

The New Politics of Social Protection in Democratizing Latin America*

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Abstract

The conditional cash transfer programs (CCTs) are a new strategy of poverty reduction, which aims to break reproduction of poverty across generations by promoting human capital formation with a direct transfer of cash and services. In the past decades, the CCTs have been introduced as an integral component of social protection in many countries in Latin America. Although the actual program designs vary significantly across countries, it is underexplored what explains the difference in terms of coverage, beneficiary selection methods, conditionality, and support for beneficiaries' insertion into labor market. Comparing the cases of Chile, Brazil, and Mexico, I demonstrate that democracy, partisanship, market openness, and economic growth rates are crucial determinants of the variation of the CCTs.

Introduction

In Latin America, welfare scheme has been drastically restructured in the context of economic liberalization and political democratization, which have been undergoing in the past three decades. Since Asian financial crisis adversely affected economies of many countries in late 1990s, social risks such as unstable employment and loss of income generation opportunities have increased. Faced with this life-threatening event, policy makers had paid an increasing attention to social protection, which seeks to help vulnerable strata of society against socioeconomic hardship¹. In this milieu, many developing countries embarked on restructuring their welfare scheme and reconsidering the role of social assistance.

According to the definition by the International Labor Organization, social protection means a series of institutions and programs seeking to protect workers and their families from unpredicted events which may threaten their minimum standard of living. It is composed of social insurance, social assistance, and labor market regulation (Barrientos 2010, 1-2). Financed by contributions co-paid by employers and employees, social insurance provides a protection against such risks as aging, unemployment and illness. On the other hand, social assistance is financed by taxes, and aims to help against poverty.

In Latin America, which is marked by a high level of poverty and income inequality, a great portion of workers are engaged in jobs in informal sectors. Since they do not have a stable source of income, workers in this sectors tend not to be affiliated with social insurance supported by workers' own contribution. Therefore, the role of social assistance is especially important in the region. In 1980s, many countries in Latin America democratized, which increased a demand from lower strata of society for dealing with a chronicle problem of social exclusion. This increased societal pressure has pushed the issue of poverty reduction to an important political agenda. In response to this growing demand, since the 1990s, governments in the region have initiated an effort to restructure social assistance policy. In particular, a new targeted policy of poverty alleviation, which is called conditional cash transfer (CCT, hereafter), has been introduced in many countries, and have become an integral part of social assistance policies.

Characteristically, CCTs select program beneficiaries by employing a rigorous, scientific method of selecting beneficiaries, and transfer a designated amount of cash and services on the condition that beneficiaries take corresponsibility, which obliges them to send their children to school and take them to medical check-up regularly. In addition, CCTs aims to break an intergenerational cycle of poverty thorough human capital formation by investing on an integrated assistance for education, healthcare, and

¹ Since 2000, an active debate has revolved around the establishment of safety net and social protection in response to unpredicted events such as economic crisis, on the one hand, and structural problems such as chronicle poverty, on the other hand (Barrientos 2010; Molyneuz 2007).

nutrition. Furthermore, CCTs target transfers exclusively to those in need. This is a cost-effective strategy of poverty alleviation for many developing countries, which need to effectively alleviate poverty under severe budgetary constraints. Mexico, Chile, and Brazil introduced CCTs early and showed some positive impacts. Consequently, they have become a model of CCTs, and disseminated their experiences to other countries both within and outside of Latin America (Fiszbein and Schady 2009).

Despite the aforementioned common characteristics, the actual program designs vary significantly in terms of coverage, beneficiary selection methods, conditionality, and support for beneficiaries' insertion into labor market. What explains these different configurations of CCTs in Latin America? Reform of social assistance, especially of CCTs, has been understudied thus far, and little effort has been made to explain political conditions which have shaped such institutional variations of CCTs. Since 2000s, in the field of economics, in particular, micro development economics, policy evaluation studies have significantly advanced to measure the impacts of CCTs on poverty reduction by employing experimental methods (Adato and Coady 2010). However, there is no systematic political analysis to explain institutional development of CCTs.

To fill this gap, this study attempts to examine how institutional formation of CCTs has varied and what has determined such variation. The remainder of this paper is organized as follows. The first section overviews ongoing reforms of introducing CCTs in Latin America and demonstrates institutional variation of CCTs. The second section draws hypotheses to explain the variation in the region. The third section compares the cases of Chile, Brazil, and Mexico, and demonstrates that the degree of democracy, partisanship, economic openness, and rates of economic growth are determinants of the variation. The final section concludes.

