

Coalitional realignment and the adoption of non-contributory social insurance programmes in Latin America

Matthew E. Carnes^{1,*} and Isabela Mares²

¹Georgetown University;

²Columbia University

*Correspondence: mec247@georgetown.edu

What explains the recent rise in non-contributory social insurance programmes in Latin America? Since the 1990s, Latin American countries have enacted significant social policy reforms that have supplemented contributory insurance policies with new or expanded non-contributory programmes, financed by general tax revenues. We present a political explanation for this phenomenon, arguing that the process of deindustrialization, and especially the increased labour insecurity that it entails, has changed the mix of social insurance policies favoured by different individuals in the income and employment distributions. A long-term increase in economic insecurity has increased the relative demand for tax-financed, rather than contribution-financed, social insurance. Elected officials, especially those in the recent 'rise of the Left' in Latin America, have proved eager to meet these demands. We find strong evidence for this argument using both cross-national data on non-contributory pension policy adoption and individual-level data on policy preferences.

Keywords: social policy, economic reform, employment, public pensions, Latin America

JEL classification: G23, H55, J32

In recent decades, the social policy landscape in Latin America has changed in fundamental ways. After far-reaching shifts from state-run to privatized contributory social policies in the 1980 and 1990s, a broad set of countries have introduced *non-contributory* policies in the 1990 and 2000s, financed by general tax revenues, to address a range of social risks. These potentially transformational policies include old-age insurance programmes like Chile's *Pensión Básica Solidaria* and Bolivia's *Renta Dignidad*, and health-insurance programmes such as Colombia's *Plan de Atención Básica* and the Dominican Republic's *Plan Básico de Salud*.

This shift towards non-contributory policies has far-reaching distributive implications. The circle of potential policy beneficiaries of these programmes is much larger

than that of traditional contributory insurance policies. Most significantly, it includes the regions' neediest citizens, low-income individuals who lack employment opportunities in the formal sector. These non-contributory programmes have a much greater capacity to redistribute to low-income groups than contributory programmes financed by payroll taxes of employers and employees (Forteza and Ourens, 2012).

This paper provides a political explanation to account for the adoption of non-contributory social policies in recent years. We seek to answer three inter-related questions. The first is one of timing. Why now? Given the long history of pent-up demand for redistribution in the 'truncated welfare states' in the region, why did Latin American policy-makers embrace tax-financed social policy alternatives in recent years? Our second puzzle is about political support. Who supports the adoption of these programmes? And third, why was opposition to this expansion from higher-income groups and labour market insiders weaker at this historical juncture than at previous moments?

Our explanation of these policy developments stresses the long-term effects of structural changes in the economy linked to deindustrialization. Deindustrialization decisively changed the expectation of employment security of many workers across the region by reducing the likelihood of long-term employment stability. Many joined the growing ranks of self-employed workers in the highly heterogeneous tertiary sector, or took up more precarious employment for longer periods of time. These employment shifts have transformed individual preferences over the available mix of social policy alternatives.

Deindustrialization changes the demand for social protection via two inter-related mechanisms. First, it changes the distribution of workers between dependent, formal-sector employees and independents, increasing the number of the latter. It also changes the employment insecurity experienced by the workers that had previously enjoyed stable employment opportunities, increasing the likelihood that they will at some time fall into unstable, transitory and even informal jobs. In combination, these labour market changes have increased the size of a potential political coalition favouring social policies that do not rely on insurance contributions for their financing (Mares and Carnes, 2009), and have created a ripe target for parties and leaders in Latin America's recent 'rise of the left'.

The paper proceeds as follows. We begin by describing recent reforms to social protection programmes in Latin America, with special emphasis on the remarkable increase in non-contributory programmes. We next develop our argument about deindustrialization and the rise of vulnerable employment in creating the preconditions for political coalitions supportive of non-contributory policies. Our theory builds on, and challenges, existing accounts of the effects of deindustrialization on social policy in advanced economies, deriving distinct policy outcomes that are conditioned by existing social policy arrangements and by differences in economic development. Next, we present two quantitative tests of our theory—one at the national

level and one at the individual level—to examine the role of deindustrialization and vulnerable employment in the introduction of non-contributory old-age insurance programmes. We conclude by discussing the implications of our findings for studies of social policy in advanced industrialized economies and in developing countries.

1. Recent developments in social protection and employment in Latin America

In the first half of the twentieth century, when Latin American economies established social insurance programmes covering old-age, disability and sickness, they adopted a ‘Bismarckian’ occupation-based model. These initial programmes provided benefits to narrow subgroups of the population, financed through contributions from employers and employees (Mesa-Lago, 1978; Huber, 2005; Segura-Ubierno, 2007; Haggard and Kaufman, 2008; Huber and Stephens, 2012; Carnes 2014a, b). This choice of policy design was driven by political rather than economic considerations. The narrow pool of potential contributors and beneficiaries effectively drove a wedge between a ‘protected’ segment of labour market insiders (mainly unionized workers), beholden to dominant politicians or political parties and the remainder of the population. Welfare was provided through contributory policies to regularly occupied workers in the formal sector, in the manner of Esping-Andersen (1990)’s ‘conservative’ welfare states; excluded actors, whose work occurred in the informal sector, were left to depend on family or private savings (Barrientos, 2004; Wood, 2004). The relative shares of the population in each of these groups varied dramatically across the region—from a ‘stratified universalism’ in the Southern Cone, to ‘dual regimes’ in Mexico and Brazil, to predominantly ‘exclusionary regimes’ in the Andes and Central America—but the general pattern of welfare bifurcation held across Latin America (Filgueira and Filgueira, 2002).

By the late 1980s, however, economic dislocation associated with the decline of import-substitution industrialization exacerbated the fiscal strains of state-organized occupation-based insurance, and many countries chose to shift their old-age insurance into private hands (De Ferranti *et al.*, 2004). This privatization did not fundamentally change the truncated nature of the region’s welfare states; it simply shifted the covered population from public to private funds, leaving significant segments of the population without coverage. Efforts at policy universalism were roundly rejected by protected ‘insiders’—mainly formal sector, unionized workers (Lvovich, 2005, p. 20). But the ranks of these insiders were dramatically reduced as more and more workers moved from stable jobs to temporary or informal employment. This extensively studied period seemed to signal a new, reduced role for the state, in which private solutions and the market would play ever-increasing roles (Madrid, 2003; Müller, 2003; Brooks, 2009).

Surprisingly, a new wave of state-led development in social insurance has occurred in the 1990 and 2000s. Non-contributory programmes, financed by general tax revenues and un-linked from the employment history of individuals, have been introduced to deal with the risks of poverty, old-age and illness (Brown-ing and Singelmann, 1985; Barrientos and Lloyd-Sherlock, 2002; Bertranou and Grushka 2002; Sojo, 2006; Barrientos, *et al.*, 2010; Federación Internacional de Administradoras de Fondos de Pensiones, 2011). These programmes explicitly target portions of the population that were ‘outsiders’ to earlier social policies, and they promise to have a potentially large redistributive impact. Indeed, they represent a fundamental shift in policy design, as they inject a non-contributory element into what was previously a near-purely contributory system.

This paper seeks to explain the political dynamics which have allowed for the recent shift towards non-contributory policies in the region. Although much popular and scholarly attention has been paid to non-contributory direct cash transfers to poor families (Diaz-Cayeros and Magaloni, 2009; Diaz-Cayeros, *et al.*, 2009; De la O, 2013), we focus here on non-contributory pension policies, since these most clearly reflect departures from existing Bismarckian model of social insurance. Table 1 shows that eleven out of the eighteen major Latin America economies offer some kind of non-contributory pension. The vast majority of non-contributory programmes arose since 1995, and most since 2000, but in the cases of Brazil, Chile and Costa Rica, early programmes date to the 1970s. Each of these latter countries has added new, larger non-contributory programmes since the 1990s, as well. 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 non-contributory ‘floor’ of benefits for the aged.

