protection so as to ensure that the innovations are solely associated with the party leader. Importantly, the programs may be broader than those advanced by their clientelist counterparts because there is less need to ‘monitor’ compliance with the terms of the exchange. In this vein, I expect parties that employ a clientelist linkage strategy to favor policy reforms that provide elites with material benefits that can be exchanged for electoral support. Since clientelism requires some form of monitoring and enforcement of the exchange, such programs will tend to be narrow in scope. Moreover, clientelist parties are likely to have a greater interest in income transfer policy than education or healthcare because of the ability to directly target individuals and monitor compliance with the terms of the exchange. Finally, I expect parties that rely on an incorporation linkage mechanism to focus their policy efforts on sectors that are of interest to labor unions, namely contributory social insurance policies. I hypothesize that the content of such reforms will reflect the preferences of trade unions.

Combining the expectations for each dimension of party character produces several complex hypotheses. First, I expect left/center-left electoral-professional parties to pursue universalism if it does not harm the fiscal health of the state, but to neglect such policies if they

require the creation of a new revenue source. This is because these parties are tightly controlled by the elite, who tend to be more centrist in their ideological orientation, prioritizing fiscal concerns. I, therefore, hypothesize that electoral-professional parties of the left/center-left are likely to engage in reforms that move in the general direction of universalism, but that the efforts will consistently fall short of creating fully universalistic systems of social protection.

Left/center-left constituency-coordinating parties, by contrast, will be forced to negotiate policy reforms with base organizations that exhibit a diverse range of policy preferences, ranging from calls for universalism to demands from unions to expand contributory social assistance. The parties, therefore, will face the difficult task of balancing diverse and often competing demands, making reform more difficult. For this reason, constituency-coordinating left/center-left parties are likely to exhibit a mixed reform trajectory with instances of failed reform, but also cases of universalizing reform. When such parties are successful in advancing universalism, I expect it to go further than initiatives pushed by 'electoral-professional' parties.

In the case of left/center-left charismatic movement parties, I expect policy initiatives to reflect some concern for universalism because of the organizations' strong ties to its base. Since, however, this type of party relies on the charismatic appeal of a key leader, the organization's ideological commitment is likely to be somewhat weaker than parties that employ a programmatic linkage. This is because the primary goal of policy is not to uphold an ideological programmatic commitment, but instead to maintain the President's personalistic appeal. In this vein, new programs or parallel institutions may very well be created, but improvements to the existing social services and transfers are unlikely, thereby limiting advancement toward universalism.

Finally, I expect that non-programmatic-electoral parties of the left/center-left will make the least amount of progress toward universalism. This is because the parties will pursue narrow policies in order to monitor compliance (in the case of clientelistic parties); strengthen the appeal of a leader (in the case of charismatic parties); or secure the support of labor (in the case of incorporation parties). Moreover, I expect the non-programmatic linkage mechanism to foster a policy-making process that caters to special interests (in the case of incorporation parties) and concentrates power in the hands of the president (in charismatic parties), thereby undermining the parties' ideological commitment and weakening efforts to reform social policies in a more universal direction.

Right/center-right parties exhibit similar variation with regard to their organizational structure and predominant linkage mechanism. With regard to internal organization, the parties differ in the strength of ties between party elites and their core constituency group: business. Some of this variation is determined by the character of the business sector, namely whether it is unified into meaningful organizations or segmented among competing interest groups, but another source of variation relates to the internal structure of right-wing parties and whether the organizations exhibit mechanisms for regular coordination with the business community. Specifically, parties such as Chile's right/center-right Independent Democratic Union (UDI), emerged in alliance with big business, and therefore, developed a coordinating structure from the outset.²⁹ This organizational structure facilitates the entrance of business leaders into leadership positions within the party and promotes policy coordination with business associations. Right/center-right parties also vary with regard to their predominant linkage mechanism; with some organizations, such as Chile's UDI and National Renovation (RN) and Uruguay's

²⁹ This alliance between business and the right was fostered during Pinochet's military regime. This point is discussed in greater detail in chapter 3.

traditional parties, relying on a programmatic strategy, while others appeal to the business sector via clientelism or charisma. The overall character of right/center-right parties has implications for social policy content, as the combined effect of ideology, organizational structure, and linkage mechanism shapes to what extent business interests are reflected in legislative initiatives and what sorts of policies are perceived as useful for winning elections.

The central argument elaborated in the pages that follow, therefore, is that variation in policy legacies, electoral competition, and the character of political parties helps to explain why Chile and Uruguay have been successful at advancing toward more universalism in social policy *and* why the two countries have pursued different paths toward that outcome. These variables also help explain why Argentina and Venezuela have made slower progress toward universalism. I argue that all three variables – policy legacies, electoral competition, and party character – contribute equally to the causal process, functioning as necessary conditions.

