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## Welfare and Party Politics in Latin America

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# Welfare and Party Politics in Latin America

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## 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*" (Biblioteca del Congreso Nacional de Chile 2008, 3362, italics and translation by author). Although 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 health care 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 providing 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–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,<sup>1</sup> with similar levels of development, democratic politics, and high 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, whereas 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 health care 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?<sup>2</sup>

<sup>1</sup> 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 sixteen separate categories. Therefore, I choose to combine all left-leaning parties into one category of left/center-left and all right-leaning parties into a similar category of 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. Although it is true that the party's ideology has fluctuated across time, many scholars have classified the PJ as left/center-left during the 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.

<sup>2</sup> The “left turn” refers to the first decade of the twenty-first 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).

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-coordinating, have made progress toward universalism in social policy, while a third type, which I classify as non-programmatic-electoral, has enjoyed less success.<sup>3</sup> 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 on 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 such 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 twentieth century, a handful of Latin American countries had developed advanced social protection systems rooted in the Bismarckian social insurance tradition (Huber 1996; Pribble 2011; Dion 2010; Filgueira and Filgueira 1997; Haggard and Kaufman 2008). 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).

<sup>3</sup> 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 (Esping-Andersen 1990; Huber and Stephens 2001). 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 percent to 40 percent of workers in Latin America's advanced social protection states operated in the informal sector (Portes and Hoffman 2003, 52). Because 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 twenty-first century: while the countries were heavily invested in social programs, the very neediest sectors of society were often excluded from policies.<sup>4</sup> Figure 1.1 presents the difference in levels of pension coverage between the top and bottom income quintiles among the economically active population in Argentina, Chile, Uruguay, and Venezuela.<sup>5</sup> 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 quintiles among the elderly population during the 1990s and 2000s.<sup>6</sup> With the exception of Uruguay, this

<sup>4</sup> Esping-Andersen (2002) and Filgueira (2006) both make a similar diagnosis about the disjuncture between new risk structures and old social welfare architecture.

<sup>5</sup> The data used to calculate the difference are 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.

<sup>6</sup> In both Figures 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 fifteen percentage points in 2001 and then fell by sixteen points in 2002 (Rofman, Lucchetti, and Ourens 2008, 117).

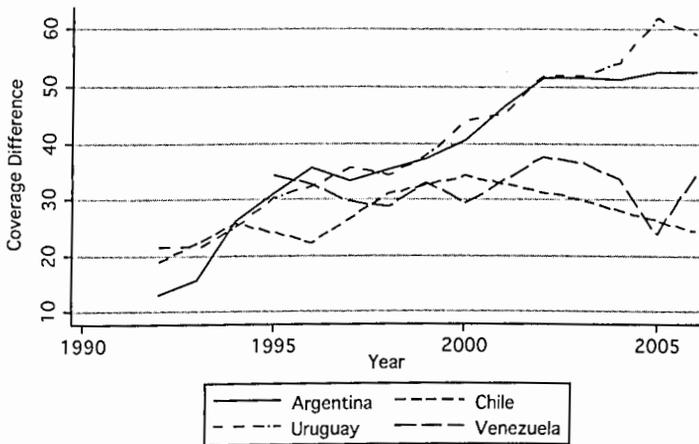


FIGURE I.1. Difference between Top and Bottom Income Quintiles' Pension Coverage (Economically Active Population). *Source:* Author's calculation based on data from Rofman, Lucchetti, and Ourens (2008).

difference was generally greater than twenty percentage points and increased steadily throughout the 1990s and 2000s.

The fact that pension coverage among the poorest workers and senior citizens was anywhere from ten to sixty 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

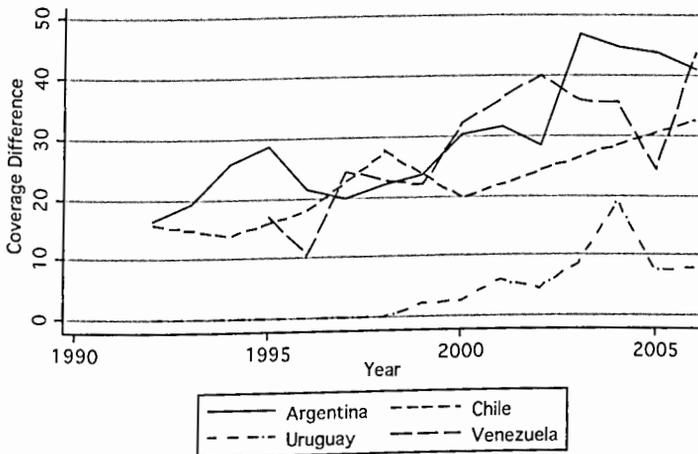


FIGURE I.2. Difference between Top and Bottom Income Quintiles' Pension Coverage (Elderly Population). *Source:* Author's calculation based on data from Rofman, Lucchetti, and Ourens (2008).