Why have these non-contributory programmes arisen and spread so quickly? Given their redistributive implications, how have they won political support in each country? Policy analysts had long decried the inefficiencies and perverse incentives of the contributory model, which in some cases forced firms and workers into the informal sector to avoid paying payroll contributions, and left crucial needs for the poor and vulnerable unmet or met only through extremely costly and inefficient means (Levy, 2008). But such technical criticism was insufficient to create policy change. Likewise, many policy analysts offered their support for a ‘basic universalism’ (Molina, 2006), but the political route to reform remained fraught with perceived opposition.

1.1 *Deindustrialization and social policy change*

Scholars of the welfare state in advanced industrial economies trace changes in social policies to the process of deindustrialization, which is one of the most

Table 1 Adoption of non-contributory policies of old-age insurance in Latin America

Country	Programme	Law #	Year passed
Argentina	Pensiones Graciables	13 337	1948
	Old-Age Assistance	13 478	1948
	Pensiones Asistenciales	24 241	1993
Bolivia	Bonosol		1996
	Bolivida		1999
	Bonosol	2427	2002
Brazil	Renta Dignidad	3791	2006
	Renda Mensal Vitalicia	6179	1974
	Beneficio de Prestacao Continuada	LOAS Law	1993
Colombia	Garantia de Pension Minima	100	1993
	Programa de Subsidio de Aporte a Pension (PSAP)	797	2003
	Programa de Proteccion Social al Adulto Mayor (PPSAM)	797	2003
Costa Rica	Basic Amount Non-contributory Pension (RNC)	5662	1974
	Minimum Pension (PM)	IVM Law	
Chile	PASIS	869	1975
	Basic Solidarity Pension (PBS)	20 255	2008
	Solidarity Pension Contribution (APS)	20 255	2008
Dominican Republic	Pension Minima Garantizada (PMG)	87-01	2001
	Solidarity Pension in Subsidized Scheme	87-01	2001
	Programa Nonagenarios		
Ecuador	Bono Solidario	Exec. Dec. 129	1998
	Bono de Desarrollo Humano	Exec. Dec. 347	2004
El Salvador	Minimum Pension Guarantee	SAP Law	1996
	Welfare Pensions		2009
Guatemala	None		
Mexico	Pension Minima Garantizada (PMG)	Social Insurance Law	1995
	Programa de Desarrollo Humano Oportunidades	Regulation of SEDESOL	2006
	Program 70 y mas	Reg SEDESOL	2006
	Programa de Atencion a Adultos Mayores en Zonas Rurales	Reg SEDESOL	2006
Nicaragua	None		
Panama	None		
Paraguay	None		
Peru	None		
Uruguay	Pension No-contributiva	6874	1919
Venezuela	None		

Sources: [Federación Internacional de Administradoras de Fondos de Pensiones \(FIAP\) 2011](#); [Bertranou and Grushka \(2002\)](#); [Bertranou et al. \(2002\)](#); [Dethier \(2010\)](#).

enduring economic transformations of our times. Given stagnant employment levels in both industry and agriculture, the tertiary sector has become the dominant source of employment expansion in nearly every country in the world. This has

been as true in Latin America as in Europe. Table 2 presents descriptive statistics on the distribution of employment across industry, manufacturing and agriculture across the world. Between 1980 and 1997, employment in the service sector increased from 46 to 55.1% in Latin America, and over 90% of the new jobs that were created during this period were located in the tertiary sector (Weller, 2004).

Table 3 decomposes these changes, showing that Latin America closely parallels the OECD in deindustrialization and the shift of employment into services. The first column indicates the rate of change out of agricultural and manufacturing employment between 1960 and 2005. Latin America observed a 22% decline in employment in these foundational sectors of twentieth century employment, a figure nearly 50 greater than the OECD over the same period. And the second column shows that Latin American countries nearly equalled their OECD counterparts in average service-sector employment, with several countries significantly exceeded the OECD average.

Previous work offers two differing perspectives on the effects of deindustrialization on social policy. One dominant strand in welfare-state thinking, which might be termed 'structuralist', expects deindustrialization, 'the secular and simultaneous reduction of employment in agriculture and industry beginning in the early 1960s',

Table 2 Employment in agriculture, industries and services as a percentage of total employment; regional averages for the 1980, 1990 and 2000s (through 2006)

Agriculture			
Region	1980s	1990s	2000s
Africa	45	41	36
Asia	46	49	39
Industrial nations	9	8	8
Latin America	21	16	15
Caribbean	7	18	16
Industry			
Region	1980s	1990s	2000s
Africa	18	18	19
Asia	21	19	20
Industrial nations	31	28	26
Latin America	25	24	22
Caribbean	27	24	21
Services			
Region	1980s	1990s	2000s
Africa	35	41	45
Asia	31	21	36
Industrial nations	58	61	65
Latin America	52	60	62
Caribbean	66	58	63

Source: World Development Indicators (2007).

Table 3 Changes in the employment structure of Latin American economies

Country	Employment loss in manufacturing and agriculture (as a percentage of working-age population) 1960–2005	Service-sector employment 2005 (as percentage of working-age population)	Informal employment 2005 (as a percentage of salaried workers without access to a pension)	Average unemployment duration 2005 (months)
Argentina	–19	75	42.1	10.1
Bolivia	–17.5	41 (2002)	67.3	10.1
Brazil		58	33.7	13.7
Chile	–3	63	20.2 (2006)	3.2 (2006)
Columbia	–12	59	51.0 (2006)	6.9 (2006)
Costa Rica	–16.6	39	32.5	5.6
Dominican Rep.	–25.3	63	53.7	4.9
Ecuador	–30.9	70	67.3	4.5
El Salvador	–34.1	57	48.2	1.1
Guatemala	–31.6	41	62.9 (2006)	1.7 (2006)
Honduras	–50.7	41		3.1
Mexico	–21.9	59	61.1	10.1
Nicaragua				1.7 (2001)
Panama	–30.2	67		8.2
Paraguay	–25.1	75	71.7	5.0
Peru	–42	73	64.4	1.1
Uruguay	–10.4	52	22.7 (2006)	3.6
Venezuela	–13.5	69	40.0	10.9
Average Latin America	–22.15	60	49.3	6.0
Average OECD	–16.2	65	34.4 (2007)	9.4

Source: World Bank (2007), Socio-Economic Database for Latin America and the Caribbean - SEDLAC (CEDLAS and the World Bank) (2011); Andrews *et al.* (2011).

to lead to expansion of the traditional welfare state (Iversen, 2001, p. 47). It suggests that dislocated, manufacturing-sector workers suffer from a low transferability of skills; when unemployed, they struggle to find service-sector jobs that match their previous training. As a result, they demand greater social protection and an increase in spending by the state on social protection measures. This explanation seems ill-suited to Latin America's experience. First, transitions from manufacturing in Latin America have been largely to low-skilled services (unlike the OECD, where service-sector expansion has occurred in both high-skilled and low-skilled sectors) (Iversen and Cusack, 2000, p. 54). In addition, the structuralist perspective does not provide an explanation for the introduction of non-traditional social policies, such as the non-contributory programmes in Latin America, which serve a previously underserved and politically poorly organized population.

An alternative, 'institutionalist' perspective holds that deindustrialization exacerbates the fiscal constraints experienced by welfare states. Policy-makers respond to this budget contraction by raising the level of mandated insurance contributions, increasing non-wage labour costs and setting in motion a spiral of 'welfare without work' (Esping-Andersen, 1996; Mares, 2006). In this view, the 'new politics' of the welfare state is characterized by policy immobilism. Inertia prevails because beneficiaries of existing programmes favour the policy *status quo* and are likely to oppose any change in legislation reducing their benefits (Esping-Andersen, 1999). Reform is limited to 'gradual institutional change', characterized by institutional 'layering', rather than by outright institutional replacement (Hacker, 2005, p. 40–82; Palier, 2005; Streeck and Thelen, 2005; Mahoney and Thelen, 2010). But in the Latin American cases, this perspective overstates the opposition of insiders to policy change. Indeed, in the 1990s, insiders in several countries—including powerful unionized industrial workers—supported far-reaching reforms including the privatization of pensions and health services. Similarly, insiders have not meaningfully opposed the introduction of the new non-contributory policies. The institutionalist perspective has the potential to explain continuity, and even gradual reform, but not rapid, path-departing change.