1. Diffusion of CCTs in Latin America

Poverty and Inequality in Latin America

Table 1 compares levels of poverty, inequality, and coverage of social insurance. These figures help understand the importance of social assistance, which includes CCTs, in the region. The poverty rate refers to a ratio of population who do not have income sufficient to meet a minimum standard of life. The average rate calculated for sixteen countries in the middle of 2000s is 36.3%. This means that over one-third of the population in the region live under poverty. In terms of gini coefficients, the average score for sixteen countries is 0.525%, suggesting that Latin America is characterized by a wide income gap. Among economically active populations, 49.9% of workers are engaged in jobs in informal sectors. This implies that almost half of labor force in the region has informal jobs. In terms of the ratio of social insurance coverage, the average score is 68.4% in urban formal sectors, whereas it is only 19.6% in urban

informal ones. These figures suggest that informal workers without a stable source of income have difficulty in participating in social insurance scheme, which is supported by regularly paid contributions. In fact, the average rate of coverage is 37.4% in the region, meaning that approximately two-thirds of the population are not covered by social insurance. Alternatively, governments in the region are pressed to ameliorate social risks by social assistance².

Neoliberal Economic Reform and CCTs

In early 1980s, an unprecedented financial crisis attacked Latin America. In order to recover from the crisis and restore healthy macro economy, governments in the region launched neoliberal economic reform and structural adjustment policies, with assistance of international financial organizations. Those reforms following the so-called “Washington Consensus” imposed significant social costs, such as reduction in real wages, increase in poverty and unemployment, and expansion of informal sectors. By the end of 1980s, a concern about those adversarial societal consequences of neoliberal policy prescriptions had spread around the world. In response to deteriorating living standards in the regions, international financial organizations shifted their focus from macroeconomic recovery to social sector reform including poverty alleviation (Molyneux 1997)³. In order to effectively reduce poverty under severe budgetary constraints, many countries in Latin America started to introduce CCTs, a new targeted program, which were expected to direct necessary amounts of resources to those in need.

Previous to CCTs, other targeted policies were implemented for the purpose of poverty reduction. They included geographic targeting and categorical targeting. What is characteristic to CCTs is that they have an explicit purpose of breaking intergenerational cycle of poverty through human capital formation. More specifically, CCTs commonly have the following features:

- (a) Select eligible beneficiaries by employing means testing or proxy means testing and benefit in favor of the extreme poor.
- (b) Transfer cash benefits and services to households, not to individuals.
- (c) Provide benefits to mothers of households which have children. Mothers can keep receiving benefits on the condition that they assume corresponsibility: they send children to school and take them to regular check-up in a health clinic.
- (d) Promote human capital formation by providing assistance integrating education, healthcare, and nutrition.
- (e) Encourage beneficiaries’ participation in the operation and monitoring of CCTs.

² The different coverage of social protection between formal and informal sectors is a legacy of occupation-based, defined-benefits social security systems, which were created and reflected the stratified society in the period of import-substituting industrialization (Mesa-Lago 1978).

³ This new policy orientation is denominated as “the second generation reform.”

- (f) Conduct external evaluation in order to measure the impacts of CCTs on poverty reduction.

In short, CCTs differ from previous policies of poverty alleviation in the following sense. In addition to a short term goal of increasing current income of impoverished households by directly transferring goods and services, CCTs have a long term goal of investing on human capital so that when children grow up, they will be financially independent and have acquired the ability of dealing with social risks by themselves. Thus, the role of CCTs is not limited to social assistance. They serve for a broader objective of social development (Barrientos 2010).

Varieties of CCTs: Conditionality and Support for Employment

Although CCTs share the aforementioned characteristics, they vary in terms of the conditions of assuming corresponsibility and human capital formation (the aforementioned (c) and (d)). First, a debate has revolved around whether or not conditions should be imposed in order to receive the benefits. Advocates argue that receipt of benefits should be conditioned on the assumption of corresponsibility, because it prevents welfare dependency and thus assures that transfers will be used to improve the conditions of education, healthcare, and nutrition of children (Levy 2006). On the other hand, opponents claim that imposing the conditionality solely put additional burdens on impoverished households, and that empirical evidence is scarce to corroborate that conditioning the receipt of benefits on corresponsibility does lead to more effective poverty alleviation (Barrientos 2010, 2011). Furthermore, those critics consider that eligibility should not be conditioned, but be provided to needy sectors of society as a social right, which assures a minimum standard of living for them (UNRID 2010).

