Explaining the “Return of the State” in Middle-Income Countries: Employment Vulnerability, Income, and Preferences for Social Protection in Latin America

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Abstract
In recent decades, developing and middle-income countries around the globe have adopted path-breaking reforms to their social protection systems. Among these countries, Latin America has been a pioneer, expanding the state’s commitment on behalf of low-income citizens in key policy areas. This paper undertakes two tasks. First, it documents the surprising extension of noncontributory social protection policies across many Latin American countries, highlighting how tax-financed programs have come to play a central role in a variety of settings. Second, it examines citizen-level preferences that support this trend, arguing that employment vulnerability and threats to income continuity play a decisive role in shaping demand for public, rather than private, social protection. Survey data on labor-market risks and social policy preferences from eighteen countries corroborates these claims. Our findings suggest that other countries undergoing labor-market strains may experience similar demands for a “return of the state” as a guarantor of social protection in the coming years.

Keywords
Social protection, reform, employment vulnerability, redistribution, Latin America

In recent decades, developing and middle-income countries around the globe have adopted path-breaking reforms to their social protection systems. Surprisingly, the trend has generally been toward an increased role for the state, not a diminished one. A wave of expanded spending and coverage has resulted in the implementation of a host of new publicly provided policy measures, including social pensions and conditional and unconditional cash transfer programs.[1] In some cases, the reforms have even involved the abandonment or diminishment of private-sector solutions that had been adopted in the liberalizing reforms of the 1980s and 1990s. The contours of the social protection landscape in the developing world have become far broader and more fluid than would have been expected even just a decade ago.

Among these developing and middle-income countries, the Latin America region has stood as a pioneer, expanding the state's commitment on behalf of low-income citizens in key policy areas. In doing so, a broad swath of the region has significantly altered the mix of private and public components in its social protection systems. At the extreme, two countries – Argentina and Bolivia – have chosen to renationalize their pension programs, eliminating the substantial private pillar that had been established in previous decades. But reform has not been limited to counties in the region's leftist "pink tide." Countries governed from the right and center of the ideological spectrum – such as Colombia, Mexico, and Chile – have also adopted an increased role for publicly funded social protection schemes. This has typically taken the form of newly-introduced old-age and health benefits financed out of general tax revenue to supplement private policies that fell short in returns.

What explains this trend in social policy design, both globally and within in Latin America? Recent scholars fruitfully argue that a process of policy diffusion has taken place, with countries and their leaders learning from, or emulating, their neighbors or regional leaders who have successfully implemented policy innovations. Several of the contributions in this special issue take such an approach, helping trace out how new policy ideas take hold and spread regionally and globally over relatively short time spans. They clarify how the new social protection measures emerged at international meetings of policymakers and international organizations, and how these actors contributed to their dissemination. In this paper, we add a crucial element to the diffusion story, providing a domestic, microfoundational account of policy adoption. Our approach examines individual citizens' preferences for redistribution, arguing that the bottom-up demands of citizens underlie and reinforce the choice of countries to adopt new policy measures – even during larger processes of policy diffusion.

In focusing on the domestic level, we build on, and move beyond, significant recent scholarship on social protection in the developing world. Much of this work has concentrated on domestic macro-historical explanations, including the role of electoral institutions, fiscal shortfalls, government partisanship, and cross-class alliances to explain the path of development and change in social protection policies.[2] These accounts provide a top-down examination of the decision-making process of policy adoption and reform, focusing on how leaders drawn from the left have brought to their governments an ideological commitment to using the state for redistribution, and they argue that re-nationalization has been used to capture resources for cash-strapped states. Yet such analyses struggle to explain why so many governments – including several governed by parties from the right or center, which had previously embraced the fiscal prudence and emphasis on private market solutions of the Washington Consensus – have also followed suit in expanding the state's provision of social protection.

Similarly, macro-historical explanations are hard-pressed to explain why the increased role of the state has been so *popular* among citizens throughout Latin America. For example, in

Argentina, over fifty percent of the respondents supported the renationalization of private old-age insurance in 2008. Survey evidence from Bolivia documents an even larger public support for the renationalization of old-age insurance, with nearly 61 percent of respondents supporting publicly provided old-age benefits. More broadly, even in countries where renationalization did not take place, stretching from Chile to Colombia to Mexico and Brazil, public support for state guarantees of social protection runs extremely high. Given that citizens of these countries have seen their governments squander the insurance contributions of previous generations, and have seen social protection commitments shift repeatedly in their own lifetimes, the causes of widespread support are not immediately obvious.

In short, arguments about international diffusion, one the one hand, and about domestic macro-historical factors, on the other, can only tell part of the story. They can show well when new international ideas might be ready on the shelf for entrepreneurial leaders to apply, and they can point to ideological and financial factors that make some governments and some countries more eager to implement them. But the question of the timing and popularity of policy adoption is largely left unanswered. This requires a bottom-up story, driven by demands from citizens whose votes and/or organization into political coalitions can provide leaders with the opening to implement new policies.

Scholars have recently begun to grapple with precisely these questions, employing a "micro-level" approach to understand individual-level determinants of preferences for social policy, as well as other areas of policy reform.[3] Such analyses, however, have largely been confined to the context of the advanced industrial economies. The recent reforms in developing and middle-income countries – and particularly in Latin America – provide an opportunity to examine the dynamics of social protection preference formation. This paper seeks to understand, both theoretically and empirically, the determinants of individual attitudes towards the mix between public and private social protection policies. How do individuals assess competing social protection alternatives that differ in their mode of financing and in the formula that determines individual level benefits? What individual level attributes affect individual preferences over a mix of policies?

We find that the key determinant of individual level support for publicly provided social protection is the vulnerability of employment. Employment insecurity – and specifically, the employment and income shocks that this entails – has propelled individuals to examine closely their favored social policy mix between private and publicly provided social protection. Voters from the middle sectors, traditionally associated with unionized, industrial labor, have stood at the political pivot, with their social policy preferences most affected by the economic dislocations and instability in the region. High and persistent economic insecurity, resulting primarily from employment displacement, threatens their ability to make steady contributions towards existing private policies. As a result, their preferences are now more closely aligned with low-income citizens in demanding transfers financed by the state from general revenues to offset their decline in contributions.

This paper proceeds as follows. Section 1 traces out the history of social protection reform in the pioneer region, Latin America, since the 1980s, highlighting the recent trend toward a "return of the state" in the form of a particular type of social protection: tax-financed, noncontributory social benefits. It also presents survey evidence on the widespread support for these publicly funded social benefits across the region. In section 2, we develop a political argument that explains individual foundations for social protection policy preferences, emphasizing the role of employment insecurity in explaining the mix between public and private social protection demanded by different individuals. In the third section, we evaluate the main claims of our theoretical explanation through an analysis of a survey on individual social protection preferences conducted in twenty-four Latin American and Caribbean nations in 2010. We find that a variety of measures of economic and employment insecurity – that capture both employment insecurity of the individual respondent and economic vulnerability experienced by other members of the household – are strongly correlated with individual support for publicly provided social protection. Further, we find that an individual's income level – a frequently cited factor in the literature – has differing effects on preferences across policy areas: rising income is associated with increased support for publicly funded health care provision, but does not have a discernible effect on support of public pension programs. Section 4 discusses the implications of our findings, as well as suggests future avenues of research beyond the Latin American cases.

