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## **Welfare Regimes in the Global South**

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LUCIANO ANDRENACCI

**From Developmentalism to Inclusionism: On the Transformation of Latin American Welfare Regimes in the Early 21<sup>st</sup> Century<sup>1</sup>**

In comparison to classical trends, contemporary Latin America has, through the first years of the 21<sup>st</sup> century, undergone significant changes. In the last decades of the 20<sup>th</sup> century, politically unstable and economically unsound democracies barely survived the social consequences of their inability to cope with the lingering crises of ‘development-oriented’ strategies. In contrast, at the beginning of the 21<sup>st</sup> century, strengthened democracies, with relatively solid fiscal situations and growing social budgets, are making serious attempts to remedy the core structures of ‘social exclusion’ that have characterised the region historically.

Experts widely agree that, on a regional scale, Latin American economic development had its most dynamic moments during the globally-oriented period of the 19<sup>th</sup> century’s last decades up to the First World War, and during the ‘inward’-oriented period after the Second World War until the 1970s (Pinto 2008). Although both periods were marked by rapid economic growth and a relative amelioration of social conditions, the second one represented a more decisive efforts by states to become effectively ‘national’, by reaching most social classes and materially integrating most of the countries’ territories. The set of economic and social policies linked to this period is usually known as *desarrollismo*, loosely translatable as ‘developmentalism’ (Draibe/Riesco 2007).

Except for isolated national cases, ‘developmentalism’, even if it was the region’s best try at reducing poverty and inequality, never actually succeeded in overcoming the structural inequalities typical of all Latin American societies and states. Surprisingly resilient patterns of inequality, cemented in deeply embedded social and cultural cleavages around class, territory, ethnicity and gender remained in force from colonial to (post) colonial times, only superficially affected by Republican forms.

The persistence of inequality and poverty became more and more unacceptable as the region, after the Cold War, was able to move towards the consolidation of democratic institutions and practices. After the authoritarian backlash of the 1960s and 1970s, against many odds, Latin American democracies were able to consolidate, even as the economic crises of ‘developmentalism’ in the 1980s and the brutal market-oriented reforms of the 1990s produced widespread social conflicts.

Nevertheless, since the first years of the 21<sup>st</sup> century, the widespread consolidation of representative democracies, effective political autonomy and the progressively more favorable global economy has allowed a combination of rapid economic growth, sounder fiscal foundations and expanding social investment. In a clearly noticeable trend, income poverty decreased significantly and income inequalities started to fall, albeit timidly, while indicators of material conditions revealed improvements for most citizens (ECLAC 2009, 2010, 2011a; UNDP 2009).

Are these changes to be interpreted as the positive consequences of a global economic situation that has been temporarily beneficial to the region? Or are they to be taken rather as signs of structural transformations affecting longstanding equilibria between politics, economics and the social fabric in Latin America? In this paper I argue for the second proposition, suggesting that welfare regime perspectives can offer valuable insights and elements on these matters.

In the first section I present a brief account of welfare change and social amelioration in present Latin America, a trend I suggest calling ‘inclusionism’. In the next section, I turn to the evolution of welfare regime categories, outside the ‘developed world’ in general, and in Latin America in particular. I then propose deriving from this debate the common regional trait of ‘problematic inclusion’. Finally, I will propose a few hypotheses on how ‘inclusionism’ is actually doing against ‘problematic inclusion’.

## **1. Change and *Zeitgeist***

From the first years of the 21<sup>st</sup> century, Latin American economies seem to have been generating more employment, both in the formal and informal economy. Arguably, this has come along with a gradual improvement of

employment quality, in terms of stability and income. As a consequence of these changes in the labour markets, poverty has declined both in absolute and relative terms (ECLAC 2011a). Although some scholars point to demographic trends as key causes (Ros 2009), most academics attribute an important part of these positive effects to growth (Cecchini/Uthoff 2008) and the distributive impacts of social spending, especially through a noticeable move toward massive and more universalistic social policies (Cecchini/Martínez 2011). In this area of public policy, a substantial loss of credibility of ‘neoliberal’ approaches which were dominant during the 1990s and the easing of fiscal constraints paved the way for a new generation of efforts on poverty and inequality.

Surprisingly, these new approaches were adopted by governments of varying political constituencies and diverse ideological orientations, although with a left-leaning predominance (Lustig 2009). Socialist, social-democratic, nationalist and populist narratives combined, even in conservative and liberal governing coalitions, as a sort of *Zeitgeist* (a ‘spirit of the time’) based on vague and nonetheless effective claims on the importance of ‘combating exclusion’. The minimal common denominator was a convergence in pragmatic social policies oriented to a new and remarkable expansion of social assistance, the upscaling of public services, and even some degree of universalization of social security.

I suggest calling these common perspectives and practices ‘*inclusionism*’. Like ‘developmentalism’ and even ‘neoliberalism’, ‘inclusionism’ is best understood as a spirit of the time, a perspective diffused among different social constituencies, parties, government officials and technical advisors, generally tending to produce comparable, albeit not similar, strategies of intervention in economic and social policies.