As for human capital formation, some studies indicate its limited effect on poverty reduction. According to them, CCTs may improve the conditions of health and education of children in beneficiary households. However, if increased human capital is not linked to greater employment opportunities, it is hard for beneficiaries to get out of poverty through having a stable source of income (OAS/ECLAC/ILO 2010). In response to such critique, in recent years, there has been a movement towards linking CCTs to support for employment. Reflecting these diverse perspectives on CCTs' emphasis on the conditionality and human capital formation, the current CCTs vary significantly with regard to the linkage between eligibility and conditionality on corresponsibility, on the one hand, and the linkage between CCTs and support of employment, on the other hand.

Table 2 compares twenty three CCTs implemented in eighteen countries in Latin America and the Caribbean in terms of the coverage (in proportion to poor population), fiscal burden (in proportion to GDP), existence of means testing, strictness

of conditionality, and strength of support for employment⁴. It shows that most of the CCTs commonly use means testing for beneficiary selection, and that fiscal burden is relatively light. On the other hand, strictness of conditionality and strength of employment assistance significantly vary across CCT programs.

The table classifies strictness of conditionality according to the level of punishment against non-compliance of corresponsibility. Following this criterion, out of twenty three CCTs, ten are evaluated as “strong,” three are “middle,” and three are “weak.” Data for the remaining ten programs are not available. In other words, almost half of CCTs conditions the receipt of benefits on whether or not they assume corresponsibility, rather than considering it as a social right. Furthermore, the linkage between CCTs and employment support programs also varies. According to OAS/ECLAC/ILO (2010), employment support programs are categorized into six types, including supplementary education, training of skills, support for starting a business, job search, direct job creation, indirect job creation. Table 2 presents how many types of employment support are associated with each CCT. It then demonstrates that the linkage between CCTs and employment support is weak, because out of twenty three CCTs, as many as seventeen are related to only one employment support program or not linked to any of the programs.

Table 3 shows that the current CCTs are classified into three groups with regard to conditionality and employment support: (a) group with a strong linkage between conditionality and eligibility and a weak linkage between CCTs and employment support (nine programs including *Progres-a-Oportunidades*), (b) group with a mid-level of both linkages (*Bolsa Familia*), and (c) group with a weak linkage between conditionality and eligibility and a strong linkage between conditionality and employment support (*Chile-Solidario*). The next section draws hypotheses to explain this variation of CCTs.

2. Hypotheses

As mentioned above, little has been studied regarding reform of social assistance, in particular, institutional development of CCTs. Previous works on welfare state in Latin America have directed their attention to behavior of social spending or reform of public pension, healthcare, and education⁵. These studies examines how economic factors such as market openness, international capital mobility, and economic development and political factors such as government partisanship, democracy, and political institutions influence social spending behavior or a likelihood of welfare reform. By referring to the findings of these works, this section draws hypothesis to explain the institutional variations of CCTs in Latin America.

⁴ To date, thirty five CCTs were implemented in nineteen countries in Latin America, including those which had already completed.

⁵ Mares and Carnes (2009) summarizes recent works on social policies in developing countries.

First, democracy is expected to have a positive effect on social spending. More specifically, Segura-Ubierno (2007) demonstrates that if a country is democracy, it is more likely to increase social spending. Other works argue that the older the democracy is, the more the country is expected to spend on social sector, especially on education and health (Haggard and Kaufman 2008; Huber, Mustillo, and Stephens 2008). These political factors are considered to be a crucial determinant of the strictness of conditionality, which is one of the varying components of CCTs. The transition to democracy is expected to activate movements to establish a social right of the poor. In other words, as democratization broadens opportunities for political participation, lower income workers in informal sectors may demand a guarantee of the minimum standard of living and exert greater pressure on government for welfare reform (Exkstein and Wickham-Crowley 2003)⁶. On the other hand, office seeking politicians are supposed to be more responsive to those lower strata of society, which constitutes a majority of the population, in order to win elections⁷. Thus, it is expected that the more democratic a country is, and the older the democracy is, a probability that eligibility of CCTs is granted as a social right, rather than conditioned on beneficiaries' assumption of corresponsibility, is higher. In other words, the linkage between conditionality and CCT eligibility is weaker.