A Popular Policy Reversal: The Swing Back to State-Administered Social Protection

Among developing and middle-income regions, Latin America has perhaps the longest experience of implementing social protection policy, and it has also experimented the most with new policy measures. The history of Latin American social protection policy can be broadly understood as consisting of three distinct periods, each characterized by significant variation in the mix of social protection measures that were adopted and the societal composition of the coalition supporting these policies.[4] During the first period, which extended from the middle of the twentieth century into the 1980s, countries in the region adopted occupation-based social insurance programs that provided old-age, disability, and sickness benefits. These benefits covered a narrow, politically-salient subgroup of the population and were financed by contributions from employers and employees.[5]

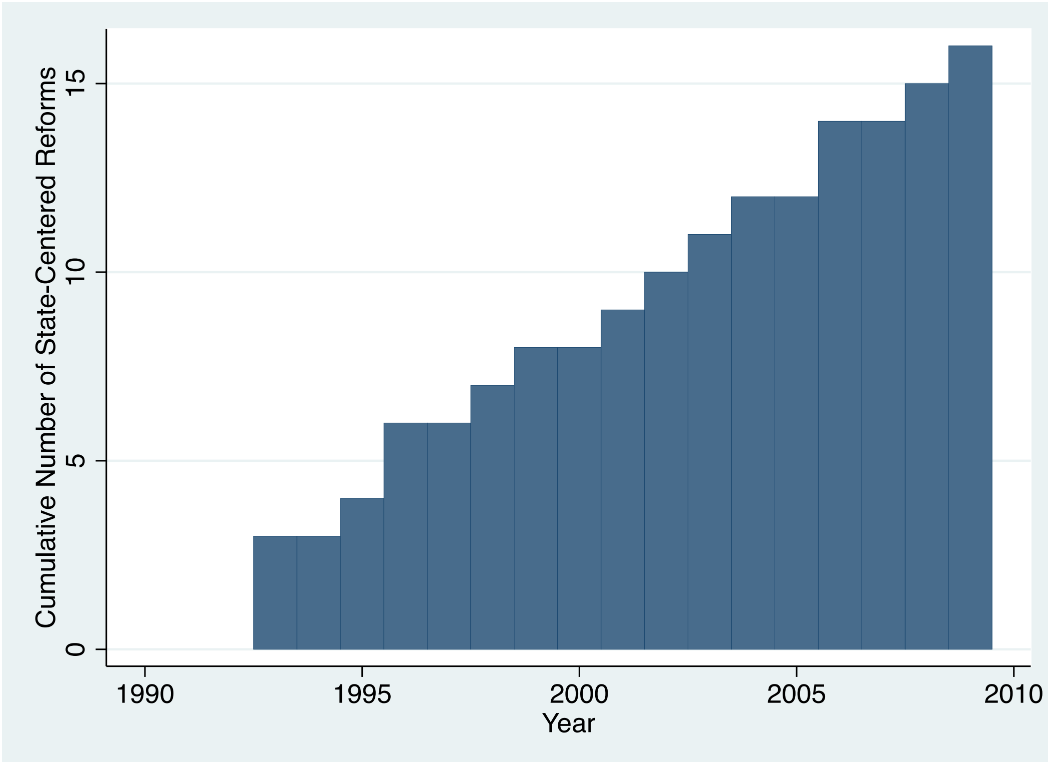
A second historical phase began in the 1980s, as the economic dislocations resulting from the abandonment of import-substitution industrialization, and the fiscal shortcomings of the occupation-based social insurance system, became evident. States thus turned to private, market-driven solutions.[6] At the extreme, countries engaged in wholesale privatizations of their public pension systems, but several countries, such as Argentina and Uruguay, preserved a significant role for the public sector in their policy reforms. The previous bifurcation persisted, but the participants in insurance were now largely self-insuring, with private accounts; they did not pool their risk and funds among themselves or more broadly with the general population. Again, a number of countries retained at least some public insurance schemes, but the core framework for dealing with old-age and health risks took on a private, market-driven character.[7] More and more, the vestigial state role was expected to give way to private initiative and responsibility.

The policy choices enacted during the 1990s proved to be, however, unstable and, in some cases, short-lived. In recent years, policy-makers have again modified the mix between public insurance and privately financed benefits. Against expectations, publicly financed insurance and social policy have made a comeback, reversing or revising the reforms of the past two decades. Two distinct changes stand out. First, legislation has sought to reduce the scope of private insurance. The most dramatic example of such a reduction was Argentina's renationalization of its private pension funds in 2008, in which the private old-age insurance industry was effectively shuttered and its funds passed back to the state's social security agency.

Second, countries have adopted or expanded noncontributory social insurance, financed by general tax revenues.[8] Eleven out of the eighteen major Latin American economies now provide some form of noncontributory pension, and nearly all have some noncontributory health coverage.[9] The majority of these policies have been enacted since 1995, although some countries – such as Brazil, Chile, and Costa Rica – have a longer tradition of noncontributory social policies dating to the 1970s or even earlier. Bolivia's 2006 adoption of the *Renta Dignidad* (which built on the earlier *Bonosol*) and Chile's 2008 passage of the *Pensión Básica Solidaria,* were among the most far-reaching of these reforms, establishing a noncontributory "floor" of benefits for the aged. These programs are particularly tailored to target public benefits to citizens in the region that had not been able to sustain a steady stream of contributions to existing old-age insurance policies.

As a simple illustration of this trend, Figure 1 presents a cumulative count of the number of state-centered old-age social protection reforms that have been passed in Latin America since 1990. While some of these reforms are expansions of previous noncontributory policies in the same country, each has been included because it represents a significant extension of the state's responsibility as a guarantor of protection against old-age income loss. The dramatic increase of such policies during this time period is clearly apparent.

Figure 1: The Increase of State-Centered Social Protection Reforms, Latin America, 1990-2009



Remarkably, this enhanced role of public provision of social policy benefits enjoys widespread public support across the region. Table 1 presents evidence from the 2010 AmericasBarometer survey administered by the Latin American Public Opinion Project (LAPOP), conducted in twenty-four Latin American and Caribbean nations, by displaying average country-level support for public, rather than private, provision of old-age and health benefits. Eighty-two percent of respondents across the region favored public responsibility for old-age benefits, and eighty-six percent of respondents favored public provision of health care benefits. On a seven point Likert scale, the average level of support was 5.73 for public old-age benefits and 5.99 for health. Only one country displays an average level of approval below 5 across the policy areas (Haiti, at 4.87 and 4.93, respectively). Support for publicly provided benefits is higher in health care than in pensions. Fifteen countries display average levels of approval in excess of 6.

Table 1: Support for the Public Provision of Old-Age and Health Benefits

Country	Average levels of support for public provision of Old-Age Benefits	Health Benefits
Argentina	5.60	5.84
	(1.96)	(1.84)
Belize	6.12	6.34
	(1.71)	(1.45)
Bolivia	5.25	5.50
	(1.68)	(1.60)
Brazil	5.46	5.82
	(2.05)	(1.91)
Chile	6.17	6.27
	(1.44)	(1.37)
Colombia	5.69	6.14
	(1.73)	(1.35)
Costa Rica	6.14	6.18
	(1.68)	(1.62)
Dominican Republic	5.85	6.12
	(1.75)	(1.51)
Ecuador	5.95	6.24
	(1.44)	(1.23)
El Salvador	5.85	6.17
	(1.30)	(1.12)
Guatemala	5.24	5.94
	(2.09)	(1.66)
Guyana	6.07	6.35
	(1.56)	(1.36)
Haiti	4.87	4.93
	(1.66)	(1.76)
Honduras	5.28	5.46
	(1.75)	(1.67)
Jamaica	6.01	6.31
	(1.56)	(1.24)
Mexico	5.66	6.06
	(1.74)	(1.39)
Nicaragua	6.14	6.31
	(1.54)	(1.37)
Panama	5.53	5.65
	(1.71)	(1.68)
Paraguay	6.26	6.53
	(1.44)	(1.19)
Peru	5.41	5.67
	(1.64)	(1.55)
Suriname	5.74	6.08
	(1.61)	(1.36)
Trinidad and Tobago	5.75	6.03
	(1.76)	(1.69)
Uruguay	6.20	6.31
	(1.50)	(1.29)
Venezuela	5.59	5.89
	(1.84)	(1.67)
Average	5.73	5.99
	(1.72)	(1.56)

Seven-point Likert scale. Standard deviations in parentheses. Source: 2010 AmericasBarometer survey administered by the Latin American Public Opinion Project (LAPOP)

The widespread support of publicly provided social protection in the region is puzzling, given that governments in the region are not known for their efficiency and impartiality in the administration of policies. Allegations of corruption and mismanagement of public resources are pervasive. Nevertheless, the broad pattern of demand for publicly provided social policy benefits suggests that other factors seem to outweigh these potential fears and concerns about administrative weakness of the state.