Nevertheless, we believe that scholars of advanced industrial economies are correct to focus on the effects of deindustrialization on social protection policies. But we contend that another mechanism is at work linking deindustrialization to social policy preferences. We hold that the most important effect of deindustrialization is the rise of vulnerable employment (and the increased probability that workers of all types, including 'insiders', will experience vulnerable employment at some time in their careers).¹ Our account of what deindustrialization actually means thus differs starkly from structuralist understandings. For structuralists,

¹Rehm *et al.* (2012) examine one aspect of employment vulnerability—the risk of unemployment—in their account of support for the welfare state in advanced industrial economies.

manufacturing and services differ primarily in the skill content they entail. In contrast, we hold that skill content has no meaningful impact on the social insurance design preferences of individuals in a post-industrial economy. The most salient implication of deindustrialization is the change in modal employment type, from formal sector, indefinite employment to what may be called ‘vulnerable’ employment—working under fixed-term contracts, in volatile sectors, or in the informal sector (or a mix of these) and in which steady employment and income cannot be assured and regular contributions to contributory insurance may not be feasible. As will be seen below, the crucial political cleavage is not based on skills, but on employment status: individuals base their preferences on whether contributory or non-contributory policies are better able to address the risks they face in their particular employment situation.

In Latin America, deindustrialization has been accompanied by a significant increase in vulnerable employment. First, it has produced an increase in informal employment: jobs that are not registered with the state, and which do not involve the payment of payroll taxes or social security contributions ([International Labour Organization, 1998, 2011](#)). The third column in Table 3 presents figures for informal employment—which includes both self-employment—and unregistered-dependent employment ‘off the books’. In 2005, average informal employment in Latin America stood at 49%, with many countries exceeding 60% (Bolivia, Ecuador, Guatemala, Mexico and Peru) and one country, Paraguay, exceeding 70%. In addition, at the same time that informality grew, rotation between formal sector jobs became more difficult. The fourth column in Table 3 presents the average duration of unemployment spells in 2005. Even before the recent financial crisis, Latin America averaged 6 months of unemployment, and many countries exceeded 10 months (Argentina, Bolivia, Brazil, Mexico and Venezuela). Job rotation is slow and difficult, and the likelihood of experiencing a significant period when one cannot make contributions to social insurance schemes is relatively high.

The cumulative effect of these shifts—from manufacturing and agriculture to services, and into greater informality and longer spells of unemployment—has been a rise of vulnerable employment. This employment vulnerability fundamentally reshapes worker preferences in the economy. Formerly secure, formal sector wage-earners recognize the greater likelihood that they will experience spells of informality and (lengthy) unemployment at certain points in their careers. They are more likely to find their interests aligned with individuals who had been excluded from contributory social insurance, and to form a coalition in support of the introduction of non-contributory programmes.

In Latin America, this coalition’s growth has corresponded to, and been accompanied by, a significant political ‘left turn’. Labour-based political parties and politicians from the left have been elected to power in a wide set of countries across the region. Their ideology has given them a natural affinity for a significant state role in

social insurance, and they have seen non-contributory programmes as a particularly effective mechanism for catering to, and expanding, their political base.

2. Theory: employment status, preferences for social policy and distributional conflict

Our basic contention is that the most important effect of the process of deindustrialization is the rise of vulnerable employment. The increased precariousness of employment modifies the mix of social policy alternatives favoured by different workers. Individuals form their preferences regarding the mix of social policies based on perceptions of their life-time employment prospects and the risks associated with those prospects. This shift in individual preferences, in turn, serves as the foundation for the formation of new political coalitions supporting changes in social policies.

2.1 *Employment status, income and preferences for social policies*

We begin by exploring the determinants of individual preferences for social policies, seeking to understand the separate effects of employment status and of the level of income on the mix of social policies desired by individuals. We conceptualize employment status as a variable bounded by two extremes. At one extreme, workers are dependent wage-earners, whose primary occupation is with a firm under formalized rules over an open-ended time frame. At the other extreme, workers are independent free agents, who have no ongoing relationship with a particular firm or employer, or may be self-employed. Here, the terms of employment are not subject to an indefinite contractual agreement between employer and employee; workers may have multiple part-time jobs with diverse employers or undertake piece work or their own entrepreneurial activity—all without a clear mechanism guaranteeing job stability or the assumption of legal and tax responsibilities by the employer.² In between the extremes, workers may ‘mix’, by working part-time as wage-earners and supplementing their income by working part-time as independents. The second dimension of interest is the income level; it ranges from zero-remuneration, for work within the home or forced labour, to high. Each individual’s employment history is the sum of the different states experienced during one’s working career weighted by the amount of time spent in each state.

To understand individuals’ social policy preferences, we distinguish between three types of social insurance programmes: *contributory* policies financed by

²Nearly, all countries have adopted some sort of legal provision for ‘fixed-term’ employment that exempts employers from paying social insurance contributions for part-time or short-term workers.

contributions from dependent wage-earners and their employers, *non-contributory* programmes financed by general tax revenues, and voluntary *private* insurance. The first of these, contributory insurance policies, dominated Latin America's social security landscape for most of the twentieth century. Two types can be differentiated. Occupationally based social insurance pools the contributions of workers within a given occupational sector; it involves little or no redistribution across occupations. In contrast, broad-based national insurance policies pool funds across occupations, and thus are more redistributive. In both cases, contributions are linked to the wages of the individual (ensuring that people with higher salaries contribute more than people with low salaries), but not to the risk facing the individual (Mares, 2003). This method of financing ensures that higher-income and lower-risk individuals generate an 'actuarial surplus' to subsidize the benefits of lower-income and higher-risk individuals (Baeza and Packard, 2007). In terms of the employment states we have defined above, dependent wage-earners share the payroll tax burden that finances contributory insurance policies with their employers. Independents pay their entire tax burden themselves, if they choose to invest in contributory policies; however, many independents fail to make contributions (either due to low incomes or evasion).

Private insurance policies rose to prominence in Latin America in the 1980s and 1990s, fundamentally transforming the social security systems in many countries. Functioning much like private savings accounts, these policies link contributions to both the income and the risk profile of the individual. Each individual saves for his or her own insurance, whether they are a wage-earner or independent. No solidarity or pooling of resources occurs.

Finally, non-contributory policies are financed by general tax revenues. These policies generally offer a lower level of benefits than contributory programmes, and any individual can access them. Empirically, the burden of tax-based non-contributory insurance varies significantly across countries. Where income taxes and business taxes are the main source of government revenue (as in many OECD countries), the tax is borne more by wealthy citizens; in contrast, where value-added and sales taxes are central to government finance (as in many developing countries), the burden falls more heavily on the poor, who must pay a larger percentage of their income in their purchase of basic goods.

2.2 *The impact of employment status on social policy preferences*

Employment in each economic sector is a mix of contracted and independent jobs. Empirically, the share of 'independent' jobs is much higher in services than in manufacturing, due to the higher capital requirements of jobs in the manufacturing sector. Deindustrialization thus changes the mix between dependent and independent jobs in an economy. In an industrial economy, the modal type of job is

stable and dependent; in a post-industrial economy, modal employment is independent.

We hypothesize that differences in employment status affect policy preferences. Workers in formal sector, dependent jobs show greater support for contributory insurance policies, since these provide benefits that stand in direct relationship to their contributions (and restrict benefits to contributors, ensuring a higher level of payments). Their support for contributory insurance is also expected to increase with their income level and with their relative risk profile (since contributory insurance favours higher-risk individuals). In contrast, independents are more likely to support non-contributory social policies which give minimal access to social policy benefits. Recognizing the difficulty they face in making regular insurance contributions out of their wages or informal income, they prefer more bare-bones programmes that are financed through general tax revenues.