Second, government partisanship may also matter for the variation of CCTs. Huber, Mustillo, and Stephens (2008) do not find a positive correlation between leftist government and the degree of income redistribution. However, government partisanship is expected to affect social assistance, particularly, the strictness of conditionality for the following reason. Social assistance is more redistributive in nature than other types of social protection, because it is financed by taxes. In this sense, leftist government is supposed to more actively promote social assistance. In particular, since leftist government is more likely supported by lower strata of society, such government may have a greater incentive to provide universal benefits of anti-poverty programs to them as a social right, rather than to condition the receipt of benefits on the assumption of specific corresponsibility. Therefore, if CCTs are introduced under leftist government, it is more likely that the linkage between conditionality and eligibility is weaker.

Third, economic factors are also considered to affect the institutions of CCTs. In his work on pension reform in Latin America, Madrid (2003) argues that a government with greater market openness may have a greater incentive to privatize public pension systems, in order to survive greater international competition. This market openness and a rate of economic growth may determine the strength of the

⁶ There is a skeptical view as to whether democratization activates civil society. The complex relationship between democracy and civil society is extensively discussed in Encarnación (2006).

⁷ In order to mobilize political support from the poor, politicians may also manipulate social spending in order to buy votes through clientelist exchanges (Cf. Stokes 2005).

linkage between CCTs and employment support. Under economic liberalization, governments intend to make their economy more competitive to survive international competition. In order to achieve this goal, they attempt to invest on human capital of children of impoverished households through CCTs, so that they can participate in labor market as skilled workers and thus contribute to their economic development in the future. On the basis of this economic reasoning, it is expected that the more open the market is, and the lower the current rate of economic growth is, the stronger the linkage between CCTs and employment support is.

These explanatory variables are operationalized as follows. Democracy is coded in a dichotomous way: whether a country is democracy or not when it introduced CCTs. As for the age of democracy, it is calculated how many years have passed since the transition to democracy, when the country introduced CCTs. Government partisanship at the time of initiating and implementing CCTs draws on the results of elite survey conducted by Alcántara Sáez (2008). As for economic variables, market openness and rates of economic growth are presented for the year of starting CCTs, and calculated for the average between the starting year and 2009. Following previous work (Segura-Ubiergo 2007), market openness is calculated as a ratio of the sum of export and import of goods and services to gross domestic product. Data on market openness and economic growth rates draw on statistics published by Economic Commission for Latin America and the Caribbean (ECLAC, hereafter) in 2010.

3. Comparative Analysis of Mexico, Brazil, and Chile

As discussed above, the CCTs in Latin America are classified into three groups with regard to conditionality and employment support: (a) group with a strong linkage between conditionality and eligibility and a weak linkage between CCTs and employment support (nine programs including *Progres-a-Oportunidades*), (b) group with a mid-level of both linkages (*Bolsa Familia*), and (c) group with a weak linkage between conditionality and eligibility and a strong linkage between conditionality and employment support (*Chile-Solidario*). Mexico's *Progres-a-Oportunidades*, Brazil's *Bolsa Familia*, and Chile's *Solidario* are representative cases of each group respectively. This section compares these three cases, and examines whether democracy, the age of democracy, government partisanship, market openness, and rates of economic growth explain the institutional variations of CCTs across these cases. Table 4 summarizes the result of comparative analysis.

***Mexico's Progres-a-Oportunidades*⁸**

⁸ *Progres-a* was named under the Zedillo administration. In 2002, the Fox administration renamed the same program as *Oportunidades*. Since they are the same program, this study call the program as *Progres-a-Oportunidades*. Information on *Progres-a-Oportunidades* draw on the website of the Ministry of Social Development, internal documents, and interviews conducted by the author in

Under the administration of Ernesto Zedillo from the Institutional Revolutionary Party (*Partido Revolucionario Institucional*, PRI hereafter), Mexico initiated *Progres-Oportunidades*. It has constituted an integral part of social assistance policies administered by the Ministry of Social Development, which centralized the program operations across the country. The financial crisis at the end of 1994 adversely affected Mexico's society, and the living standards significantly deteriorated. In response to this heightened social risk, it became an imperative for federal government to alleviate economic hardship under a severe budgetary constraint. In this context, *Progres-Oportunidades* was introduced as a new measure of poverty alleviation. It is a typical CCT, which is characterized by an integrated approach for improving the conditions of education, healthcare, and nutrition, emphasis on human capital formation, and imposition of corresponsibility on mothers. In particular, it has incorporated a well elaborate system of external evaluation, measuring the impact of the program on poverty alleviation in both quantitative and qualitative manners (Adato and Coady 2010).