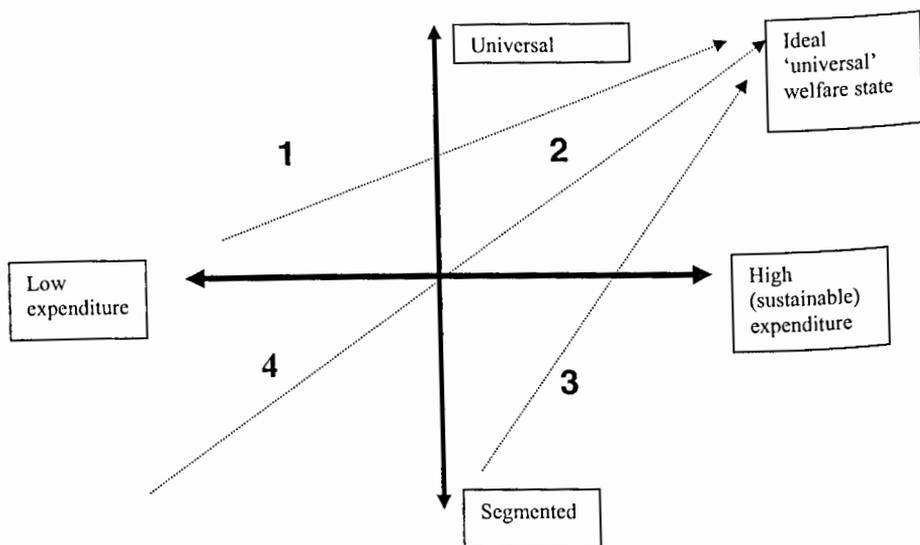


FIGURE 1.3. Categories of Social Protection.

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 fiscally sustainable manner. Achieving this goal often involves reallocating 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) underfunded 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 twentieth 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 quadrant two) or (2) to reform the allocation of funds in order to increase universalism (moving from quadrant three to quadrant two).

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 (Huber, Mustillo, and Stephens 2008; Segura-Ubierno 2007; Kaufman and Segura-Ubierno 2001), the historical origins of policies (Segura-Ubierno 2007; Haggard and Kaufman 2008; Dion 2010; Pribble 2011; Huber 1996; Filgueira 2005; Martínez Franzoni and Sánchez-Ancochea 2012), and the determinants of liberalizing reforms during the 1980s and 1990s (Dion 2010; Castiglioni 2005a; Weyland 1996; Kaufman and Nelson 2004a; Brooks 2009; Madrid 2003; Nelson 1999; Grindle 2004a). 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.<sup>7</sup> In particular, the issue of why some countries have moved their social protection systems in the direction of greater universalism, whereas 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 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 health care) and ensure a basic minimum income during the working years and after exiting the labor market because

<sup>7</sup> Research that does consider this period includes: Castiglioni (2010); Dion (2010); Huber and Stephens (2012); and Ewig and Kay (2011).

of old age, sickness, or unemployment.<sup>8</sup> 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 on 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 (Filgueira et al. 2006, 40–55). My definition of universalism goes one step further, 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? (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

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

to the design of recent social policy reforms. Thus, although 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 health care and noncontributory 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 because of low levels of spending. These funding constraints are generated by the fact that the financial base of “advanced” reforms, while more equitable and sustainable than in previous periods, remains imperfect. The third category of reforms exhibits improvement on three dimensions of the measure but fails to make progress on one dimension. Argentina’s 2006 education reform falls into this “moderate” category. The 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 health care system for retirees. Chapters 3, 4, 5, and 7 present an in-depth discussion of my coding of education, health, and noncontributory 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.

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 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, I contend that in order for a state to qualify as having "advanced universalism," 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 noncontributory transfer payments are generous, thereby reducing benefit segmentation between formal and informal sector workers.<sup>9</sup> 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

<sup>9</sup> Employees and employers pay into the contributory system, so it stands to reason that those benefits will be larger than noncontributory income transfers, which are financed through general revenue. Still, the size of this gap can be narrowed if the state invests heavily in the noncontributory system.