Conclusion

The argument explored in the remainder of this book focuses on the role of policy legacies, electoral competition, and party character in shaping the ability of Latin America's advanced social protection systems to move in a more universalistic direction. In chapters 3, 4, and 5, I analyze the impact of these variables on reforms to education, health, and social assistance systems in Chile and Uruguay, uncovering the existence of two distinct paths toward universalism. The Chilean path is best classified as reform from above and involves the implementation of policies formulated by highly-skilled policy experts from the Finance Ministry who are concerned about potential threats to fiscal balances and building a more equitable social protection system. The second path toward greater universalism is exemplified by Uruguay and involves a complicated process of reform from below and the forging of a new

distributive coalition. While both paths lead in the general direction of universalism, they do not necessarily culminate in the same outcome. Whereas the top-down path is likely to produce consistent achievements, the bottom-up option may have a mixed record of reform. Still, when successful, policy reforms pursued by means of the bottom-up path will likely move the furthest toward universalism. In chapters 3, 4, 5, and 7, I explore how policy legacies, electoral competition, and party character contributed to the social policy successes and shortcomings in Chile, Uruguay, Argentina, and Venezuela.

Table 2.1: Party Types

	Programmatic Linkage	Non-programmatic Linkage
Strong ties	Constituency-coordinating	Charismatic movement
Weak ties	Electoral-professional	Non-programmatic-electoral (a) Charismatic-electoral (b) Incorporation-electoral (c) Clientelist-electoral

Table 2.2: Classification of Party Character

	Left/Center-left ideology	Right/Center-right ideology
Constituency-coordinating	Uruguay's Frente-Amplio	Chile's UDI
Electoral-professional	Chile's <i>Concertación</i> Parties	Uruguay's traditional parties Chile's RN
Charismatic-movement	Bolivia's MAS ³⁰	Colombia's Partido de la Unidad Nacional ³¹
Non-programmatic-electoral (a) Charismatic-electoral (b) Incorporation-electoral (c) Clientelist-electoral	Venezuela's MVR & PSUV Argentina's PJ (link to labor constituency) Argentina's PJ (link to unorganized poor)	Peru (Fujimori parties) ³²

Classification by author.

³⁰ This party is not analyzed in the book, but is discussed in the conclusion.

³¹ This party is not analyzed in the book.

³² These parties are not analyzed in the book.

- Altman, David. *Direct Democracy Worldwide*. New York: Cambridge University Press, 2011.
- Biblioteca del Congreso Nacional de Chile. "Historia De La Ley N. 20.255 Establece Reforma Previsional." Biblioteca del Congreso Nacional de Chile, 2008.
- Blofield, Merike. *Care Work and Class: Domestic Workers' Struggle for Equal Rights in Latin America*. University Park: Pennsylvania State University Press, 2012.
- Brooks, Sarah M. *Social Protection and the Market in Latin America: The Transformation of Social Security Institutions*. New York: Cambridge University Press, 2009.
- Brown, David, and Wendy Hunter. "Democracy and Social Spending in Latin America, 1980-92." *American Political Science Review* 93, no. 4 (1999): 778-90.
- Campello, Daniela. "The Politics of Redistribution in Less Developed Democracies: Evidence from Brazil, Ecuador and Venezuela." In *The Great Gap: Inequality and the Politics of Redistribution in Latin America*, edited by Merike Blofield, 185-216. University Park: Pennsylvania State University Press, 2011.
- Carey, John. "Chile: Latin American Proportionality or Majoritarianism." In *The International Idea Handbook of Electoral System Design*, edited by Andrew Reynolds and Ben Reilly, 93-94. Stockholm: International Institute for Democracy and Electoral Assistance, 1997.
- Castiglioni, Rossana. "Las Políticas Sociales De La Nueva (Vieja) Izquierda Uruguaya." In *Pobreza, Desigualdad Y La 'Nueva Izquierda' En América Latina*. Washington D.C.: Woodrow Wilson Institute, 2010.
- . *The Politics of Social Policy Change in Chile and Uruguay : Retrenchment Versus Maintenance, 1973-1998*. New York: Routledge, 2005.
- Collier, David, Henry E. Brady, and Jason Seawright. "Sources of Leverage in Causal Inference: Toward an Alternative View of Methodology." In *Rethinking Social Inquiry Diverse Tools, Shared Standards*, edited by Henry E. Brady and David Collier, 229-71. Lanham: Rowman and Littlefield, 2004.
- Corrales, Javier, and Michael Penfold. *Dragon in the Tropics*. Washington DC: Brookings Institution, 2011.
- Dion, Michelle. *Workers and Welfare Comparative Institutional Change in Twentieth Century Mexico*. Pittsburgh: University of Pittsburgh Press, 2010.
- Duverger, Maurice. *Political Parties*. London: Methuen & Co Ltd, 1954.
- Esping-Andersen, Gøsta. *The Three Worlds of Welfare Capitalism*. Princeton, N.J.: Princeton University Press, 1990.
- . *Why We Need a New Welfare State*. New York: Oxford University Press, 2002.
- Ewig, Christina. *Second Wave Neoliberalism: Gender, Race, and Health Sector Reform in Peru*. University Park: Penn State University Press, 2010.
- Ewig, Christina, and Stephen Kay. "Post-Retrenchment Politics: Policy Feedbacks in Health and Pension Reforms in Chile." *Latin American Politics and Society* 53, no. 4 (2011): 67-99.
- Filgueira, Carlos, and Fernando Filgueira. "Coaliciones Reticentes: Sistema Electoral, Partidos Y Reforma En El Uruguay De Fin De Siglo." *Cuadernos del CLAEH* 78/79 (1997): 325-47.
- Filgueira, Fernando. "Past, Present and Future of the Latin American Social State: Critical Junctures and Critical Choices." In *UNRISD Working Paper*. Geneva, 2005.
- Filgueira, Fernando, Carlos Gerardo Molina, Jorge Papadópulos, and Federico Tobar. "Universalismo Básico: Una Alternativa Posible Y Necesaria Para Mejorar Las Condiciones De Vida." In *Universalismo Básico: Una Nueva Política Social Para*