Table 4 shows that *Progres-Oportunidades* is characterized by a strong linkage between eligibility and conditionality. More specifically, *Progres-Oportunidades* stipulates strict punishment against no compliance with corresponsibility. For instance, even if they are eligible for the program, the administration stops providing the benefits to those who fail to fulfill the conditionality. *Progres-Oportunidades* was introduced in 1997, when Mexico was in transition from a one-party dominant system led by centrist PRI to multi-party system. After three years, the power was transferred by PRI to the National Action Party (*Partido Acción Nacional*, PAN hereafter), which completed the transition to democracy. Also in 2006, the center-rightist PAN won the presidential race, and the succeeding administration continued *Progres-Oportunidades*. Put another way, when the programs was launched, Mexico was not sufficiently democratic. Furthermore, it has been implemented under the young democracy and centrist or center-rightist government. These political contexts explain that Mexican government is less responsive to poor people's demand, have a weak incentive to regard the eligibility of CCT as a social right of citizens, and thus make the strong linkage between eligibility and conditionality.

On the other hand, the linkage between *Progres-Oportunidades* and employment support is weak relative to Brazil and Chile. Mexico's government started to strengthen the linkage only recently, after many years had passed since the initiation of the program. This is related to the fact that when *Progres-Oportunidades* was introduced, Mexico was marked with a high rate of economic growth. From 1997 to the present, market openness has been constantly at the middle level: 0.555 for 1997, and 0.560 for the average between 1997 and 2009. In 1997, the rate of economic

Mexico City between 2006 and 2011.

growth was 6.8%, which was quite high in Latin America. This made Mexican government optimistic about their economic growth, providing it less incentive to link CCT with employment support. As a matter of fact, a component of employment support was not included when *Progres-Oportunidades* was initiated in 1997. Afterwards, however, the rate of economic growth had been lowered. The average between 1997 and 2009 was 2.7%, which was lower than that of Brazil and Chile. Faced with such deteriorating economic performances, the Fox administration (2000-2006) started to strengthen the linkage between *Progres-Oportunidades* and employment support. For instance, in 2003, it added a component of support for starting a business and training for skilled jobs to *Progres-Oportunidades*. Furthermore, under the Calderón administration (2006-2012), an effort was made to strengthen a link between *Progres-Oportunidades*, and a job creation program and micro-credit program. Nevertheless, overall, the linkage between CCT and employment support is still weaker than that of Brazil and Chile.

Brazil's Bolsa Familia⁹

While Mexico has implemented *Progres-Oportunidades* in a centralized manner, Brazil has a decentralized system of operating *Bolsa Familia*: since the transition to democracy in 1985, local governments both at the state and municipal levels have conducted distinctive policies for poverty alleviation. After Ignacio Lula from Workers' Party (*Partido de Trabalhadores*, PT hereafter) assumed office in 2002, he launched *Bolsa Familia* in 2004 in order to effectively reduce poverty by integrating different social assistance programs which had been operated separately. In the same year, the Ministry of Social Development was created. Since then, it has been in charge of the administration of *Bolsa Familia* (Soares e Satyro 2009). Like Mexico's *Progres-Oportunidades*, *Bolsa Familia* provides assistance integrating education and healthcare, and conditions the receipt of benefits on the assumption of corresponsibility. In order to receive the benefits, one needs to go to a municipal government to register for the integrated information system of social policies which is called "*Cadastro Único*," and then to get his or her eligibility authorized. Unlike Mexico, municipal governments play an important role in conducting household surveys which are used to create and maintain the system. Furthermore, it is different from Mexico in that a system of external evaluation is not institutionalized in order to assess the program's impact.

The linkage between eligibility and conditionality is weaker than that of Mexico. More specifically, Brazil's government does not immediately stop providing the benefits to those who fail to fulfill the conditionality. This weak linkage suggests

⁹ Information about *Bolsa Familia* draw on the website of the Ministry of Social Development, internal documents of the Ministry, and interviews conducted by the author in Brasilia in March 2012 and March 2013.

that *Bolsa Familia* has a stronger feature as a social right than *Progres-Oportunidades*. In Brazil, in 2004, the leftist government introduced *Bolsa Familia*. In this year, nineteen years had already passed since Brazil restored a civilian regime, meaning that Brazil embarked on a large project of poverty alleviation in the midst of the process of democratic consolidation. Furthermore, the leftist government actively promoted *Bolsa Familia*, covering 84.6% of the poor population in 2009. In Brazil, almost half of the labor force belong to informal sectors and thus remain outside of social security. Thus, there is an urgent call for expanding social assistance. Under the consolidated democracy, in response to such societal demand, the leftist government has implemented *Bolsa Familia* in order to promote a social right among the poor. This may have weakened the link between eligibility and conditionality in the case of Brazil.