We argue below that economic vulnerability – especially as experienced in employment and income shocks – has driven the demand for social protection policies that place an emphasis on public benefits within the public-private mix. To do so, we model the determinants of individual support for the mix between public and private social benefits as a function of two factors: individual-level economic stability and vulnerability, on the one hand, and household income, on the other. The first of these factors, economic insecurity, affects the individual's ability to make regular contributions to contributory social insurance. As employment becomes more tenuous (in particular, through movements from relatively stable, formal-sector jobs to periods of unemployment or informal or fixed-term jobs), individuals find it increasingly difficult to ensure regular contributions to private health care or retirement funds.[10]

The second factor, income, conditions the ability of individuals to self-insure and make use of private insurance opportunities. The literature has long argued that higher-income individuals are the least supportive of public social insurance, since it pools risk and contributions broadly, and has the potential to redistribute away from them. They prefer private insurance, which offers a direct relationship between contributions and benefits, without redistribution. Low-income individuals, in contrast, find such redistribution to their advantage, and thus prefer social insurance. Middle-sector individuals – drawn from what may be termed the "manual formal proletariat," the "non-manual formal proletariat" and the "petty bourgeoisie" – become the politically salient "swing" group.[11] We offer two hypotheses about these middle-sector individuals, arguing that their preferences are affected by the time horizons and existing institutions that exist in each policy area. For health-care, they are supportive of public solutions, since an inability to make payments when medical treatment is needed might present risks to life and entail the assumption of considerable debt over a short time horizon. For old-age pensions, they do not have a univocal preference; the long time-horizon leads to different conclusions by different individuals about how to pursue economic security after retirement. The next section develops these arguments more fully.

Individual Preferences over the Mix of Public and Private Social Protection

The study of individual preferences for social policies occupies a central role in the research on welfare state in advanced industrialized societies.[12] Generally, these studies confine their analysis to support for public spending or for redistribution, typically understood as redistribution between high and low income citizens. Such an approach, unfortunately, ignores the fact that private insurance markets exist alongside public social protection programs in a wide swath of countries around the world.[13] When individuals form their preferences about insurance options, they do so in an environment characterized by a mix of public and private policy options. For this reason, we develop our theory with explicit reference to the public-private mix.

Assessing individual preferences for a mix of public and private benefits poses, from the start, a number of challenges. "Publicly" provided social policies are not a homogenous category.

They vary tremendously in their mode of financing and conditions of eligibility, for example. We begin with a brief discussion of social policy design, which allows us to establish the most salient differences between publicly and privately provided social protection policies from the perspective of the individual. Next, we assess how individual level attributes – most notably, risk and income – affect preferences over these different types of policies.

Variation in Policy Design and Preferences in the Mix of Public and Private Social Policies

Social policies vary significantly in their mode of financing and in the criteria that determines eligibility conditions of benefits. One type of policies is financed by general tax revenues, and is inclusive of all citizens who qualify on the basis of set criteria. The state serves as both manager and guarantor of these benefits. As is customary in the literature, we refer to these programs as "noncontributory" policies, since conditions of eligibility are entirely decoupled from previous social policy contributions.

A second type of policies centers on contributory insurance. For these policies, a prior history of contributions made by individuals – usually in the form of payroll taxes – is the precondition for eligibility. The pooled resources of the contributors constitute the available funds for insurance benefits. Importantly, contributory insurance programs can vary in the "tightness" of the link they establish between contributions and benefits. Some of these policies loosen the link between contributions and benefits made by the individual, by granting some recipients benefits that exceed their history of previous contributions. Given that in Latin America such policies only provide benefits to formal sector workers who have made a requisite number of regular contributions over their working careers, their redistributive impact in the region is limited (and does not reach the large informal sector or workers with interrupted and insufficient contribution histories).[14]

A third type of policies consists of private insurance, in which each individual makes contributions to a personal account. Here benefits are determined by the past history of insurance contributions adjusted by gains or losses made by the investment of these funds. In contrast to contributory insurance, private insurance policies establish a very tight link between the insurance contributions made by individuals and social policy benefits and minimize redistribution across occupations and incomes.

Given these possible social policy ideal types, we begin by assuming that each individual tries to choose an optimal mix among these three types of policies. The ideal mix between noncontributory, contributory and private insurance policies is likely to vary across individuals, depending on individual level attributes, such as the level of income, economic insecurity, family conditions and so on.

Second, we assume that preferences for *publicly provided social insurance* – the category which has received such widespread support in recent years in Latin America, as documented in section 1 above – reflect the sum of utilities derived from contributory and noncontributory policies.[15] In the region, the state has played a strong role in contributory programs (as coordinator, regulator, and in many cases manager) and completely underwritten noncontributory programs.

Income Levels and Preferences for Public and Private Policies

A large theoretical and empirical literature suggests that income is a significant determinant of individual-level preferences for social spending and redistributive policies.[16]

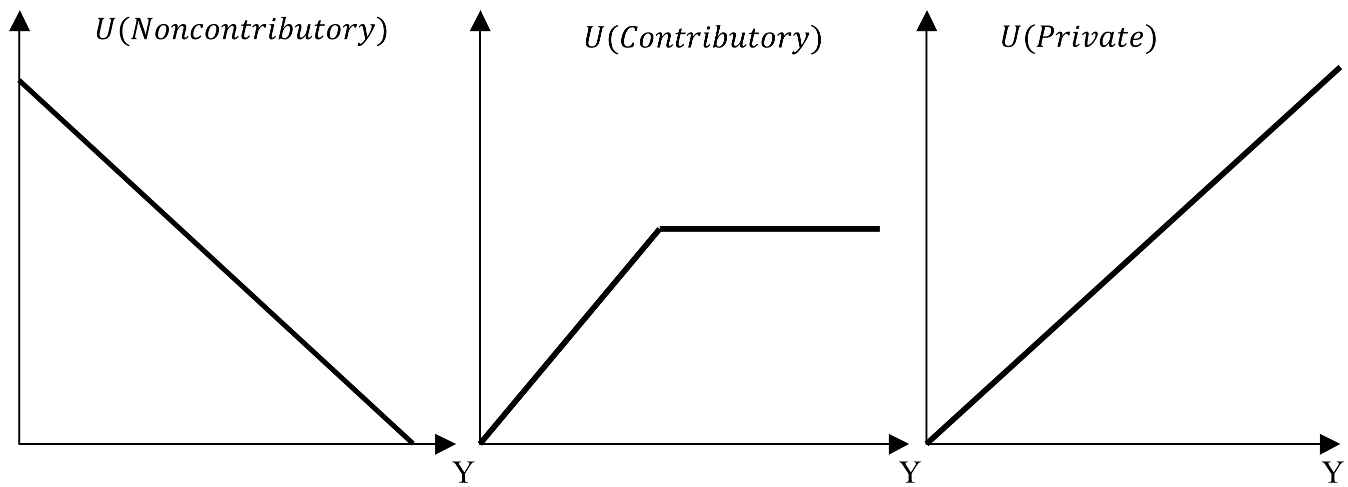
However, the existing literature formulates two distinct – and seemingly contradictory – hypotheses about the functional relationship between the level of income and demand for social spending. One line of reasoning hypothesizes that income is negatively related with demand for spending.[17] This conjecture is derived by assuming that social policies are financed by a tax that is proportional to the level of income; low-income individuals are hypothesized to demand more spending than high income individuals, because they are net beneficiaries of transfers that are financed by higher taxes on the rich. In contrast, other studies suggest that risk aversion is the primary determinant of individual demand for social protection.[18] Risk-averse higher income individuals demand higher levels of protection to compensate them for the possibility of loss in income. Consequently, the relationship between income and demand for social protection is expected to rise with income.