- América Latina*, edited by Carlos Gerardo Molina. Washington D.C.: Inter-American Development Bank, 2006.
- Foxley, Alejandro. *Sustaining Social Safety Nets*. Washington DC: Carnegie Endowment for International Peace, 2010.
- Freedom House. "Freedom in the World." online edition. Washington DC: Freedom House, 2012.
- George, Alexander L., and Andrew Bennett. *Case Studies and Theory Development in the Social Sciences*. Cambridge: MIT Press, 2005.
- Gibson, Edward. *Class and Conservative Parties: Argentina in Comparative Perspective*. Baltimore: Johns Hopkins University Press, 1996.
- Goertz, Gary, and James Mahoney. *A Tale of Two Cultures: Contrasting Qualitative and Quantitative Paradigms*. Princeton: Princeton University Press, 2012.
- Grindle, Merilee. *Despite the Odds : The Contentious Politics of Education Reform*. Princeton, N.J.: Princeton University Press, 2004.
- . "The Politics of Education Decentralization in Mexico." In *Crucial Needs Weak Incentives: Social Sector Reform, Democratization, and Globalization in Latin America*, edited by Robert R. Kaufman and Joan M. Nelson, 283-314. Baltimore: Johns Hopkins University, 2004.
- Haggard, Stephan, and Robert R. Kaufman. *Development, Democracy and Welfare States*. Princeton: Princeton University Press, 2008.
- Hawkins, Kirk A. *Venezuela's Chavismo and Populism in Comparative Perspective*. New York: Cambridge University Press, 2010.
- Hicks, Alexander. *Social Democracy and Welfare Capitalism*. Ithaca: Cornell University Press, 1999.
- Huber, Evelyne. "Options for Social Policy in Latin America: Neoliberal Versus Social Democratic Models." In *Welfare States in Transition: National Adaptations in Global Economies*, edited by Gøsta Esping-Andersen, 141-91. London: Sage Publications, 1996.
- Huber, Evelyne, Thomas Mustillo, and John D. Stephens. "Politics and Social Spending Latin America." *Journal of Politics* 70 (2008): 420-36.
- Huber, Evelyne, François Nielsen, Jennifer Pribble, and John D. Stephens. "Politics and Inequality in Latin America and the Caribbean." *American Sociological Review* 71, no. 6 (2006): 943-63.
- Huber, Evelyne, and John D. Stephens. *Development and Crisis of the Welfare State : Parties and Policies in Global Markets*. Chicago: The University of Chicago Press, 2001.
- . *Politics, Development, Social Policy, and Poverty and Inequality in Latin America*. Chicago: University of Chicago Press, 2012.
- Hunter, Wendy. *The Transformation of the Workers' Party in Brazil, 1989-2009*. New York: Cambridge University Press, 2010.
- Iverson, Torben. *Capitalism, Democracy, and Welfare*. New York: Cambridge University Press, 2005.
- Katz, Richard S., and Peter Mair. "Changing Models of Party Organization and Party Democracy." *Party Politics* 1, no. 1 (1995): 5-28.
- Kaufman, Robert R., and Joan M. Nelson. "Crucial Needs, Weak Incentives : Social Sector Reform, Democratization, and Globalization in Latin America." (2004): xvi, 542 p.