On the other hand, the linkage between Brazil's CCT and employment support is stronger than that of Mexico but weaker than that of Chile. This is due to a low degree of market openness and the lowering rate of economic growth. The market openness of Brazil was 0.285 in 2004, when *Bolsa Familia* was introduced, and 0.250 for the average between 2004 and 2009, which was the lowest among the three countries. This means that Brazil was exposed to international competitive pressure to a lesser extent, thus having fewer incentives to link CCT with employment support. Furthermore, the rate of economic growth was 5.7% in 2004, and 4.0% for the average between 2004 and 2009. The average was the highest among the three countries. However, in relative to 2004 when the program started, the rate had been lowering year by year, suggesting that Brazil had a greater incentive to strengthen the linkage between *Bolsa Familia* and employment support. Recently, four complementary programs to enhance employment opportunities were incorporated into *Bolsa Familia*. However, a study suggests that Brazil's government needs to make further efforts to strengthen the linkage in order to enlarge job opportunities for the program beneficiaries (OAS/ECLAC/ILO 2010).

***Chile's Chile-Solidario*¹⁰**

Chile achieved the transition to democracy in 1989. From 1989 to 2010, the *Concertación* coalition government, which was composed of leftist and center-leftist parties, ruled the country. Chile, which liberalized the economy at an earlier period in Latin America, was marked with sound macroeconomic performances. The poverty rates had decreased gradually, but the lowering rate of poverty slowed down at the end

¹⁰ To date, little has been studied about *Chile-Solidario*. The information available from the website of Chile's government is limited. The description of this section draw on author's own interviews conducted and internal documents obtained in Santiago de Chile, in January 2010. Recently, Chile's CCT is under restructuring, but the details about changes are not discussed in this paper.

of 1990s. After Ricardo Lagos assumed office in 2000, the administration introduced *Chile-Solidario* in order to further reduce poverty in 2002¹¹.

Chile-Solidario is an integral part of social assistance in Chile. Using a unique indicator of social protection (*ficha de protección social*), it selects eligible beneficiaries. Progres-Oportunidades and Bolsa Familia determines specific amounts of benefits according to the age and numbers of children in each household. In contrast, *Chile-Solidario* provides tailor-made benefits to eligible households, depending on types of risks confronting them and levels of their needs. For the operation of the program, the role of social workers is crucial. They accompany beneficiary households throughout the period of receiving benefits, grasp the type of assistance they need, and help receive the benefits properly and utilize services available to them. This personalized assistance is called “psychological support (*apoyo psicosocial*).” The period of receiving these benefits is two years. After that, beneficiaries are assured of three years of “preferential access (*acceso preferencial*)” to cash transfers and other social assistance programs. During this period, beneficiaries are provided various types of employment support such as training to acquire job skills. In sum, *Chile-Solidario* schedules the step-by-step provision of benefits so that after completing five years of assistance, the beneficiaries are able to become skilled and economically independent, and thus have their own source of income.

Chile-Solidario has a weak linkage between eligibility and conditionality. More specifically, when the beneficiaries are incorporated into the program, they are asked to agree on the condition that they send their children to school, for instance. However, even if they fail to fulfill the conditionality, the benefits are not cut off. Rather, they are encouraged to make an effort to assume the responsibility. Like Brazil, Chile introduced this CCT after democratization. At the time of initiation, thirteen years had passed since the transition to democracy. In short, *Chile-Solidario* was introduced and developed by the center-leftist government under stable democracy. This may explain the weak linkage between conditionality and eligibility, and the stronger feature of the program as a social right.