The contradiction between these two perspectives is, we believe, illusory. The two perspectives can be reconciled by recognizing that they shed light on the demand for *different types* of social protection policies. While the Meltzer and Richard perspective applies to individual demand for tax-financed (noncontributory) social policies, the Moene and Wallerstein framework applies to individual demand for contributory insurance programs. Individual preferences are thus likely to reflect the policy design that is dominant in the policy mix prevailing in a given country or jurisdiction.[19]

Figure 2 presents our hypotheses across the three categories of social policy. The first diagram displays the relationship between income and demand for noncontributory social policies. As discussed above, these policies are financed by general tax revenues and provide benefits that are not linked to the income of the individuals. We hypothesize that demand for noncontributory programs declines as income rises. These policies – which tend to provide benefits capped at low levels – meet the needs of low-income individuals well, but fall short of the income protection sought by high-income individuals. In addition, the mode of financing can affect the steepness of the relationship between the income level and demand for these policies. In more progressive tax systems, the relationship between income and demand for social policies is steeper, while under a more regressive tax system, the slope is likely to be flatter.

Figure 2

Hypothesized effect of income and risk for demand for noncontributory, contributory or private social policies



The second diagram presents the demand for contributory insurance as a function of income. Recall that the benefits under these policies are linked to previous contributions, and thus to the income of individuals. As a result, demand for contributory insurance programs rises with income. However, contributory insurance programs impose a cap on the level of income that is taxed for the financing of these policies and that will be replaced. High incomes above this threshold are generally not replaced. This feature of policy design modifies the functional form between income and demand for contributory insurance: demand for contributory insurance rises with levels of income but then it reaches a plateau at those levels of income that is no longer covered by the policy. As a result of this ceiling, a number of high income individuals are likely to be underinsured by contributory insurance.

Finally, the third diagram illustrates that demand for private insurance policies rises monotonically with income. Low-income individuals recognize that they are unlikely to save sufficiently to insure themselves, so their demand is low. Higher-income individuals, in contrast, are both more able to self-insure and prefer that their benefits be derived directly from their own savings contributions and market returns.

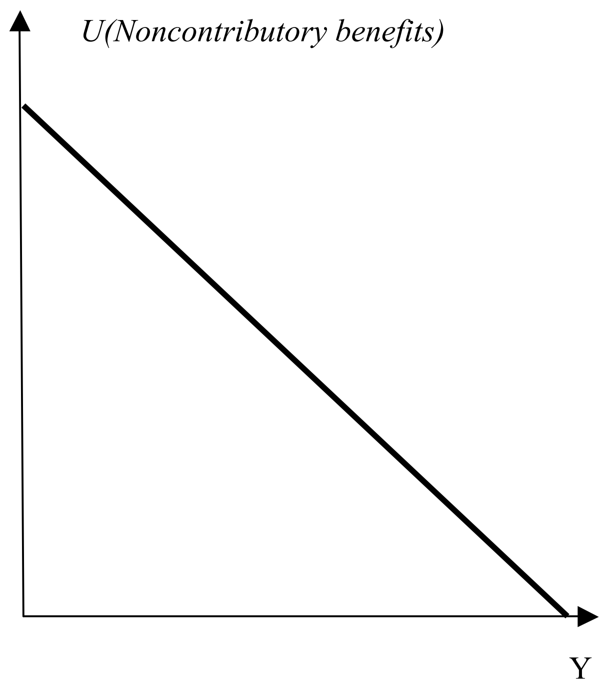
In combination, these considerations suggest that one cannot derive one unambiguous theoretical expectation linking income and demand for a mix between publicly and privately provided social policies. The functional form of this relationship is likely to vary, depending on the relative weight placed by individuals on the contributory versus noncontributory policies and the available policy mix in their environment. Analytically, two limit cases are possible; we illustrate these in Figure 3. In the left panel, where noncontributory programs are predominant in the policy mix, we hypothesize that the relationship between income and demand for the noncontributory-dominated policies is negative. In the right panel, contributory social insurance outweighs noncontributory programs in the available policy mix. In this case, the relationship between income and demand for the contributory policies will be nonlinear. Demand for a larger role of the state and greater pooling of resources rises with income, but only to the highest level of income covered by contributory insurance. Individuals with income levels above this threshold prefer private insurance benefits over contributory insurance, and thus their demand for contributory benefits declines as income further increases.

The relationship between income and the demand for the publicly provided benefits can be, thus, either linear and monotonically decreasing (as for noncontributory benefits) or non-linear, at first rising and then falling with income (for contributory social insurance). Which effect prevails needs to be determined empirically.

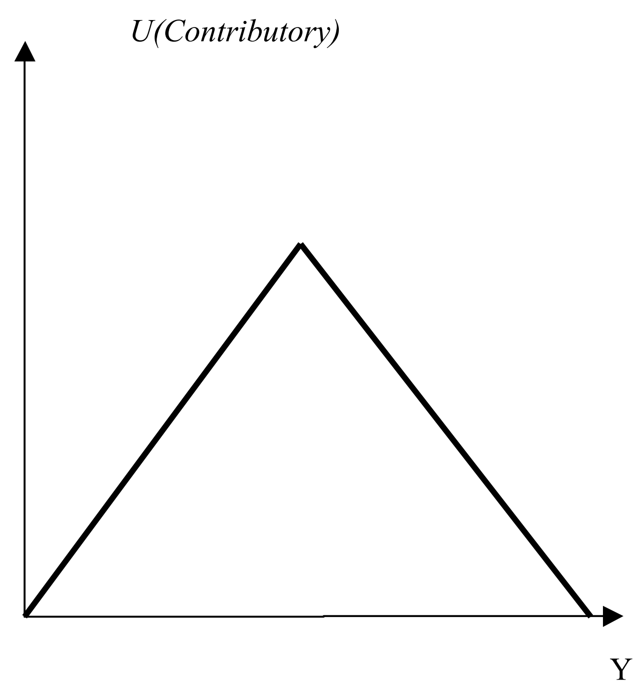
Figure 3

Relationship between income and demand for public private mix of social policy benefits

Case 1: where noncontributory benefits predominate



Case 2: where insurance benefits predominate



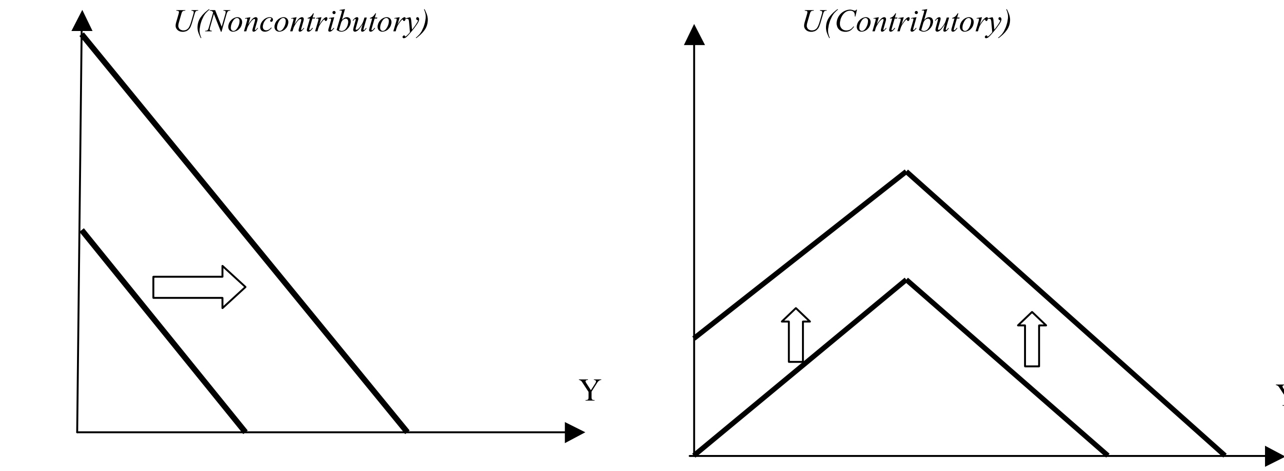
Economic Insecurity and Preferences for Public and Private Policies

While income is one of the most important variables that affect individual demand for social policy, its effect is likely to be mediated by economic insecurity. Indeed, risk-based explanations now occupy a central place in the literature on individual determinants for social protection.[20] We suggest a new mechanism – as yet not identified in the literature – by which economic insecurity affects the demand for different kinds of social policies: the capacity of individuals to contribute to the financing of different social programs. As individuals face shocks to their employment or income, they may find it more difficult to make the regular, required contributions to contributory insurance programs. Recognizing this difficulty in making contributions, they demand a greater share of noncontributory benefits within the policy mix. This mechanism is particularly likely to affect individuals in Latin America, where vulnerable employment as a share of total employment has been stubbornly high over the last half-century.