- . "Introduction: The Political Challenges of Social Sector Reform." In *Crucial Needs Weak Incentives*, edited by Robert R. Kaufman and Joan M. Nelson, 1-19. Washington DC: Woodrow Wilson Center Press, 2004.
- . "The Politics of Education Sector Reform: Cross-National Comparisons." In *Crucial Needs Weak Incentives: Social Sector Reform, Democratization, and Globalization in Latin America*, edited by Robert R. Kaufman and Joan M. Nelson, 249-82. Baltimore: Johns Hopkins University Press, 2004.
- Kaufman, Robert R., and Alex Segura-Ubierno. "Globalization, Domestic Politics, and Social Spending in Latin America." *World Politics* 53, no. July 2001 (2001): 553-87.
- Keefer, Philip. "The Poor Performance of Poor Democracies." In *The Oxford Handbook of Comparative Politics*, edited by Susan Stokes and Carles Boix. Oxford: Oxford University Press, 2009.
- King, Gary, Robert O. Keohane, and Sidney Verba. *Designing Social Inquiry : Scientific Inference in Qualitative Research*. Princeton, N.J.: Princeton University Press, 1994.
- Kitschelt, Herbert. "Linkages between Citizens and Politicians in Democratic Polities." *Comparative Political Studies* 33, no. 6/7 (2000): 845-79.
- Kitschelt, Herbert , and Steven Wilkinson. "Citizen-Politician Linkages: An Introduction." In *Patrons, Clients, and Policies. Patterns of Democratic Accountability and Political Competition*, edited by Herbert Kitschelt and Steven I. Wilkinson, 1-49. Cambridge: Cambridge University Press, 2007.
- Korpi, Walter. "Power, Politics, and State Autonomy in the Development of Social Citizenship: Social Rights During Sickness in Eighteen Oecd Countries since 1930." *American Sociological Review* 54 (1989): 309-29.
- Kurtz, Marcus. "The Dilemmas of Democracy in the Open Economy Lessons from Latin America." *World Politics* 56, no. January 2004 (2004): 262-302.
- Lakin, Jason. "Letting the Outsiders In: Democratization and Health Reform in Mexico." In *Latin American Studies Association Conference*. San Juan, Puerto Rico, 2006.
- Levitsky, Steven. *Transforming Labor-Based Parties in Latin America : Argentine Peronism in Comparative Perspective*. New York: Cambridge University Press, 2003.
- Levitsky, Steven, and Kenneth Roberts. "Latin America's "Left Turn" a Framework for Analysis." In *The Resurgence of the Latin American Left*, edited by Steven Levitsky and Kenneth Roberts, 1-28. Baltimore: Johns Hopkins University Press, 2011.
- Lloyd-Sherlock, Peter. "Ambitious Plans, Modest Outcomes: The Politics of Health Care Reform in Argentina." In *Crucial Needs Weak Incentives: Social Sector Reform, Democratization, and Globalization in Latin America*, edited by Robert R. Kaufman and Joan M. Nelson, 93-123. Baltimore: The Johns Hopkins University Press, 2004.
- Luna, Juan Pablo. "Chile and Uruguay: The Evolution of Programmatic and Non Programmatic Party-Voter Linkages in Two Institutionalized Party Systems." Doctoral Dissertation, University of North Carolina at Chapel Hill, 2005.
- Madrid, Raul. *Retiring the State*. Stanford: Stanford University Press, 2003.
- Martínez Franzoni, Juliana , and Diego Sánchez-Ancochea. "Technocracies and the Formation of Universal Social Policies in Latin America: The Creation of Costa Rica's Social Security." In *Latin American Studies Association*. San Francisco, 2012.
- May, John D. "Opinion Structure of Political Parties: The Special Law of Curvilinear Disparity." *Political Studies* XXI, no. 2 (1973): 135-51.