Regional comparative statistics annually presented by the Economic Commission for Latin America and the Caribbean (ECLAC 2009, 2010, 2011a) show a drop in total income poverty from 44% of the population in 1999 to 31% in 2010, while extreme income poverty fell from 32% to 13%. Total multidimensional poverty (an indicator including housing conditions and access to key social services) also presents positive progress, with all Latin American countries removing significant housing and service deficits for more than 50% of their population by 2009 (ECLAC 2010). Latin America also shows amelioration from 2002–2003 to the present in income

inequality. Both the region's Gini coefficients (an index of income concentration) and the region's income gaps (a measure of the distance between the top and bottom tiers of income) show moderately positive evolutions, against a background of negative change in the 1990s. The region's average Gini coefficient slightly fell for the first time since the measure has been taken, from a historical top of 0.55 (1989–1991) to 0.54 (2009–2010), while the region's average household income gap, measured between the first and last quintiles dropped from 20.28 (1989–1990) to 17.99 (2009–2010).

According to ECLAC, these positive effects are to be attributed to the combination of economic growth (producing more and better paid jobs); a labour market gradually reducing qualification gaps; and a substantial growth in social public spending, including monetary transfers and subsidised services for the poorest households. These factors were helped by the continuing drop in fertility rates, allowing for smaller households and more opportunities for women, although still showing substantial inequality among different income tiers.

At the same time, public spending has tended to rise in the past two decades, and social spending has grown in both relative and absolute terms, accounting for an ever higher proportion of public spending. According to ECLAC, the average regional public expenditure increased to almost 29% of GDP in 2008–2009, while social spending rose from 44.9% in 1990 to 62.2% in 2008–2009. This effort represented an expansion of per capita social investment from 459 constant US \$ in 1990–1991 to US \$ 981 in 2008–2009. Even if social security (the least progressive type of social spending) took up a good part of this rise, passing from 4.4% to 7.9% of the region's GDP (1990–2009), public health care rose from 2.7% to 3.7% of GDP and education from 3.1% to 4.9% in the same period.

Yet, the region's labour market is always, as ECLAC puts it, a "factory of inequality". When divided into three segments of productivity, the highest stratum, encompassing only 20% of the workforce, generates 67% of the region's GDP, while the lowest, comprising about 50% of the working population, accounts for an output of barely 11% of Latin America's GDP. This asymmetry translates into important disparities in the capacity to appropriate productivity gains, hence income and better life conditions. It is worsened by the fact that higher productivity is usually associated with formal jobs, while low productivity coincides with infor-

mality. However, trends are not homogeneous. While they show a gradual reduction in the proportion of urban low-productivity labour, from about 48% in 1990 to around 43% in 2009, there is an increasing gap between formal and informal workers in terms of real wages; a lingering concentration of employed women (around 90%) in low-productivity jobs; a growing unemployment rate for women and the young (18–21 years old); and a low pace of workers' entry – even those employed in the formal economy – into social security schemes.

As a consequence, the access to subsidised health expenses and old-age benefits, the two most important features of any social protection system (and the two most expensive parts of any social security regime) are very highly stratified according to income, gender, age or place of residence. In 2009, while around 60% of the highest income quintile workers were covered by social security, less than 20% of the lowest quintile of the workforce was (10% in the case of women). Furthermore, in 2009, around 36% of all Latin American households had no social protection of any kind. The trend, nevertheless, is positive. According to ECLAC's comparative analysis, in 2009 about 53% of Latin Americans were covered by social security schemes, rising from 49% in 2002. Massive social assistance and non-contributory social security, on the other hand, helped to gradually cover new segments and grant access to public services and new sources of income.

Is this evidence, besides being a source of moderate optimism in itself, strong enough to support the argument in favour of identifying a positive trend in Latin America's social structure? Is 'inclusionism' the adequate vessel of a more inclusive and less unequal set of life conditions for Latin American citizens, as 'developmentalism' once (at least partially) was? I argue that, behind positive though inconclusive empirical evidence, a look at the comparative analysis of welfare regimes in the region might shed some light on the depth and characteristics of institutional changes underway.

## **2. On welfare regimes**

According to Esping Andersen (1990), the category of welfare regime invites us to interpret the 'well-being' in capitalist societies as the product of interlaced processes in three spheres of social practices: markets, states

and families. These spheres interweave in varying types of ‘arrangements’, according to which the market is partially displaced by the state and other social arrangements (unions), or complemented by families’ and local communities’ reciprocity in the generation of welfare. Welfare is therefore said to be ‘decommodified’ by such arrangements, since well-being (partially) loses the character of a monetised commodity. Social stratification reflects the varying types of decommodification specific to each regime. The original typology proposed by Esping-Andersen identifies a ‘liberal’ welfare regime, where the market reigns almost unchallenged as provider of welfare, whereas states and families are relatively weak alternatives, and social stratification results in extreme inequalities. In ‘corporatist’ or ‘conservative’ welfare regimes unions and other corporate organizations are the main welfare providers, achieving important levels of decommodification, even though substantial inequalities remain due to persisting social cleavages. Clearly, Esping-Andersen’s preferences lie with ‘social-democrat’ regimes, where the state is the main actor of welfare and decommodification processes follow a ‘universalistic’ or citizenship-oriented logic, leading to less stratified social structures.