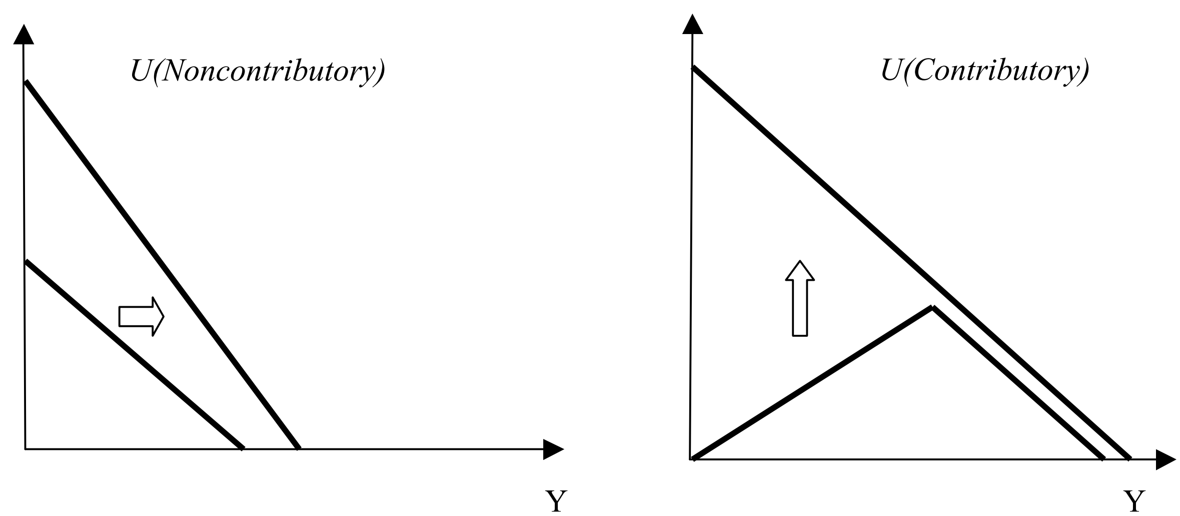
Figure 4 presents our expectations regarding the effects of income insecurity at various levels of income. We consider first the direct effect of income and employment insecurity, which increase the overall level of risk for which individuals seek protection. Following the literature, we hold that increased economic risk raises individual demand for insurance to compensate for the loss of income.[21] This is depicted in Section (A) of Figure 4 as an upward shift in overall demand for protection, without modifying the functional relationship between income and the mix of policies preferred by the individual. It applies equally in environments where contributory or noncontributory programs predominate (the left and right panels).

Figure 4
Effects of insecurity on demand for public-private mix

(A) Effect of increase in demand for protection



(B) Effect of decline in contributory capacity



Economic insecurity also indirectly affects the contributory capacity of individuals, whether this involves the payment of taxes or contributions to social insurance. But an asymmetry in the eligibility conditions for social policy programs exists: while for contributory programs (both social insurance and private), previous contributions are a necessary precondition for access to benefits, eligibility for noncontributory programs is not linked to the payment of taxes or regular contributions. As a result, we hypothesize that the functional form of the relationship between income and the demand for private and public social policies may change. Section (B) of Figure 4 summarizes the predicted effects of these changes on the demand for public and private policy. If the initial relationship between income and demand for the noncontributory benefits is linear, as in the left panel, the decline in the contributory capacity of the individuals is expected to steepen the relationship (since lower-income individuals, recognizing their inability to make contributions to social insurance, demand noncontributory benefits even more strongly). If the initial relationship between income and the preferences for contributory policies is non-linear, as in the right panel, the risk-induced decline of contributory capacity increases the demand for social protection by low-income individuals. But it does not increase demand for contributory insurance policies by high income individuals, who recognize that they will end up subsidizing their lower-income peers through redistribution. In some limit cases, this may eliminate any non-linearities in the relationship between income and demand for the private public mix.

Which of these effects prevails is an empirically open question. In the next section, we turn to such an empirical test.

Empirical Analysis

The above discussion has generated a rich set of theoretical implications linking income levels and insecurity and preferences for the mix between public and private social protection. To test among these competing hypotheses, we use survey data drawn from the 2010 AmericasBarometer survey administered by the Latin American Public Opinion Project (LAPOP), which interviewed nearly 40,000 respondents in twenty-four countries in Latin America and the Caribbean. This recent survey provides researchers for the first time with the tools to investigate individual preferences over social protection policies in the region. Latin America provides a particularly apt environment for testing our hypotheses concerning individual level preferences for the mix between public and private social policies. Nearly every Latin American country has had direct experience of both public and private policies in recent years and/or has extensively debated reforms to existing policies. Citizens in the region have grappled with the relative advantages of policies that differ in their financing and administration.[22] This experience of citizens with competing policies mitigates, we believe, some of the informational difficulties that are intrinsic to such a complex policy area allow and increase our confidence that respondents can articulate well-informed preferences.

Dependent Variable

The dependent variables of our study are derived from two questions included in the AmericasBarometer survey administered in 2010.[23] These questions ask individuals about their support for different mixes between publicly and privately provided pension and health benefits. The questions were worded as follows.

> "The state, more than the private sector, should be primarily responsible for providing retirement pensions (health care). How much do you agree or disagree with this statement?"[24]

Respondents were presented with a seven-point scale on which to indicate their answer, with one denoting strong disagreement and seven indicating strong agreement. Starting with this question, we created two ordinal variables measuring support for publicly provided health and pension policy, which take values from 1 to 7.

Admittedly, this dependent variable does not map precisely onto our theory's expectations regarding preferences across the three types of social protection: contributory, noncontributory, and private. Nevertheless, as argued above, we believe that a preference for state protection implicitly reflects the sum of preferences for contributory and noncontributory policies, since the state has played the lead role in contributory programs and completely underwritten noncontributory programs. Further, we suspect that increased support for the state's role in social protection likely entails particular interest in noncontributory policies, given the emphasis these have received in the media and in political discourse. However, in the discussion that follows, we choose to use caution in our interpretation of this variable, conservatively taking it to imply only a preference for a combination of contributory and noncontributory policies.

Independent Variables

To test the hypotheses linking higher insecurity with greater demand for social provision, and to explore which types of economic insecurity are associated with a greater demand for social policy administered by the state, we have created a number of variables that measure the economic insecurity experienced by the respondent. These measures allow us to explore empirically whether different kinds of insecurity – some associated with loss of employment and other associated with losses in income – have different consequences for individual support for a greater public role in the provision of social protection benefits.