- McGuire, James. *Wealth, Health, and Democracy in East Asia and Latin America*. New York: Cambridge University Press, 2010.
- McKenzie, Richard, and Dwight Lee. *Quicksilver Capital: How the Rapid Movement of Wealth Has Changed the World*. New York: Free Press, 1991.
- Morgan, Jana. *Bankrupt Representation and Party System Collapse*. University Park: Pennsylvania State University Press, 2011.
- Murillo, María Victoria. "Partisanship Amidst Convergence: The Politics of Labor Reform in Latin America." *Comparative Politics* 37, no. 4 (2005): 441-58.
- . "Political Bias in Policy Convergence: Privatization Choices in Latin America." *World Politics* 54, no. July (2002): 462-293.
- Nelson, Joan M. "Elections, Democracy, and Social Services." *Studies in Comparative International Development* 41, no. 4 (2007): 79-97.
- . "The Politics of Health Sector Reform: Cross-National Comparisons." In *Crucial Needs Weak Incentives: Social Sector Reform, Democratization, and Globalization in Latin America*, edited by Robert R. Kaufman and Joan M. Nelson, 23-64. Baltimore: Johns Hopkins University Press, 2004.
- . *Reforming Health and Education: The World Bank, the Idb, and Complex Institutional Change*. Washington DC: Overseas Development Council, 1999.
- . "Reforming Social Sector Governance: A Political Perspective." In *Social Development in Latin America*, edited by Joseph S. Tulchin and Allison M. Garland, 53-69. Boulder: Lynne Rienner, 2000.
- Niedzwiecki, Sara J. "Social Policy in South America: The Effect of Organized Labor and Civil Society Groups on Pension and Health Reforms in Argentina and Brazil (1988-2008)." M.A. Thesis, University of North Carolina at Chapel Hill, 2010.
- Panbianco, Angelo. *Political Parties: Organization and Power*. Cambridge: Cambridge University Press, 1988.
- Penn World Tables. "Penn World Tables." 2011.
- Pierson, Paul. *Dismantling the Welfare State? : Reagan, Thatcher, and the Politics of Retrenchment*. New York: Cambridge University Press, 1994.
- Piñeiro, Rafael, and Jaime Yaffe. "El Frente Por Dentro. Las Fracciones Frenteampelistas 1971-1999." In *La Izquierda Uruguaya: Entre La Oposición Y El Gobierno*, edited by Jorge Lanzaro, 297-320. Montevideo: FESUR, 2003.
- Portes, Alejandro, and Kelly Hoffman. "Latin American Class Structures." *Latin American Research Review* 38, no. 1 (2003): 41-82.
- Pribble, Jennifer. "Worlds Apart: Social Policy Regimes in Latin America." *Studies in Comparative International Development* 46 (2011): 191-216.
- Pribble, Jennifer, Evelyne Huber, and John D. Stephens. "The Politics of Poverty in Latin America and the Caribbean." *Comparative Politics* 41, no. 4 (2009): 387-407.
- Roberts, Kenneth. *Changing Course: Parties, Populism, and Political Representation in Latin America's Neoliberal Era*. Cambridge University Press, Forthcoming.
- . "Party-Society Linkages and the Transformation of Representation in Latin America." *Canadian Journal of Latin American and Caribbean Studies* 27 (2002): 9-24.
- . "Social Inequalities without Class Cleavages in Latin America's Neoliberal Era." *Studies in Comparative International Development* 36, no. 4 (2002): 3-33.

- Rofman, Rafael, Leonardo Lucchetti, and Guzmán Ourens. "Pension Systems in Latin America: Concepts and Measurements of Coverage." In *Social Protection Discussion Paper*. Washington DC: The World Bank, 2008.
- Rudra, Nita. "Globalization and the Decline of the Welfare State in Less-Developed Countries." *International Organization* 56, no. 2 (2002): 411-45.
- . *Globalization and the Race to the Bottom in Developing Countries: Who Really Gets Hurt?* New York: Cambridge University Press, 2008.
- Segura-Ubierno, Alex. *The Political Economy of the Welfare State in Latin America*. Cambridge: Cambridge University Press, 2007.
- Weber, Max. *The Theory of Social and Economic Organization*. New York: Oxford University Press, 1947.
- Weyland, Kurt. *Democracy without Equity : Failures of Reform in Brazil*. Pittsburgh: University of Pittsburgh Press, 1996.
- . "Neoliberalism and Democracy in Latin America: A Mixed Record." *Latin American Politics and Society* 46, no. 1 (2004): 135-57.
- Weyland, Kurt "Learning from Foreign Models in Latin American Policy Reform: An Introduction." 1-34. Baltimore: Johns Hopkins University Press, 2004.
- Williamson, John. *Latin American Adjustment How Much Has Happened?* Washington DC: Institute for International Economics, 1990.
- World Bank. "World Development Indicators." World Bank, <http://newman.richmond.edu:2809/ddp/home.do?Step=3&id=4>.