On the other hand, the linkage between *Chile-Solidario* and employment support is strong. This strong link is closely related to the high degree of market openness and low rate of economic growth. The market openness of Chile is the highest of the three countries. In 2002, when *Chile-Solidario* was introduced, it was 0.643, and the average between 2002 and 2009 was 0.733. This high level of open economy exposes Chile to international competitive pressure to a greater extent, thereby encouraging the government to actively strengthen the link between CCT and employment support. The rate of economic growth was 2.2% in 2002, whereas it was 3.6% for the average between 2002 and 2009. The former is the lowest figure among

¹¹ To be more accurate, it was initiated as *Puente*, which was predecessor of *Chile-Solidario*.

the three countries, and the latter is lower than that of Brazil. In short, the rate of economic growth has been constantly modest from the time of introducing *Chile-Solidario* to the present. This also corroborates that Chile's government may have a clear goal of achieving economic development through investing on employment support and encouraging the beneficiaries to be economically independent.

Conclusion

This study examines the factors to explain the institutional variation of CCTs in Latin America. To date, thirty five CCTs have been implemented in nineteen countries in the region. This study shows that the current CCTs are classified into three groups with regard to conditionality and employment support: (a) group with a strong linkage between conditionality and eligibility and a weak linkage between CCTs and employment support (*Progres-Oportunidades*), (b) group with a mid-level of both linkages (*Bolsa Familia*), and (c) group with a weak linkage between conditionality and eligibility and a strong linkage between conditionality and employment support (*Chile-Solidario*).

In order to explain this variation, this study compares the cases of Mexico's *Progres-Oportunidades*, Brazil's *Bolsa Familia*, and Chile's *Chile-Solidario*. The following findings are presented. First, if a country is democratic, the democracy is older, and the government is leftist, a probability that eligibility of CCTs is granted as a social right, rather than conditioned on beneficiaries' assumption of corresponsibility, is higher. Second, the more open the market is, and the lower the rate of economic growth is, the stronger the linkage between CCTs and employment support. In short, CCTs in Latin America have shaped distinctive institutional features in the midst of the ongoing economic and political changes: economic liberalization and political democratization.

These findings draw broader implications. Previous work on welfare state has primarily focused on the cases of advanced democracies and reform on social insurance policies. However, a widening income gap and increasing poverty have become a global concern, and greater attention has been paid to the issue of social exclusion. This highlights the role of social assistance, which has been studied less extensively. Thus, further efforts are required to better understand factors which determine the outcome of social assistance reform, including CCTs. In this light, this study provides important implications to cases beyond Latin America.

Table 1. Poverty, Inequality, and Social Insurance Coverage in Latin America

Country	Year	Poverty Rate (to total population) (%)	Gini	Urban Informal Sector (to EAP) (%)	Social Insurance Coverage (%)		
					National Average	Urban Formal Sector	Urban Informal Sector
Argentina	2006	21.0	0.519	40.1	—	22.3	55.0
Bolivia	2004	63.9	0.561	70.9	15.6	44.4	6.0
Brazil	2006	33.3	0.604	42.3	49.5	78.7	35.1
Chile	2006	13.7	0.522	30.7	66.7	82.6	51.6
Costa Rica	2006	19.0	0.482	39.8	65.2	86.4	39.7
Ecuador	2006	43.0	0.527	57.8	28.7	59.6	14.9
El Salvador	2004	47.5	0.493	54.7	28.9	75.8	8.2
Guatemala	2004	54.8	0.585	58.1	17.7	61.2	7.5
Honduras	2006	71.5	0.605	43.3	19.8	65.6	5.7
Mexico	2006	31.7	0.506	45.7	52.1	78.1	23.4
Nicaragua	2005	61.9	0.532	58.4	17.4	58.6	3.2
Panama	2007	29.0	0.524	36.5	47.8	85.3	27.6
Paraguay	2005	60.5	0.536	61.2	14.1	46.5	4.4
Peru	2003	54.7	0.506	63.8	13.7	46.2	4.7
Uruguay	2005	18.8	0.456	44.3	—	82.7	40.5
Venezuela	2006	30.2	0.447	51.4	60.9	68.6	16.1
Average		36.3	0.525	49.9	37.4	68.4	19.6

Notes: Poverty rates for Argentina and Uruguay are not a national figure but one that of urban area. Urban formal sector includes public sector, employers hiring more than six employees, professional and skilled workers, and salaried workers. Informal sector refers to employers and employees of enterprises hiring less than five workers, domestic service workers, unskilled workers (including the self-employed).

Source: Author's elaboration based on ECLAC (2008, 2009).