We employ three measures of insecurity. The first variable, EMPLOYMENT INSECURITY, takes the value 1 if the respondent has experienced a loss of job during the past two years[25]. Our second measure assesses the consequences of employment loss at the level of the household; this variable, HOUSEHOLD VULNERABLE, takes the value 1 if a member of the household, other than the respondent, lost their job in the past two years.[26] Our third measure of insecurity assesses the effect of income losses rather than employment losses on individual support for social policy. The variable NEGATIVE INCOME SHOCK takes the value 1 if the individual reports the experience of a drop in income during the previous year.[27]

Next, our discussion has developed a number of hypotheses linking income and preferences for the mix between private and public social policies. The predictions about the functional form of the relationship between income and support for a higher share of publicly financed social policies are ambiguous. Where noncontributory policies dominate public social protection, the relationship is hypothesized to be monotonic and decreasing in income, as higher-income individuals prefer to escape to private insurance which does not involve redistribution or limits on benefits. Alternatively, where contributory policies dominate, we have hypothesized that the relationship between income and demand for social protection may be increasing and non-linear, with the highest demand among middle-income individuals. We test these competing hypotheses empirically by including in our models both the income of the respondent (INCOME) and the quadratic term (INCOMESQ).[28]

In addition, one of the strongest findings in existing literature has been the importance of partisanship in shaping social policy.[29] To assess the effects of partisanship on individual demand for social provision, we use responses to a question that asks individuals for the name of the candidate they supported during the last presidential election.[30] We have created a variable VOTED LEFT FOR PRESIDENT that takes the value 1, if the individual voted for a left-wing presidential candidate during the most recent presidential election.[31]

We also include a battery of individual-level controls. These include measures of the age of the respondent (AGE) and its quadratic term (AGESQ), gender (FEMALE), marital status

(MARRIED) and the number of children (CHILDREN) in the household. We control for the religion of the respondent, by creating a variable CATHOLIC that takes the value 1 for Catholic respondents. We include two binary measures of the respondent's education, one that takes a value of 1 if the respondent has six or less years of education (PRIMARY EDUC ONLY), and another that takes the value of 1 if the respondent has post-secondary education (HIGHER EDUC). To assess whether individuals living in rural or urban areas have different preferences for social protection, we include a variable that takes the value 1 for respondents in urban areas (URBAN). We add two dichotomous variables that measure whether the respondent has independent employment (SELF EMPLOYED) or has access to additional income from remittances (REMITTANCES). Two other demographic controls are a dummy variable for presently being retired (RETIRED) and a dummy for being a government employee (GOV EMPLOYEE). To control for the ethnicity of the respondent, we create a dummy variable that takes the value 1 for non-white respondents (NON WHITE). Further, we include a measure of political information (POLITICAL INFO SUM) of the respondent, created by summing correct responses to three questions about current leaders and the political system.[32] Finally, we include measures of existing policy coverage of individuals, by including an indicator of whether or not the respondent is covered by existing pensions or health care plans. The variables are called PENSION COVERAGE and HAS HEALTH COVERAGE, respectively.

Empirical Strategy and Results

Our model takes the following form:

$$Social\ Policy\ Demand_i = \alpha + \beta_1 Economic\ Risk + \beta_2 Income + \beta_3\ Incomesq + \beta_4\ VotedLeftforPresident + \gamma Controls + \varphi_i + \epsilon_i$$

where φ_i are country-level fixed effects. We employ ordered probit estimation, which is appropriate for our ordinal dependent variable.[33]

Determinants of Support for Public Provision of Old-Age Benefits

Table 2 presents the results of our estimation of the determinants of support for the public provision of old-age benefits. The model in column 1 estimates the impact of loss of employment on the support for public old-age benefits and tests whether the relationship between income and support for a higher share of public benefits is linear. Employment loss is positively and significantly associated with favoring public old-age benefit provision. Similarly, the respondent's income level has a positive coefficient, but does not reach conventional levels of statistical significance. The quadratic term, however, is negative and significant. In other words, as individual income rises, the preference *against* public social protection becomes increasingly strong, or the preference for such benefits increases less quickly.

Table 2: Determinants of Support for Public Old-Age Protection

	Model 1	Model 2	Model 3
EMPLOYMENT LOSS	0.0707*		
	(0.0395)		
HOUSEHOLDVULNERABLE		0.111***	
		(0.0152)	
NEGATIVE INCOME SHOCK			0.0189
			(0.0140)
INCOME	0.00407	0.00709	0.00711
	(0.00949)	(0.00941)	(0.00942)
INCOMESQUARE	-0.00189**	-0.00200**	-0.00211**
	(0.000953)	(0.000947)	(0.000946)
VOTED LEFT FOR PRESIDENT	0.0706***	0.0699***	0.0714***
	(0.0150)	(0.0150)	(0.0150)
AGE	0.00874***	0.00827***	0.00862***
	(0.00222)	(0.00222)	(0.00222)
AGESQ	-6.73e-05***	-5.87e-05**	-6.60e-05***
	(2.40e-05)	(2.41e-05)	(2.41e-05)
PENSIONCOVERAGE	-0.00329**	-0.00392**	-0.00325**
	(0.00155)	(0.00156)	(0.00155)
PRIMARY EDUCATION ONLY	-0.00563	-0.00282	-0.00536
	(0.0156)	(0.0156)	(0.0156)
HIGHER EDUCATION	-0.0482***	-0.0478***	-0.0477***
	(0.0170)	(0.0170)	(0.0170)
MARRIED	-0.0366***	-0.0340**	-0.0361***
	(0.0136)	(0.0136)	(0.0136)
FEMALE	-0.0329***	-0.0301**	-0.0330***
	(0.0127)	(0.0127)	(0.0127)
CATHOLIC	-0.0201	-0.0177	-0.0205
	(0.0135)	(0.0135)	(0.0135)
URBAN	0.0328**	0.0255*	0.0324**
	(0.0138)	(0.0139)	(0.0138)
CHILDREN	0.0118***	0.0113***	0.0118***
	(0.00351)	(0.00351)	(0.00351)
SELFEMPLOYED	-0.0115	-0.0101	-0.0124
	(0.0171)	(0.0171)	(0.0172)
REMITTANCES	0.00524	0.00255	0.00644
	(0.0191)	(0.0190)	(0.0190)
NONWHITE	0.0251*	0.0239*	0.0251*
	(0.0139)	(0.0139)	(0.0139)

POLITICAL INFORMATION SUM	0.0368***	0.0372***	0.0369***
	(0.00724)	(0.00724)	(0.00724)
RETIRED	-0.00616	0.00512	-0.00449
	(0.0158)	(0.0159)	(0.0159)
GOVERNMENT EMPLOYEE	0.0372	0.0394	0.0379
	(0.0240)	(0.0240)	(0.0240)
Observations	35,358	35,358	35,358

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

The lack of significant results on the linear term is initially puzzling, but makes some sense when one considers the implications of the policy environment, which is characterized by a mix of contributory, noncontributory, and private opportunities. Indeed, the inconclusive result may reflect the complexity of the old-age pension landscape, in which a long time horizon leaves respondents uncertain about the mix of social welfare institutions that will exist at the time of their retirement. Those that expect that contributory policies will dominate are likely to prefer a greater amount of such protection, up to a point, as their income increases; those that expect that noncontributory policies will dominate prefer to opt out and pursue private solutions as their income rises. These two tendencies may wash out a discernible effect for income. However, the negative quadratic term implies that the preference for public programs decreases (or increases less quickly) as income rises. Without knowing which kind of policy will rule the day, higher-income individuals are more likely to cool their desire for public benefits of any kind.

A left-vote for president positively increases support for public benefits. Other individual-level characteristics that enhance support for the public provision of old-age benefits are age and the presence of a higher number of children in the family. Support for public provision of benefits is also higher among respondents that are not white. The level of political information of the respondent is a positive and significant predictor of support for a higher share of public provision of old-age benefits. In contrast to the findings of studies of demand for social spending in advanced industrialized societies, women are *less* likely than men to favor a higher role of public provision of old age benefits. Respondents with higher education are also less likely to prefer public social protection.

Model 2 examines the determinants of individual support for public provision of pensions using a different measure of economic risk, the vulnerability of the household. The results are nearly identical to our findings for employment loss: the experience of job loss by a member of the household is associated with increased demand for public old-age protection. Income and its quadratic term have similar effects as in Model 1, and the controls all behave as before.

In model 3, we use a negative income shock as a measure for risk. This measure of economic insecurity, however, plays no discernible role in predicting support for public provision of old-age benefits. Income continues to behave in the non-monotonic way observed above. The effect of the other explanatory variables remains unchanged.

To sum up, our analysis of the individual determinants of demand for old-age protection finds that employment shocks play a strong role in shaping support for publicly provided old-age benefits. Income shocks do not have a similar effect. Thus, economic insecurity seems to be most acutely experienced through loss of employment, perhaps because this represents not just a loss of present income, but also endangers future income and future contributions to insurance schemes. Income displays no discernible effect on preferences, perhaps due to the long time horizons and complex policy environment, but the quadratic term indicates a non-linearity: the rate of change of opinion becomes increasingly negative as income increases. Greater wealth is related to cooling support for public social protection.