TABLE I.I. *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%				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.	Provoked change on three dimensions	Provoked change on two dimensions	No change or change on only one dimension	Granted in a particularistic and nontransparent 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

policy reforms that are tied to a steady revenue source. Using these definitions, I evaluate reforms to health care, social assistance, and education policy in Chapters 3, 4, 5, and 7, based on how far each initiative moved in the direction of universalism.<sup>10</sup>

### 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 (Hicks 1999; Esping-Andersen 1990; Huber and Stephens 2001; Korpi 1989). 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 (Weyland 2004a; Madrid 2003; Brooks 2009; Kaufman and Nelson 2004b). Still, other studies have uncovered important differences in the character of regulatory, labor, and social policies adopted by left-leaning and right-leaning governments (Huber et al. 2006; Pribble, Huber, and Stephens 2009; Castiglioni 2005a; Murillo 2005, 2002; Kaufman and Segura-Ubierno 2001; Blofield 2012).

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 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.<sup>11</sup> 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.<sup>12</sup> I confirm the

<sup>10</sup> 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.

<sup>11</sup> These distinctions are discussed at great length in Chapter 2.

<sup>12</sup> The concept of policy legacies was first developed by Pierson (1994); Esping-Andersen (1990); and Huber and Stephens (2001).

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 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, although 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 (Huber, Mustillo, and Stephens 2008;

Segura-Ubiergo 2007; Kaufman and Segura-Ubiergo 2001) and in the design of social protection systems (Rudra 2008; Brooks 2009; Dion 2010). 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 (McKenzie and Lee 1991). Globalization may also influence social policy decisions because of the pressure that policy makers face to maintain the confidence of international investors (Brooks 2009). 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 (Madrid 2003; Lakin 2006; Nelson 1999).

In the case of Chile and Uruguay, while IFIs have been involved in policy making, it does not appear that these 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 to 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: “[T]he 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 these 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 WB and other financial actors have moderated across time, and by the beginning of the twenty-first century, many IFIs had begun to stress the importance of social investment (Ewig 2010, 59–92). 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 1990s. 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 (Weyland 2004b; Madrid 2003; Martínez Franzoni and Sánchez-Ancochea 2012). 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, whereas 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. Because 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 (Foxley 2010). 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 and 2010 were 6.62 percent, 3.99 percent, 5.31 percent, and 5.01 percent, respectively.<sup>13</sup> 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.

<sup>13</sup> This average was calculated using data from the World Bank (2012). 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.

In the case of Chile and Uruguay, the fact that the two countries' progress toward universalism has 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.<sup>14</sup> Moreover, if this argument were true, one would have expected 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.<sup>15</sup> 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 (Haggard and Kaufman 2008; McGuire 2010; Huber, Mustillo, and Stephens 2008; Brown and Hunter 1999; Kaufman and Segura-Ubiergo 2001) and that this spending tends to be more egalitarian than that of authoritarian regimes (Huber et al. 2006). 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 attention to equal rights foster an environment 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

<sup>14</sup> Chile's growth rates have been positive in all but two years between 1990 and 2010, according to the World Bank (2012). The country's average growth rate between 1990 and 2010 was 5.03%, compared to 4.29%, 3.14%, and 3% for Argentina, Uruguay, and Venezuela, respectively (World Bank 2012; calculation by the author).

<sup>15</sup> Chile's average growth rate between 1990 and 1999 was 6.38%. By contrast, the average growth rate between 2000 and 2009 was 3.67% (World Bank 2012; calculations by the author).

interest groups and promote poor policy design (Keefer 2009; Nelson 2007). All four countries in this study were democratic throughout the whole period of the analysis,<sup>16</sup> 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 (Huber, Mustillo, and Stephens 2008; Castiglioni 2005a). In particular, Castiglioni (2005a) finds that variation in the extent to which institutions concentrate political power helps explain differences in social policy outcomes in Chile and Uruguay between 1973 and 1998. I disagree with Castiglioni with regard to the importance of institutional variables. Specifically, I contend that the effect of veto points on social policy outputs is 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, because both countries are unitary states with bicameral legislatures. While both cases of slow progress analyzed in this book – Argentina and Venezuela – are federal 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 subnational autonomy in contemporary Venezuela (Corrales and Penfold 2011). 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 has had important consequences for national politics (Altman 2011), and there is some evidence that the institutional mechanism did indirectly affect social policy making in that country.<sup>17</sup> 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:

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

<sup>17</sup> 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 (Filgueira 1995).