Table 2. CCTs in Latin America and the Caribbean

Country	CCT (Initiation Year)	Coverage(2009) (to poor population)	Fiscal Burden (2009) (to GDP)	Means Testing	Conditonality	Employment Support
Argentina	Universal Child Allowance (2009)	46.4%	0.20%	Yes	Strong	0
	Porteña Citizenship Program (2005)	100%	0.14%	Yes	Strong	0
Bolivia	<i>Juancito Pinto</i> (2006)	32.4%	0.33%	Yes	—	0
	<i>Juana Azurduy</i> (2009)	6.4%	0.22%	Yes	—	0
Brazil	<i>Bolsa Familia</i> (2004)	84.6%	0.47%	Yes	Middle	4
	Child Labor Eradication Program (1996)	1.6% ¹⁾	0.01% ¹⁾	Yes	—	0
Chile	<i>Chile-Solidario</i> (2002)	51.7% ¹⁾	0.11%	Yes	Weak	5
Colombia	<i>Familia en Acción</i> (2001)	56.5%	0.39%	Yes	Strong	2
	Conditional Subsidies for School Attendance (2005)	1.4%	0.02%	Yes	Strong	0
Costa Rica	<i>Avancemos</i> (2006)	17.4%	0.39%	Yes	Strong	1
Ecuador	Human Development Grant (2003)	100%	1.17%	Yes	Weak	1
El Salvador	Solidarity in Rural Communities (2005)	17.1%	0.02%	Yes	Strong	2
Guatemala	<i>Mi Familia Proresa</i> (2008)	39.7%	0.32%	Yes	Middle	0
Honduras	Family Allowance Program (1990)	12.3%	0.24%	Yes	Strong	1
Jamaica	Program of Advancement through Health and Education (2002)	100% ²⁾	0.40%	Yes	Strong	0
Mexico	<i>Progres-a-Oportunidades</i> (1997)	62.8%	0.51%	Yes	Strong	1
Panama	Opportunities Network (2006)	39.5%	0.22% ¹⁾	Yes	—	1
Paraguay	<i>Tekoporâ</i> (2005)	13.9%	0.36%	Yes	Weak	0

	<i>Abrazo</i> (2005)	0.05%	0.02%	Yes	—	2
Peru	<i>Juntos</i> (2005)	21.2%	0.14%	Yes	—	0
Dominican Republic	Solidarity (2005)	46.3%	0.51%	Yes	Strong	0
Trinidad Tobago	Targeted Conditional Cash Transfer Program(2006)	14.6%	0.19%	Yes	—	3
Uruguay	Family Allowance (2008)	84.8%	0.45%	Yes	Middle	0

Notes: 1) Figures of 2008.

2) Figures of 2007.

Source: Author's elaboration based on OAS/ECLAC/ILO (2010) and Ceccini and Madariaga (2011).

Table 3. Classification of CCTs

		Employment Support						
		0	1	2	3	4	5	6
Conditionality	Strong	-Universal Child Allowance -Porteña - Conditional Subsidies for School Attendance - Program of Advancement through Health and Education -Solidarity	- <i>Avancemos</i> - <i>Progresa-Oportunidades</i>	- <i>Familia en Acción</i> -Solidarity in Rural Communities				
	Middle	- <i>Mi Familia Progresá</i> -Family Allowance				- <i>Bolsa Familia</i>		
	Weak	- <i>Tekoporã</i>	-Human Development Grant				- <i>Chile-Solidario</i>	

Source: Author's own elaboration.

Table 4. Comparison of Mexico, Brazil, and Chile

	Mexico	Brazil	Chile
CCT (year of introduction)	Progresa-Oportunidades (1997)	Bolsa Familia (2004)	Chile Solidario (2002)
Conditionality	Strong	Middle	Weak
Employment Support	1	4	5
Democracy (at the time of introduction)	No	Yes	Yes
Age of Democracy (at the time of introduction)	Democratized in 2000. In 1997, it was in transition to democracy.	Democratized in 1985. 19 years had passed when Bolsa Familia was introduced.	Democratized in 1989. 13 years had passed then Chile Solidario was introduced.
Government Partisanship	Center (1997-2000) Center-Right (2000-2012)	Left (2004-present)	Center-Left (2002-2010) Center-Right (2010-present)
Market Openness (year of Introduction)	0.555 (1997)	0.285 (2004)	0.643 (2002)
(Average)	0.560 (1997-2009)	0.259 (2004-2009)	0.733 (2002-2009)
Economic Growth Rates (year of introduction)	6.8% (1997)	5.7% (2004)	2.2% (2002)
(Average)	2.7% (1997-2009)	4.0% (2004-2009)	3.6% (2002-2009)

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