Determinants of Support for Public Provision of Health Benefits

The aggregate data presented in Table 1 above illustrated that support for the public provision of health benefits is substantially higher than the support for the public provision of pension benefits for nearly all countries in the region. This may indicate that the underlying determinants of individual preferences over benefit provision may differ across policy areas. We present our results for health benefits in Table 3 below.

Table 3: Determinants of Support for Public Provision of Health Care Benefits

	Model 4	Model 5	Model 6
EMPLOYMENT LOSS	0.115***		
	(0.0402)		
HOUSEHOLD VULNERABLE		0.0899***	
		(0.0158)	
NEGATIVE INCOME SHOCK			0.0291**
			(0.0145)
INCOME	0.0139	0.0182*	0.0189*
	(0.00982)	(0.00973)	(0.00974)
INCOMESQUARE	-0.00199**	-0.00225**	-0.00236**
	(0.000987)	(0.000980)	(0.000980)
VOTED LEFT FOR PRESIDENT	0.0948***	0.0944***	0.0960***
	(0.0156)	(0.0156)	(0.0156)
AGE	0.00720***	0.00685***	0.00703***
	(0.00229)	(0.00229)	(0.00229)
AGESQUARED	-6.92e-05***	-6.26e-05**	-6.71e-05***
	(2.47e-05)	(2.48e-05)	(2.48e-05)
HAS HEALTH COVERAGE	0.0601***	0.0635***	0.0612***
	(0.0158)	(0.0158)	(0.0158)
PRIMARY EDUC ONLY	-0.0184	-0.0161	-0.0180
	(0.0161)	(0.0161)	(0.0161)
HIGHER EDUC	-0.0449**	-0.0447**	-0.0442**
	(0.0176)	(0.0176)	(0.0176)
MARRIED	-0.0409***	-0.0389***	-0.0403***
	(0.0141)	(0.0141)	(0.0141)
FEMALE	-0.0348***	-0.0324**	-0.0350***
	(0.0131)	(0.0131)	(0.0131)
CATHOLIC	-0.0234*	-0.0216	-0.0239*
	(0.0139)	(0.0139)	(0.0139)
URBAN	0.0137	0.00750	0.0131
	(0.0143)	(0.0143)	(0.0143)
CHILDREN	0.0164***	0.0160***	0.0164***
	(0.00365)	(0.00365)	(0.00365)
SELFEMPLOYED	-0.0120	-0.0103	-0.0132
	(0.0180)	(0.0180)	(0.0180)
REMITTANCES	-0.000947	-0.00202	0.00112
	(0.0198)	(0.0198)	(0.0197)
NONWHITE	0.0184	0.0175	0.0184
	(0.0144)	(0.0144)	(0.0144)
POLITCAL INFORMATION SUM	0.0509***	0.0512***	0.0511***
	(0.00747)	(0.00747)	(0.00747)

RETIRED	0.00363	0.0127	0.00612
	(0.0165)	(0.0166)	(0.0165)
GOVERNMENT EMPLOYEE	-0.0146	-0.0133	-0.0136
	(0.0251)	(0.0251)	(0.0251)
Observations	35,358	35,358	35,358

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

In Model 4, we begin with an analysis of the effects of loss in employment. Loss of employment exerts a positive and statistically significant effect on the demand for a higher role for the public provision of health care. The variable measuring income has a positive sign, but fails to reach statistical significance at conventional levels; the quadratic term, however, is negatively and significantly correlated with the demand for public protection. Left wing partisanship is also positively correlated with higher support for publicly provided health protection. Among the control variables, respondents that already have health insurance coverage, have more children, or have greater political information, are more supportive of the public benefits, while those who are more educated, married, or female, are less supportive. In short, in this model with employment loss as our measure of insecurity, the demand for public provision of health care benefits closely parallels that for public provision of old-age pensions.

In Model 5, however, the effect of income is more precisely estimated. In this model, the measure of insecurity is employment loss in the household, which continues to be positively and significantly correlated with demand for public health benefits. But now income has a positive, significant effect. As income increases, demand for public protection increases to protect against catastrophic losses due to illness or treatment needs. And the quadratic term is negative, suggesting a non-linear relationship. At higher levels of income, demand for public health benefits tails off. This may reflect the particularities of health care policy design. Such policies often impose limits on benefit levels. High-income individuals increasingly prefer to seek private solutions or rely on their own savings to purchase high-end or elective treatment. For this reason, their support for public health benefits tails off, and may even turn negative.

Model 6 presents a final test, with a negative income shock as the measure of economic insecurity. The results are highly consistent with the previous model. Risk, as experienced in a negative income shock, and income both are positively correlated with support for public health benefits. The quadratic term for income is negative and significant, as before.

To summarize, our models of the determinants of support for public health care benefits find even stronger support for our main theoretical claims than did our models of public pension benefits. Increased risk, whether to employment or income increases the level of support for public benefits. Increased income likewise increases support for public health benefits, to a point, and then tapers off. This implies that demand for public provision of health benefits is highest among middle class respondents.

These results suggest that the recent introduction of an increased role for the state in provision of public old-age and health benefits has a basis in the preferences of individual citizens. Households that have experienced shocks to their employment or income profiles are supportive of public – rather than private – provision of benefits. The employment landscape of Latin America, with persistently high levels of vulnerable and informal employment, thus drives the demand for the recent return of the state. And as income increases, support for these policies seems to increase (this is most clear for health-care benefits), but eventually tails off. Thus, the middle class stands as the pivot point, expressing the strongest support for this brand of public support. Importantly, the effect persists even as a host of control variables are introduced; even partisanship, which is frequently believed to overshadow economic interests, does not remove these effects.

Conclusion

This paper makes several contributions to our understanding of the politics of social protection in developing and middle-income countries. Empirically, we document an important, emerging trend within the larger wave of reform of social protection in developing countries: a “return of the state” as a provider of tax-financed, noncontributory old-age and health programs. This state-centric approach is all the more striking because it flies in the face of an earlier wave of reform that had emphasized private insurance, and because it has been so widespread, especially in Latin America. It very well may be a harbinger of things to come in other developing and middle-income countries experiencing labor-market volatility.

In addition, this paper provides a cross-national examination of individual-level preferences for social protection. While some single-country studies exist which examine public opinion support for social policy reforms in individual countries, only a very few efforts have been made to examine social protection preferences in a cross-national framework. We document widespread political support for a higher role of publicly provided social protection in the region. Our findings suggest that a significant congruence exists between the preferences of mass publics and the wave of noncontributory policies enacted in Latin America.

Theoretically, the paper has developed a number of propositions concerning the determinants of individual preferences for the mix between public and private social protection that have relevance throughout the developing and middle-income world. Importantly, we hypothesize that two distinct sets of preferences are theoretically possible, depending on the available mix of contributory and noncontributory policies. Where contributory programs are dominant, the functional form of the relationship between income and demand for public solutions is likely to be non-linear with respect to income and be highest for middle-sector individuals. Where noncontributory benefits are dominant, the relationship between income and demand for noncontributory programs is likely to decline monotonically with the level of income.

We also nuance the theoretical hypotheses linking economic insecurity and demand for the public-private mix, suggesting that economic insecurity can increase individual demand for social protection but also reduce the contributory capacity of the individual. The latter effect changes the mix of social policies desired by individuals, increasing the importance of noncontributory benefits. Our empirical findings support (indirectly) that – at least for Latin American countries – the effects of insecurity on demand outweigh in importance the effects of risk on the contributory capacity of individuals.

Our theoretical and empirical findings both complement and challenge the recent work on individual determinants of social policies in advanced industrialized societies, which argues that risk and income both matter in shaping individual preferences for social protection.[34] We add theoretical and empirical precision to this account by disaggregating the effects of these variables and showing that their functional relationship to individual demand for social protection can vary. And we test our propositions at the appropriate level – the micro level using individually-measured preferences – rather than population averages.