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 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 (Iverson 2005). 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 overrepresentation of the parties of the right (Carey 1997). 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 (Castiglioni 2005a). 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 in others. It also fails to explain why the parties of the right were effective at opposing some initiatives, but had less of an effect on 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.<sup>18</sup> Both of these mechanisms help explain the fractionalized character of the country's political parties (Piñeiro and Yaffe

<sup>18</sup> The 1996 electoral reform eliminated double-simultaneous-vote for the president by requiring parties to select one presidential candidate per party through primary elections.

2003).<sup>19</sup> Castiglioni (2005a) argues that the fractionalization of Uruguay's party system has resulted in greater power dispersion, which slowed efforts at retrenchment. By contrast, I 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 (Huber and Stephens 2012; Grindle 2004b; Lloyd-Sherlock 2004; Grindle 2004a; Nelson 2004; Kaufman and Nelson 2004c; Dion 2010; Madrid 2003; Brooks 2009; Castiglioni 2005a; Kaufman and Segura-Ubiergo 2001; Segura-Ubiergo 2007; Haggard and Kaufman 2008). Since the 1980s, Latin American political elites have faced an economic and social policy-making environment characterized by significant constraints. The neoliberal doctrine, which stresses downsizing the role of the state, scaling back social spending, and deregulating markets, has placed new political pressure on policy makers (Williamson 1990). Globalization has also influenced the policy-making environment, as countries must compete on the international playing field and foster the confidence of international investors (Campello 2011; Brooks 2009; Rudra 2002). 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 (Weyland 2004a; Roberts 2002b; Portes and Hoffman 2003; Dion 2010; Kurtz 2004).

As a result of these constraints, some scholars have argued that ideological differences between parties of the left and right have become increasingly small (Weyland 2004a). In this vein, some studies show that populist parties of the left/center-left have recently engaged in regressive social policy reforms (Madrid 2003; Kaufman and Nelson 2004a; Brooks 2009), whereas parties of the right/center-right have carried out progressive reforms in at least one case (Lakin 2006). These studies conclude, therefore, that party differences on

<sup>19</sup> To date, leadership within the FA has been quite fluid, with different fractions growing and declining in distinct moments (Piñeiro and Yaffe 2003).

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 (Huber et al. 2006; Pribble, Huber, and Stephens 2009; Castiglioni 2005a; Murillo 2005, 2002; Kaufman and Segura-Ubiergo 2001; Blofield 2012). 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 (Lloyd-Sherlock 2004; Grindle 2004b, 2004a; Kaufman and Nelson 2004c; Nelson 2007, 1999, 2000). 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 (Niedzwiecki 2010; Huber and Stephens 2012). 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 (King, Keohane, and Verba 1994). 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 (George and Bennett 2005; Goertz and Mahoney 2012; Collier, Brady, and Seawright 2004). 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 (Goertz and Mahoney 2012). 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 (Goertz and Mahoney 2012). 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 thirty-seven 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.

Because 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. Thus, 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 of US\$11,999.24 and US\$11,069.14, respectively,

in 2009 (Penn World Table 2011). 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, health care, and pension policy, Uruguay continues to exhibit heavy state involvement in all social sectors except health care. 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, whereas 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.<sup>20</sup> 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 health care and moderate improvement in education. In Uruguay, impressive progress occurred in the domain of family allowances, with important achievements in health care 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 Table 2011), but the two countries vary with regard to party character. In particular, both Argentina and Venezuela have been

<sup>20</sup> Costa Rica historically has had the most universalistic welfare state in the region (Martínez 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.

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.<sup>21</sup> 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 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 subnational 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.

Although qualitative analyses have many strengths, they are unable to adequately assess the external validity of a theory because of the difficulty of generalizing from such a small number of cases (Collier, Brady, and Seawright 2004). 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

<sup>21</sup> 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.

social protection states, during the 1990s and 2000s.<sup>22</sup> These countries include Argentina, Brazil, Chile, Costa Rica, Mexico, Uruguay, and Venezuela.

This book is organized into three parts. In the first part (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 part (Chapters 3, 4, 5, and 6), I use process tracing to analyze successful and failed attempts to reform health care, noncontributory 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 part (Chapters 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.

<sup>22</sup> 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.