But employment status is not the only variable affecting individual-level preferences; income is also a key determinant of individual-level preferences. Following standard assumptions of risk aversion, as income rises, demand for social policies that replace this income loss increases (Meltzer and Richard, 1981).³ This implies that, conditional on their employment status, higher-income individuals favour a bundle of social policy programmes that has a lower share of non-contributory social benefits than lower-income individuals.

Figure 1 below illustrates the preferred social policy mix of individuals that differ in their 'modal' employment state and level of income. Individuals take their anticipated lifetime employment profile into account—updated based on their most recent status, economic conditions and experiences—when forming their preferences over social policy designs and investments. As can be seen, private insurance (in grey, at the top of each pyramid)—which is non-solidaristic and ties benefits directly to income—forms a significant part of the preferred policy mix of high-income individuals, with high-income independents preferring it to an even greater degree than dependent wage-earners. Contributory insurance (in the middle of each pyramid) plays a prominent role in the desired policy mix of wage-earners, both those with high and low incomes, given their likely ability to make regular contributions. And non-contributory programmes (in black, at the bottom of each pyramid) form the most important part of independents' desired policy mix; low-income independents, given the challenges of making regular contribution to traditional insurance schemes, particularly look to non-contributory programmes to meet their needs.

How do these preferences change under deindustrialization? First, deindustrialization increases the overall level of vulnerable employment, changing the mix

³See Dion and Birchfield (2010) for a recent contrary view.

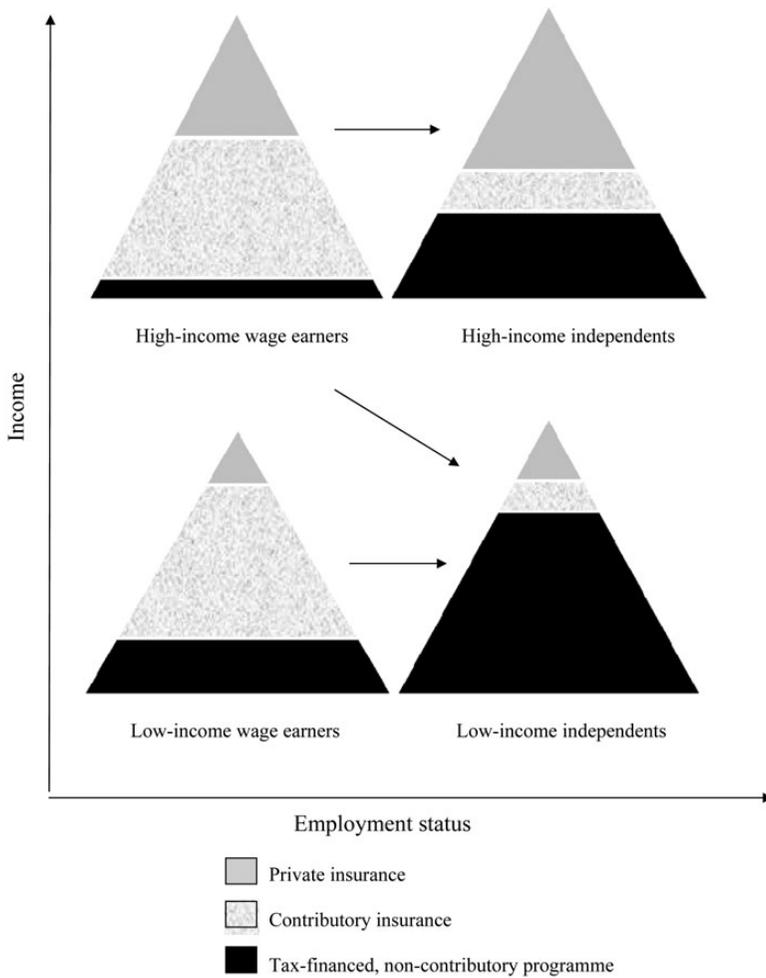


Figure 1 Distribution of preferences over social policies.

between dependent and independent jobs. All things equal, deindustrialization increases the proportion of independents in the economy and thus contributes to an aggregate increase in the demand for non-contributory programmes. Second, deindustrialization changes the employment security of formal, contracted workers. By increasing the transition probabilities across employment states, it increases demand for non-contributory programmes.

The arrows in Figure 1 summarize our predictions about the effects of deindustrialization on the mix of social policies desired by individuals in different employment states. Deindustrialization produces a net shift from dependent,

wage-earning jobs into independent employment. This occurs for both high- and low-income wage-earners, and may result in some of the high-income workers experiencing a decline in their income. As a result, these dislocated workers are expected to change their preferred policy mix to include a greater role for non-contributory programmes. Likewise, those formal-sector workers that do not directly experience dislocation note that their own probability of experiencing similar reversals has increased. They update their preferences to include greater support for non-contributory programmes.

2.3 *The formation of political coalitions for non-contributory policies*

Political negotiations surrounding the adoption of non-contributory policies take place in a context that is densely populated by pre-existing policies. Scholars of welfare states in advanced industrialized countries have argued that existing policies create ‘policy-feedbacks’, which reinforce support for the policy *status quo* by groups who already insured (Pierson, 2001). We complement this perspective by arguing that existing policies can also produce *negative* feedbacks, leading to backlash, opposition and policy change (Brooks, 2009). We contend that such discontent with the shortcomings of the contributory policy *status quo*—both public and private—has played an important role in creating a coalition supportive of the introduction of non-contributory policies (Mares and Carnes, 2009).

The fiscal pressure experienced by social insurance funds since the beginning of the 1990s triggered this coalitional realignment in many countries. As existing social policies experienced growing fiscal strains, individuals began to discount the future value of their contributory insurance benefits and updated their desired social policy mix with other policy options, including non-contributory benefits. Middle-class-dependent workers were the core of this group. Likewise, ‘negative feedback’ effects undermined support for private insurance among middle- and upper-income groups.

As a result, three distinct political groups came to support the adoption of non-contributory programmes. First, low-income independents continued to find non-contributory programmes their most desirable social policy alternative. Second, low-income and middle-income wage-earners experienced growing labour market insecurity, and recognized their increased probability of an interrupted contribution history over their lifetime. Finally, middle-income individuals (and even some upper-middle-income individuals) experienced increased dissatisfaction with private accounts, and recognized that reduced contributions and yields would leave these underfunded. In this way, a new coalition supportive of the adoption of non-contributory policies was formed.

The growth of this policy coalition corresponded temporally with Latin America’s remarkable ‘left turn’, as well as with an emerging consensus from international

financial institutions that emphasized poor-relief and low-cost policy alternatives. Politicians with ideological affinities for non-contributory policies thus received significant international support and encouragement for their adoption. Indeed, these policies offered leaders as diverse as Brazil's Lula, Bolivia's Morales, Argentina's Kirchners and Chile's Bachelet a chance to reach all three of the different groups described above and expand their political base.

Survey evidence from Argentina illustrates this process of coalitional realignment particularly clearly (Carnes and Mares, 2013). Facing turbulent financial markets and diminished returns on their private pension savings in the middle of the 2000s, middle-income and upper-middle-income individuals came to favour a return to social insurance. These middle groups—who had experienced the greatest employment vulnerability—became a political pivot, swinging away from their previous alignment with high-income individuals to now ally with low-income groups who preferred that their risk be socialized in nationalized pensions. President Cristina Kirchner astutely catered to this emerging coalition by renationalizing the country's private pension system in 2008. In doing so, she cemented the support from the base of her Peronist party—low-income individuals and unionized workers—as well as drew in new support from formerly skeptical middle- and upper-middle-income individuals.

3. Empirical analysis

To test the above hypotheses about the effects of employment vulnerability on the transformation of social programmes, we conduct empirical analyses at two levels. First, we examine the national-level determinants of adoption of non-contributory programmes. During the period between 1980 and 2007, 10 countries in Latin America adopted new (or substantially expanded) non-contributory old-age policies, and 16 out of 18 countries experienced significant deindustrialization and increasing levels of informal and vulnerable employment. Second, we examine individual-level support for pension programmes that are administered by the state, employing data from AmericasBarometer surveys from the Latin American Public Opinion Project (LAPOP) which provide information on employment insecurity. Taken together, these two tests allow us to test both the macro-level and micro-level implications of our theory.