Our findings about the relationship between insecurity, income and demand for social protection have broader implications for the understanding of the coalitional bases of social policy in the new millennium. Historically, social protection policies were among the chief "inducements and constraints" employed by political elites to achieve and maintain power.[35] Policies in the middle of the twentieth century in Latin America drew support from the emerging industrial middle class, who faced new risks and opportunities to engage contributory policies (even as they excluded large segments of the population). During the 1990s, politicians redesigned these social protection institutions to cater to the needs of a new political constituency, made up of the middle sectors, disgruntled by the decline in the benefits provided by the public pillar, and higher income earners who preferred private benefits.

Now, for the first time in Latin America's history, a new coalition seems to be emerging that unites middle sectors and lower-income workers. This unprecedented coalition offers political openings to redesign social protection institutions to address the needs of the least-served segments of the population. These openings come at precisely the same time that new policy innovations – including the noncontributory programs we examine here, and others found in this special volume – are proliferating internationally, and their ideas are spreading through processes of policy diffusion. Demand for solutions and an improved supply of ideas may just coincide. Of course, these opportunities can be squandered politically. But our analysis of public opinion data suggests that it is economic insecurity that acts as the glue of this possible political coalition, and such insecurity is unlikely to fade from the scene anytime soon. Indeed, it is widespread and persistent in Latin America, and throughout the developing world. This means that we should expect to see demands for state-led solutions to health risks and old-age to continue to grow in the coming years around the globe.

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Notes

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[10] Interestingly, many of the recent reforms have been enacted in the context of economic growth and recovery, which might have been expected to expand employment and increase income, and thus diminish popular demands for additional protection. However, even as growth occurred, high job turnover was a dominant trend in the region, and informal employment remained doggedly high or grew. In addition, during the 1990s and 2000s, most Latin American countries adopted measures to "flexibilize" hiring and firing of workers; these were at least partly responsible for the continued high rate of turnover (and vulnerability) even amid growth and recovery. A fuller discussion of these trends can be found in Matthew E. Carnes, *Continuity Despite Change: The Politics of Labor Regulation in Latin America* (Stanford, CA: Stanford University Press, 2014).

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non-manual formal proletariat make up 12.7 percent, and the petty bourgeoisie are 7.4 percent. These sectors enjoyed access to contributory social protection policies during most of the twentieth century. In contrast, we understand low-income citizens to primarily include the "informal proletariat" which makes up 45.9 percent of the labor force in the region; this group never had the capability to participate in contributory social protection. See Alejandro Portes and Kelly Hoffman, "Latin American Class Structures: Their Composition and Change in the Neoliberal Era," *Latin American Research Review* 38, no. 1 (2003): 41-82.

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[13] Rehm, et al., consider that "an agenda for future research is to consider how the provision of private benefits conditions the breadth and polarization of public support for public social programs" ("Insecure Alliances," 390).

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[15] The contributory/non-contributory distinction mirrors the non-redistributive/redistributive distinction that may be more accessible to non-specialized readers. In other words, contributory policies redistribute narrowly (especially in the Latin American cases examined in this paper, where only formal sector workers are contributors), while non-contributory policies use tax revenues (often consumption taxes) to redistribute across the entire income distribution toward low-income individuals, regardless of employment status. Contributory policies vary widely in their degree of redistribution, depending on the specific formula linking the payment of contributions and social policy benefits. If the contributory base is wide and policies grant benefits to citizens irrespective of the past payment of insurance contributions, contributory policies can be very redistributive. The level of redistribution of contributory insurance policies is lower if benefits are defined in an actuarial way and only limited to those that have made prior insurance contributions.

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[17] Meltzer and Richard, "A Rational Theory of the Size of the Government."

[18] Karl Ove Moene and Immanuel Wallerstein, "Earnings Inequality and Welfare Spending: A Disaggregated Analysis" *World Politics* 55, no. 4 (2003): 485-516.

[19] The latter, Moene and Wallerstein hypothesis can be further nuanced. Other features of the policy design of contributory insurance policies – most notably the existence of ceilings on the level of income covered by the policy – may modify the functional relationship between income and demand for publicly provided protection. We will see this below in our consideration of preferences across the policy areas of old-age and health protection.

[20] Isabela Mares, *The Politics of Social Risk*, (New York: Cambridge University Press, 2003); Rehm, et al., "Insecure Alliances."

[21] David R. Cameron, David R, "Expansion of the Public Economy - Comparative Analysis," *American Political Science Review* 72, no. 4 (1978):1243-1261.

[22] We remain agnostic about whether this previous experience of policies and policy debates (which might be termed policy "legacies") predisposes citizens to prefer or reject one kind of policy more than another. Indeed, the relationship between existing policies and preferences is not univocal: familiarity might lead individuals to prefer an existing policy, but it also might lead them to forcefully reject a policy they see as functioning poorly. For discussions of these dynamics, see Brooks, *Social Protection and the Market in Latin America*, and Matthew E. Carnes and Isabela Mares, "Measuring the Individual-Level Determinants of Social Insurance Preferences: Survey Evidence from the 2008 Argentine Pension Nationalization," *Latin American Research Review* 48, no. 3 (2013): 108-129.
[23] AmericasBarometer by the Latin American Public Opinion Project (LAPOP), www.LapopSurveys.org**.** (2010)
[24] These are questions ROS5 and ROS6 in the 2010 AmericasBarometer LAPOP survey.
[25] Question OCUP1B1 reads, "Have you lost your job in the past two years?"
[26] Question OCUP1B2 reads, "Besides you, has anyone in your household lost his or her job in the past two years?"
[27] Question Q10E reads, "Over the past two years, has the income of your household: (1) increased, (2) remained the same, (3) decreased, (4) don't know, (5) decline to answer." We assign a value of 1 to response 3, and zero to all other responses.
[28] Question Q10 asks respondents to place their household income, including remuneration and remittances for all members of the household, into one of ten pre-defined income bands (presented graphically on a card for ease of understanding).
[29] Silja Häusermann, Georg Picot, and Dominick Geering. (2013). "Rethinking Party Politics and the Welfare State – Recent Advances in the Literature." *British Journal of Political Science* 43, no. 1 (2013): 221-240; M. Victoria Murillo, Virginia Oliveros, and Milan Vaishnav, "Voting for the Left or Governing on the Left?" in Steven Levitsky and Kenneth Roberts, eds., *Latin America's Left Turn* (Baltimore: Johns Hopkins University Press, 2011); Huber and Stephens, *Democracy and the Left* and *Development and Crisis of the Welfare State.*
[30] Question Vb3 ask respondents "Who did you vote for in the last presidential elections" and list the names of the different candidates.
[31] To locate various candidates in the left-right ideological space, we use the coding rules developed by Murillo et al, "Voting for the Left or Governing on the Left?"
[32] Questions GI1, GI3, and GI4 ask the respondent to spontaneously name the (a) current president of the United States, (b) the number of provinces/departments/states in the country, and (c) the length of the presidential/prime ministerial term of office in the country. They take the value 1 if respondents have provided the correct answer.
[33] The results are both substantively and statistically very similar when we use ordinary least-squares models. In additional results not presented here, to further assess the robustness of our findings, we transformed our dependent variables, which in the survey take on ordinal values, into binary variables. The latter take the value 1 (supportive of public provision) for the individuals that had a score of 5-7 in their support for the introduction of public policy and the value 0 for individuals who chose values between 1-3. Following Alesina and La Ferrara, we dropped the respondents with a score of 4, i.e. those with mild preferences or undecided in order to avoid an arbitrary assignment to the category "in favor" or "against" (913). None of the results are affected if we retain these respondents in the sample and assign them to the categories of supporters versus opponents of social policy expansion.

[34] Rehm, et al., "Insecure Alliances."
[35] Ruth Berins Collier and David Collier, "Inducements Versus Constraints - Disaggregating Corporatism," *American Political Science Review* 73, no. 4 (1979):967-986.

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