3.1 *Dependent variable: adoption of non-contributory insurance programmes*

We employ a dichotomous-dependent variable for the *adoption of non-contributory old-age insurance programs* (see Table 1 above). We focus exclusively on the policies introduced after 1990, in the latest wave of non-contributory policy adoption. Some countries had introduced non-contributory measures prior to

deindustrialization (most notably Uruguay, which has had a non-contributory pension component since 1919), but these were generally smaller in scope than the more recent policies. Given the low number of pensioners they needed to support, and the significant difference in employment profiles in those earlier periods, we have no reason to believe that their adoption would follow the same logic as post-1990 reforms. For this reason, we believe that the recently implemented reforms are the best test of our labour market vulnerability-driven logic.

3.2 Independent variables

3.1.1 Labour market vulnerability Our main independent variables seek to capture the consequences of labour market changes which increase labour market vulnerability and support for the adoption of non-contributory policies. We use a variety of indicators measuring employment insecurity to explore its consequences. Our first variable is a direct measure of deindustrialization. Following the practice in the literature, we measure *deindustrialization* as 100 minus the sum of manufacturing and agricultural employment as a percentage of the working-age population (Iversen and Cusack, 2000). Data are from the World Development Indicators database (2007).

An additional measure of labour market vulnerability is the *average duration of unemployment*, which is drawn from the CEDLAS database. Finally, we examine the consequences of the level of informality on the economy on the adoption of non-contributory policies. We use an estimate of the level of *informality* and its quadratic (*informality squared*) to explore possible non-linear effect of the size of informal economy on the probability of adoption of non-contributory policies.⁴

3.1.2 Partisanship Partisanship has figured as an important variable in cross-national research on the adoption of social policies among advanced industrialized economies and, more recently, in the Latin American context (Huber *et al.*, 2008). Indeed, the recent changes in the design of Latin American social policies go hand in hand with a ‘leftward shift’ experienced by many countries in the region in recent years (Castañeda, 2006; Lustig, 2009; Lustig and McLeod, 2009; Levitsky and Roberts, 2011). We employ a recent 5-point scale which captures ‘the governing ideology of the president’, based on surveys and consultation with country experts regarding the policies adopted by each president (Murillo *et al.*, 2011).

⁴All employment data are drawn from *Socio-Economic Database for Latin America and the Caribbean - SEDLAC (CEDLAS and The World Bank) (2011)*. The SEDLAC data vary in geographic and temporal coverage over the period under study. The coding rule was to choose the most-expansive observation available for each year. When biannual or quarterly observations were available for a given year, the coding rule was to use the last observation of the year (semester II or quarter IV).

3.3 Controls

We also control for a range of additional variables that have been identified in previous research as determinants of cross-national differences in social policy. These include:

Pre-existing social policies The privatizing social insurance reforms undertaken during the 1990s could affect the demand for the adoption of non-contributory social policies under examination. Demand for non-contributory social policies is likely to be lower in countries that have not privatized existing social insurance policies. Our variable *pension privatized*, takes the value 1 from the time of the introduction of pension privatization forward (whether substitutive, parallel, or mixed); otherwise, it is coded as 0. Data are drawn from [Mesa-Lago \(2004\)](#).

Policy diffusion Recent studies have shown that policy reforms frequently cascade regionally. Policy-makers may learn from their peers in neighbouring countries, producing a ‘neighborhood effect’ of policy diffusion, or they may adopt similar policies due to pressure or persuasion from international agencies such as the World Bank or International Monetary Fund ([Madrid, 2003](#); [Simmons, et al., 2006](#); [Brooks, 2007](#); [Weyland, 2007](#); [Orenstein, 2008](#); [Sugiyama, 2011](#)). To test for such an emulation effect, we include a variable (*Diffusion*) that codes the share of countries in the region (expressed as a per cent)—other than the country in question—who had already adopted a non-contributory reform. Following [Brooks \(2007\)](#), we also include the interaction of *Diffusion* * *GDP per capita* (as a measure of economic development), to test whether richer countries engage in more (or less) emulation than their peers.

Economic development We include GDP per capita, drawn from the [World Development Indicators \(2007\)](#), to test for the effect of the socio-economic development of a country on its level of spending and its ability to introduce non-contributory social policies.

3.4 Estimation and results

Given our data’s Time Series Cross Sectional (BTSCS) structure, we choose to follow Carter and Signorino and fit a standard logistic model with a cubic polynomial approximation to account for the conditional hazard rate based on the underlying time trend ([Beck et al., 1998](#); [Carter and Signorino, 2010](#), p. 282). The exact model specification is as follows:

$$Pr(y_i = 1|x_i, t) = \frac{1}{1 + \exp[-(x_i\beta + \alpha_1 t_i + \alpha_2 t_i^2 + \alpha_3 t_i^3)]},$$

where $s(t_i) = \alpha_1 t_i + \alpha_2 t_i^2 + \alpha_3 t_i^3$ is a cubic polynomial approximation of the hazard. The above expression models the adoption of a non-contributory social

policy y by a country i at time t as a function of time-invariant covariates x_{it} and a smooth function of time.

Table 4 presents a series of models examining the determinants of the adoption of non-contributory old-age pensions in the recent wave of reforms. Model 1 presents a baseline model, which examines the impact of deindustrialization, alongside two measures of policy diffusion on the probability of adoption of non-contributory policies. We find that deindustrialization is significantly and positively associated with the probability of adoption of non-contributory policies. Model 2 adds a variable that examines the consequences of old-age insurance privatization on the probability of adoption of non-contributory policies. We find that the privatization of pensions has a positive and significant effect on the adoption of non-contributory policies. As discussed above, private social policies are a poor solution for vulnerable workers who may be unable to make regular contributions. These models find no statistically significant effects of policy diffusion, and the interaction term (*Diffusion***GDPpercapita*) only reaches statistical significance in Model 2. Its negative coefficient indicates that wealthier countries may be less likely to imitate others than poorer countries.

Models 3 and 4 test the effects of finer-grained labour market variables and partisanship on non-contributory policy adoption. Unfortunately, these tests are limited by two features of the data. First, our labour market variables are quite limited, so the number of observations in our models drops substantially. Second, our measures of *pension privatized* and *partisanship* are highly collinear—a fact that is not surprising since both have been characterized as ‘waves’ occurring in the region at almost precisely the same time—so we must introduce them sequentially (and not together) in our models.

Model 3 demonstrates that once we control for these additional measures of individual labour market insecurity, deindustrialization no longer has a significant effect on the adoption of non-contributory programmes. In contrast, *unemployment duration* now exerts a strong and positive effect on the adoption of these programmes, picking up the effect previously held by deindustrialization. Likewise, *informality* has a positive effect, but this effect tails off at high levels of informality, as the quadratic term *informality squared* displays a negative effect.

Finally, model 4 introduces a variable that measures the ideological orientation of the president (*presidential ideology*); its coefficient indicates that a leftward orientation increases the probability of adoption of non-contributory pension policies. This effect is quite large in magnitude; increasing the leftward-orientation of the president by 1 SD (1 point on a 5-point scale) more than doubles the likelihood of non-contributory policy adoption. Again, we find no effect of the two measures of policy diffusion on the probability of adoption of non-contributory programmes.

To summarize thus far, our empirical analysis suggests that the adoption of non-contributory pension programmes is more likely in environments where a large

Table 4 Determinants of recent universal non-contributory pension reforms dependent variable: adoption of post-1990 non-contributory pension programmes

	(1)	(2)	(3)	(4)
Economic variables				
Deindustrialization ($t - 1$)	0.03* (0.02)	0.04** (0.02)	-0.09 (0.07)	-0.05 (0.06)
Unemployment duration			0.89*** (0.34)	1.41** (0.56)
Informality			1.12*** (0.40)	1.54*** (0.40)
Informality Squared			-0.01** (0.00)	-0.01*** (0.00)
Economic development	0.19 (0.96)	0.11 (0.90)	-0.27 (1.34)	-0.67 (1.18)
Political variables				
Pensions privatized		0.03** (0.01)		
Presidential ideology				2.43** (1.05)
Diffusion				
Diffusion	-13.91 (20.10)	-5.51 (18.97)	-92.58 (95.99)	-164.00 (100.90)
Diffusion*GDPpercapita	-2.40 (2.26)	-3.75* (2.18)	6.00 (8.67)	13.67 (10.17)
Time2	0.21*** (0.06)	0.22*** (0.06)	0.21 (0.20)	0.34** (0.17)
Time3	-0.01*** (0.00)	-0.01*** (0.00)	-0.01 (0.01)	-0.01** (0.00)
Constant	-22.84** (9.23)	-23.51*** (8.56)	-50.56*** (17.59)	-83.06*** (26.06)
Observations	274	274	74	65

Robust standard errors in parentheses.

*** $P < 0.01$.** $P < 0.05$.* $P < 0.1$.

share of the population experiences vulnerable employment and thus faces difficulty in contributing to existing contributory insurance programmes. Non-contributory programme adoption rises as the duration of unemployment rises and the level of informality increases (up to a certain point, at which informality may threaten the fiscal capacity of the state). We believe that these groups form the foundation for a coalition supportive of non-contributory programmes, consisting of the currently vulnerable (informal workers) and the potentially vulnerable (dependent wage-earners who have seen peers face lengthened bouts of unemployment and fall behind on pension fund contributions).

3.5 *Individual-level preferences*

The cross-national data analysis has provided considerable support for our hypotheses linking labour market insecurity to the adoption of non-contributory social insurance. We now turn to a micro-level test of our argument. We examine data on individual-level preferences for public pension policies, drawn from [AmericasBarometer \(2010\)](#) interviews of over 23 000 respondents in 15 Latin American countries. We seek to understand how employment vulnerability, experienced at the individual level, shapes preferences for public, rather than private, social policies. We employ a multi-level mixed-effects linear model (also known as a hierarchical model), which allows us to estimate the effects of individual-level factors on policy demands, while considering that individuals are nested in higher-level units (countries) that differ in their economic and political conditions.

Our dependent variable is derived from a question which asks individuals about their support for public, rather than private, provision of pensions. The question was worded as follows: ‘The state, more than the private sector, should be primarily responsible for providing retirement pensions. How much do you agree or disagree with this statement?’⁵ Respondents were presented with a 7-point scale on which to indicate their answer, with one denoting strong disagreement and seven indicating strong agreement with this statement.

At the individual level, our principal explanatory variable of interest is *employment insecurity*, which takes the value 1 if the respondent has experienced a loss of

⁵Question ROS5 in the 2010 LAPOP survey. Admittedly, this question asks in a generic way about support for the state’s role in providing retirement pensions, making it an imperfect proxy for support of non-contributory pensions. Nevertheless, nearly every Latin American country has adopted (or debated adopting) some form of non-contributory pension in recent years, and almost all countries have *de facto* financed at least some portion of state-run contributory pension benefits from general taxes. For this reason, we believe that the respondents’ answers to the question implicitly reflect their expectation that the state will carry out its role using at least some—if not complete—non-contributory financing.

job during the past 2 years.⁶ We also include a battery of individual-level controls. These include the household level of income (*income*), marital status (*married*), gender (*female*), the number of children in the household (*children*), religion (*Catholic*), geographic location (*urban*), retirement status (*retired*) and race (*non-white*). We also control for independent employment (*self-employed*) and access to additional income from remittances (*remittances*). Our specifications include two political variables. We measure the partisan orientation of the individual by including a measure for support of left-wing political candidates during the last presidential elections (*voted for left for President*).⁷ Further, we include a measure of political information (*political information*) of the respondent, created by summing correct responses to three questions about current leaders and the political system.⁸

At the country level, our explanatory variable of interest remains *deindustrialization*. As controls, we test for the influence of institutional factors (in particular, those of democracy), using *Polity 3* scores. We further include a set of control variables drawn from the same sources as Table 4, including labour market insecurity (*informality*) and government partisanship (*presidential ideology*). As economic controls, we include both the level of *inequality*, given by the Gini index, and *economic development* (GDP per capita). Because the individual-level data are for the year 2010, we draw our country-level variables from 2010 as well (or the most recent year for which data is available).

The multilevel model is estimated as follows:

$$\text{Support}_{ij} = \beta_{0j} + \beta_{1j} \text{Labor Market insecurity} + \beta_{kj} + \varepsilon_{ij}, \quad (1)$$

$$\beta_{0j} = \gamma_{00} + \gamma_{01} \text{Deindustrialization} + \delta_{0j}, \quad (2)$$

$$\text{Support}_{ij} = \gamma_{00} + \gamma_{01} \text{Deindustrialization} + \dots \beta_{1j} \text{Labor Market insecurity} + \beta_{kj} + (\varepsilon_{ij} + \delta_{0j}). \quad (3)$$

Equation (1) models the effect of individual-level variables (such as economic insecurity) on the level of support for public social insurance. In Equation (2), we

⁶Question OCUP1B1 reads, 'Have you lost your job in the past two years?' While this variable does not capture the entire meaning of 'employment vulnerability' as described in our theory, it has the merit of directly measuring interruptions in employment and income, which are the crucial threats to both formal and informal workers' that make them 'vulnerable' and shape their preferences.

⁷We have coded each individual's self-reported vote for a left-wing candidate during the most recent presidential elections. We identified left-wing candidates using the Murillo *et al.* (2011) identification of candidate ideologies.

⁸Questions GI1, GI3 and GI4 ask the respondent to spontaneously name the (i) current president of the USA, (ii) the number of provinces/departments/states in the country and (iii) 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. We employ the sum of these correct answers as our political information index.

Table 5 Hierarchical model of determinants of support for public social policy provision dependent variable: support for public, rather than private, pensions

Variables	Support public pension
Level 1	
Employment insecurity	0.03*** (0.01)
Income (Ln)	-0.00 (0.00)
Voted left for president	0.02*** (0.01)
Married	-0.00 (0.00)
Female	-0.00 (0.00)
Catholic	-0.00 (0.01)
Urban	-0.00 (0.01)
Children	0.00*** (0.00)
Self-employed	0.00 (0.01)
Remittances	0.01 (0.01)
Non-white	0.00 (0.01)
Political information	0.01*** (0.00)
Retired	0.00 (0.01)
Deindustrialization	0.00 (0.00)
Democracy	0.01 (0.02)
Level 2	
Informality	-0.00 (0.00)
Presidential ideology	0.01 (0.02)
Inequality	0.02 (0.37)
Economic development	0.00 (0.00)
Constant	0.51 (0.39)
Observations	23,028
Number of groups	15
ll	-10563
r^2_p	.
Chi2	63.99

Standard errors in parentheses.

*** $P < 0.01$.

** $P < 0.05$.

* $P < 0.1$.

model the intercept (β_{0j}) or the variation in the average level of support for social protection provided by the state across different countries as a function of the grand mean (or overall mean) (γ_{00}), key country-level variables of interest and a country-level random error level term (δ_{0j}). Equation (3) depicts the results of our most complete specification, which models the effects of country-specific differences and individual-level variables as predictors of support for the social policy in question.

Table 5 presents the results of our hierarchical model. The experience of job loss in the previous 2 years is positively and significantly associated with an increased preference for public pensions (Model 4). Political support for a left-wing candidate is also associated with greater support for the adoption of public provision.

In contrast, the level of income and self-employment have the expected signs, as outlined in Figure 1, but they do not achieve statistical significance. We suspect that the lack of significance on these variables may reflect the less-precise survey question employed by AmericasBarometer (which asked about support for state management of retirement pensions, and not specifically about the non-contributory policies which were analysed in Table 4). Based on the results for the control variables, respondents with greater numbers of children and greater political information are more likely to support public social policies. None of the level 2 variables produce statistically significant results in Table 5. The most significant variation in social policy preferences is captured by individual level, rather than country-level variables.

In short, this individual-level analysis provides significant additional evidence of the importance of employment vulnerability in shaping the underlying preferences that permit non-contributory social policy adoption or expansion. Individuals in Latin America are highly sensitive to the experience and threat of job loss; this corresponds to increased support for publicly funded pension programmes. Their political ideology also plays a significant role in shaping their preferences. In our multilevel models, the individual-level effect predominates over country-level effects, suggesting that personal experience has a stronger effect on preferences than does the national context.

4. Conclusion

This paper advances the literature on social welfare institutions—in Latin America specifically, and around the globe more generally—in several important ways. First, while recent research has had considerable success in explaining the political *origin* of social insurance programmes in Latin America, it has failed to present a compelling account of *recent changes* in the design of social policies in the region. These changes have the potential to end the ‘truncation’ of welfare states in the region and, through vertical expansion, introduce a new degree of universality. Our paper seeks to provide a theoretical framework accounting for the adoption of these programmes.

Further, our approach represents a significant advance in theorizing about the effects of deindustrialization. We develop a micro-logic to account for the emergence of political coalitions in support of differing social policy designs and modes of financing. In our account, the level of labour market insecurity plays a decisive role in accounting for differences in the social policy mixes favoured by different individuals. We find confirmation for our argument in that employment insecurity is consistently correlated with preferences for, and the adoption of, non-contributory pension policies. This micro-level demand, we argue, accompanies and undergirds Latin America’s macro-level ‘rise of the left’, in which presidents

adopt social policy programmes that reach out to groups with low contributory capacity that have been previously excluded from existing insurance programmes.

Our findings have important implications for the literature on social insurance reform in other regions. The process of social policy reform is not unique to Latin American welfare states, but exemplifies a more general pattern of change in policies of social protection that is common to both developed and developing countries. For example, in recent years, Thailand has changed its contributory health insurance and enacted a universalistic programme (Shmuthkalin, 2006). Similarly, policy-makers in both Korea and Taiwan are currently contemplating policy changes that are shifting the financing of their social programmes away from payroll taxes towards general tax revenues. Recent social policy reforms enacted in advanced industrial economies have enhanced the policy benefits of groups with fragmented employment histories. These dramatic changes in policy pose important challenges to the comparative literature on welfare states, which generally predicts either expansion of traditional policies or policy immobilism due to the political action of labour market insiders.⁹

In short, we contend that the decisive political cleavage for social policy design that emerges from deindustrialization is based on the relative stability or instability of individuals' employment status. Deindustrialization has dislodged the 'insider social policy coalition' of dependent, formal-sector workers, whose status was underwritten by stable contracts with their employers and ongoing contributions to existing, occupation-based social policy programmes. This has been replaced with a political coalition whose pivot are individuals with more vulnerable employment who demand non-contributory programmes. The rise of independent, irregular employment is the defining characteristic of deindustrialization; it ought also to be at the centre of theorizing about deindustrialization's impact on social policy design.

References

- AmericasBarometer by the Latin American Public Opinion Project (LAPOP) (2010) www.LapopSurveys.org.
- Andrews, D., Caldera Sánchez, A. and Johansson, Å. (2011) 'Towards a Better Understanding of the Informal Economy'. *OECD Economics Department Working Papers*, No. 873, OECD Publishing. <http://dx.doi.org/10.1787/5kqb1mf88x28-en>
- Baeza, C. and Packard, T. (2007) 'Extending the Risk Pool for Health in Developing Countries: the Challenges of Moving to General Tax Funding', *International Social Security Review*, **60**, 83–97.

⁹See Manow *et al.* (2011) for a critical reassessment of the structuralist expectation of expanded social spending in the face of deindustrialization.

- Barrientos, A. (2004) 'Latin America: Towards a Liberal-informal Welfare Regime'. In Gough, I. and Wood, G. (eds) *Insecurity and Welfare Regimes in Asia, Africa, and Latin America*, Cambridge, Cambridge University Press.
- Barrientos, A. and Lloyd-Sherlock, P. (2002) 'Non-Contributory Pensions and Social Protection. Paper for the series 'Issues in Social Protection', published by the Social Protection Sector, International Labour Organization.
- Barrientos, A., Niño-Zarazúa, M. and Maitrot, M. (2010) 'Social Assistance in Developing Countries Database'. Version 5.0. The University of Manchester Brooks World Poverty Institute.
- Beck, N., Katz, J. N. and Tucker, R. (1998) 'Beyond Ordinary Logit. Taking Time Seriously in Binary Time-series, Cross-section Models', *American Journal of Political Science*, **42**, 1260–1288.
- Bertranou, F. and Grushka, C. O. (2002) 'The Non-Contributory Pension Programme in Argentina: Assessing the Impact on Poverty Reduction', ESS Paper Number 5, Social Security Policy and Development Branch. Geneva, International Labour Office.
- Bertranou, F., Solorio, C. and van Ginnekin, W. (eds) (2002) *Pensiones no Contributivas Y Asistenciales. Argentina, Brasil, Chile, Costa Rica Y Uruguay*, Santiago, Organización Internacional del Trabajo.
- Brooks, S. (2007) 'When Does Diffusion Matter? Explaining the Spread of Structural Pension Reforms Across Nations', *Journal of Politics*, **69**, 701–715.
- Brooks, S. (2009) *Social Protection and the Market in Latin America*, New York, Cambridge University Press.
- Browning, H. and Singelmann, J. (eds) (1985) *Pensiones no Contributivas Y Asistenciales*, Santiago, International Labour Office.
- Carnes, M. E. (2014a) *Continuity Despite Change: The Politics of Labor Regulation in Latin America*, Stanford, Stanford University Press.
- Carnes, M. E. (2014b) 'Hooking Workers and Hooking Votes: *Enganche*, the Extension of the Suffrage, and the Institutional Origins of Labor Market Dualism in Latin America', *Latin American Politics and Society*. Forthcoming.
- Carnes, M. E. and Mares, I. (2013) 'Measuring the Individual-Level Determinants of Social Insurance Preferences: Survey Evidence from the 2008 Argentine Pension Nationalization', *Latin American Research Review*, **48**, 108–129.
- Carter, D. and Signorino, C. (2010) 'Back to the Future: Modeling Time Dependence in Binary Data', *Political Analysis*, **18**, 271–292.
- Castañeda, J. (2006) 'Latin America's Left Turn', *Foreign Affairs*, **85**, 28–43. <<http://www.foreignaffairs.com/articles/61702/jorge-g-castaneda/latin-americas-left-turn>>.
- de Ferranti, D., Perry, G. E., Gill, I. and Servén, L. (2004) *Securing our Future in A Global Economy*, Washington, The World Bank.
- De La O, A. (2013) 'Do Conditional Cash Transfers Affect Electoral Behavior? Evidence from a Randomized Experiment in Mexico', *American Journal of Political Science*, **57**, 1–14.

- Dethier, J.-J. (2010) 'Eliminating poverty in old age: are social pensions the answer?' World Bank Blog, 'Let's Talk Development', Posted online 2010-10-06, Accessed at <http://blogs.worldbank.org/developmenttalk/eliminating-poverty-in-old-age-are-social-pensions-the-answer>.
- Díaz-Cayeros, A. and Magaloni, B. (2009) 'Aiding Latin America's Poor', *Journal of Democracy*, **20**, 36–49.
- Díaz-Cayeros, A., Estévez, F. and Magaloni, B. (2009) 'Welfare Benefits, Canvassing, and Campaign Handouts'. In Domínguez, J., Lawson, C. and Moreno, A. (eds) *Consolidating Mexico's Democracy*, Baltimore, Johns Hopkins University Press.
- Dion, M. and Birchfield, V. (2010) 'Economic Development, Income Inequality, and Preferences for Redistribution', *International Studies Quarterly*, **54**, 315–334.
- Esping-Andersen, G. (1990) *The Three Worlds of Welfare Capitalism*, Princeton, Princeton University Press.
- Esping-Andersen, G. (ed.) (1996) *Welfare States in Transition: National Adaptations in Global Economies*, London, Sage.
- Esping-Andersen, G. (1999) *The Social Foundations of Postindustrial Economies*, Oxford, Oxford University Press.
- Federación Internacional de Administradoras de Fondos de Pensiones (FIAP) (2011) 'Non-Contributory Pension Programs in FIAP Countries—Part I: Latin America', Santiago, Chile, FIAP.
- Filgueira, C. H. and Filgueira, F. (2002) 'Models of Welfare and Models of Capitalism: The Limits of Transferability'. In Huber, E. (ed.) *Models of Capitalism: Lessons for Latin America*, University Park, PA, Pennsylvania State University Press.
- Forteza, A. and Ourens, G. (2012) 'Redistribution, Insurance and Incentives to Work in Latin American Pension Programs', *Journal of Pensions Economics and Finance*, **11**, 337–364.
- Hacker, J. (2005) 'Policy Drift: The Hidden Politics of US Welfare State Retrenchment'. In Streeck, W. and Thelen, K. (eds) *Beyond Continuity: Institutional Change in Advanced Political Economies*, New York, Oxford University Press, pp. 45–79.
- Haggard, S. and Kaufman, R. (2008) *Development, Democracy and Welfare States*, Princeton, Princeton University Press.
- Huber, E. (2005) 'Globalization and Social Policy Developments in Latin America'. In Glatzer, M. and Rueschemeyer, D. (eds) *Globalization and the Future of the Welfare State*, Pittsburgh, University of Pittsburgh Press.
- Huber, E. and Stephens, J. D. (2012) *Democracy and the Left: Social Policy and Inequality in Latin America*, Chicago, The University of Chicago Press.
- Huber, E., Mustillo, T. and Stephens, J. D. (2008) 'Politics and Social Spending in Latin America', *Journal of Politics*, **70**, 420–436.
- International Labour Organization. (1998) *World Labour Report: Industrial Relations, Democracy and Stability*, Geneva, International Labour Organization.

- International Labour Organization (2011) *World Social Security Report 2010/2011: Providing Coverage in Times of Crisis and Beyond*, Geneva, International Labour Office.
- Iversen, T. (2001) 'The Dynamics of Welfare State Expansion: Trade Openness, De-Industrialization and Partisan Politics'. In Pierson, P. (ed.) *The new Politics of the Welfare State*, New York, Oxford University Press, pp. 45–79.
- Iversen, T. and Cusack, T. (2000) 'The Causes of Welfare State Expansion: Deindustrialization or Globalization?', *World Politics*, **52**, 313–349.
- Levitsky, S. and Roberts, K. (2011) 'Latin America's Left Turn: a Conceptual and Theoretical Overview'. In Levitsky, S. and Roberts, K. (eds) *The Resurgence of the Latin American Left*, Baltimore, Johns Hopkins.
- Levy, S. (2008) *Good Intentions, Bad Outcomes: Social Policy, Informality, and Economic Growth in Mexico*, Washington, DC, Brookings Institution Press.
- Lustig, N. (2009) *Poverty, Inequality, and the New Left in Latin America*, Washington, DC, Woodrow Wilson Center Update on the Americas.
- Lustig, N. and McLeod, D. (2009) *Are Latin America's New Left Regimes Reducing Inequality Faster?*, Washington, DC, Woodrow Wilson Center.
- Lvovich, D. (2005) 'Sindicatos Y Empresarios Frente al Problema de la Seguridad Social en los Albores del Peronismo', In Lvovich, D. and y Suriano, J. (eds) *Las políticas sociales en perspectiva histórica*, Buenos Aires, Prometeo Libros.
- Madrid, R. (2003) *Retiring the State: The Politics of Pension Privatization in Latin America and Beyond*, Stanford, CA, Stanford University Press.
- Mahoney, J. and Thelen, K. (2010) 'A Theory of Gradual Institutional Change'. In Mahoney, J. and Thelen, K. (eds) *Explaining Institutional Change: Ambiguity, Agency, and Power*, New York, Cambridge University Press.
- Manow, P., Van Kersbergen, K. and Schumacher, G. (2011) *De-Industrialization and the Expansion of the Welfare State: A Reassessment*, Mimeo.
- Mares, I. (2003) *The Politics of Social Risk: Business and Welfare State Development*, New York, Cambridge University Press.
- Mares, I. (2006) *Taxation, Wage Bargaining and Unemployment*, New York, Cambridge University Press.
- Mares, I. and Carnes, M. E. (2009) 'Social Policy in Developing Countries', *Annual Review of Political Science*, **12**, 93–113.
- Meltzer, A. and Richard, S. (1981) 'A Rational Theory of the Size of the Government', *Journal of Political Economy*, **89**, 914–927.
- Mesa-Lago, C. (1978) *Social Security in Latin America: Pressure Groups, Stratification, and Inequality*, Pittsburgh, University of Pittsburgh Press.
- Mesa-Lago, C. (2004) 'Las reformas de pensiones en América Latina y su impacto en los principios de la seguridad social', *CEPAL Financiamiento del Desarrollo*, **144**.
- Molina, C. G. (ed.) (2006) *Universalismo Básico: Una Nueva Política Social Para América Latina*, Washington, DC, Banco Interamericano de Desarrollo.

- Müller, K. (2003) *Privatising Old-age Security: Latin America and Eastern Europe Compared*, Cheltenham, Edward Elgar.
- Murillo, V., Oliveros, V. and Vaishnav, M. (2011) 'Voting for the Left or Governing on the Left?'. In Levitsky, S. and Roberts, K. (eds) *The Resurgence of the Latin American Left*, Baltimore, Johns Hopkins.
- Orenstein, M. (2008) *Privatizing Pensions: The Transnational Campaign for Social Security Reform*, Princeton, Princeton University Press.
- Palier, B. (2005) 'Ambiguous Agreement: Cumulative Change: French Social Policy During the 1990's'. In Streeck, W. and Thelen, K. (eds) *Beyond Continuity: Institutional Change in Advanced Political Economies*, New York, Oxford University Press.
- Pierson, P. (ed.) (2001) *The New Politics of the Welfare State*, New York, Cambridge University Press.
- Rehm, P., Hacker, J. S. and Schlesinger, M. (2012) 'Insecure Alliances: Risk, Inequality, and the Welfare State', *American Journal of Political Science*, **106**, 386–406.
- Segura-Ubiergo, A. (2007) *The Political Economy of the Welfare State in Latin America: Globalization, Democracy and Development*, New York, Cambridge University Press.
- Shmuthkalin, W. (2006) *Political Regimes and Welfare State Development in East Asia*, PhD Dissertation, Department of Political Science, Stanford University.
- Simmons, B., Dobbin, F. and Garrett, G. (2006) 'Introduction: The International Diffusion of Liberalism', *International Organization*, **60**, 781–810.
- Socio-Economic Database for Latin America and the Caribbean - SEDLAC (CEDLAS and The World Bank) (2011).
- Sojo, A. (2006) *Health Benefit Guarantees in Latin America: Equity and Quasi-Market Restructuring at the Beginning of the Millennium*, Mexico, Social Development Unit, CEPAL.
- Streeck, W. and Thelen, K. (eds) (2005) *Beyond Continuity: Institutional Change in Advanced Industrial Economies*, New York, Oxford University Press.
- Sugiyama, N. (2011) 'The Diffusion of Conditional Cash Transfer Programs in the Americas', *Global Social Policy*, **11**, 250–278.
- Weller, J. (2004) 'El empleo terciario en América Latina: entre la modernidad y la sobrevivencia', *Revista de la Cepal*, **84**, 159–176.
- Weyland, K. (2007) *Bounded Rationality and Social Policy Diffusion: Social Sector Reform in Latin America*, Princeton, Princeton University Press.
- Wood, G. (2004) 'Informal Security Regimes: the Strength of Relationships'. In Gough, I. and Wood, G. (eds) *Insecurity and Welfare Regimes in Asia, Africa, and Latin America*, Cambridge, Cambridge University Press.
- World Bank (2007) *World Development Indicators*, Washington, DC, World Bank.