Esping-Andersen’s (1996, 1999) typology quickly became a widely accepted reference for comparative welfare studies, although deficits and blind spots were intensely debated (Arts/Gelissen 2002). The three spheres were clearly too biased toward northern and western European historical trajectories, and therefore had to be refined to grasp southern European ‘familialistic’ regimes (Ferrera 1996; Moreno 2000) where families and communities are as important as unions in the provision of welfare not based on citizenship rights. The model also showed serious shortcomings when it came to explaining East Asian welfare ‘mixes’ of liberal and conservative features (Goodman et al. 1998; Aspalter 2006). Also gender asymmetries veiled by the apparent ‘universalism’ had to be put under critique (Orloff 1993; Sainsbury 1999; Daly/Rake 2003), as much as the uncomfortable relationship of ‘universal’ welfare states with ethnic cleavages (Sainsbury 2006; Castles/Miller 2009).

Drawing on Esping-Andersen, but in an explicit attempt to overcome the above-mentioned limits, a team of scholars led by Ian Gough and Geoff Wood (2004) helped to understand welfare trajectories outside North America and Western Europe by paying attention to the singulari-

ties of subsistence economies, enclave or predatory varieties of capitalism; labour relations based on systematic human exploitation and lack of social protection; and ineffective, fragmentary states, as well as those built on violence and oppression. This opened fruitful paths, leading to the identification of new categories, such as ‘productivist’ (Gough 2004), ‘informal security’ (Wood 2004) and ‘insecurity’ regimes (Bevan 2004), incorporating the general idea that regimes may not be homogenous but show ‘dual’ arrangements in multi-tiered societies. In ‘productivist regimes’, based on stylised East Asian cases, a strong state enforces rapid economic growth in alliance with private enterprise and familialistic social arrangements, limiting the political and institutional scope of unions and developing a subordinate and peripheral (yet important) social policy complex. Welfare results in a singular ‘mix’ of commodification and de-commodification, dependent on social position and areas of business and labour. In ‘informal security’ regimes, subsistence economies, as well as limited and precarious employment and self-employment, generate forms of ‘adverse incorporation’ into the economic sphere. In the context of relatively weak states, the perversity of paralegal, patrimonial and clientelistic political arrangements makes welfare ‘negatively permeable’ to particularistic interests. These economic and political shortcomings overcharge families and communities as providers of welfare creating a singular sort of social dependency. Finally, among ‘insecurity regimes’, found in the polar situation of very restricted or contingent welfare arrangements, tenuous and unstable economies combine with the almost inexistence of the state or its subordination to small groups of exclusive, particularistic and patrimonial elites. In these regimes, welfare is left almost exclusively to family, kin or community relations.

‘Productivism’ and ‘duality’ were repeatedly found to be defining features of developing countries’ welfare regimes. Rudra (2007), using empirical evidence to compare developing countries’ welfare institutions, finds regimes turn to either ‘jumping ahead’, promoting market development and citizens’ market dependence (productive welfare states); or to cautiously shield people from the market, creating market substitutes for welfare and/or reducing the pace of commodification (protective welfare states), hence partially diverging from ‘embedded liberalism’ models; as well as artfully combining both strategies.

### 3. Welfare regimes in Latin America and ‘problematic inclusion’

Latin American scholars have dealt with the question of the region’s social welfare in their own ways, turning only recently toward welfare regimes categories. I would like to briefly review a handful of analyses I consider essential. The fertility of these analyses lies not essentially in the typologies they produced, but in their contribution to the understanding of the complex historical processes underlying welfare regime trajectories. I will, therefore, explicitly exclude taxonomic references to the intricacies of typologies and concentrate on the reasoning of the authors. From this perspective, three sets of studies pioneered in providing the basic assumptions and ideas under which the issue of welfare regimes could be later tackled: Carmelo Mesa-Lago’s, Víctor Tokman’s and Sonia Fleury’s.

Carmelo Mesa-Lago was arguably the first scholar to call attention to the relationship between Latin American modes of development and the impact of the institutional design of social protection on social inequality. Introducing the Latin American cases to comparative international welfare regime research, Mesa-Lago compared the composition, evolution and outcomes of Latin American welfare regimes from their early beginnings until the neoliberal reforms (Mesa-Lago 1978, 1989, 2008). According to Mesa-Lago, despite their obvious differences, welfare regimes in the region shared a number of characteristics: extreme stratification, financial inefficiency and inequality. Triggered by asymmetric pressure from key social and political groups in the piecemeal ‘inception’ of each country’s system, welfare regimes are shaped by a complex architecture of juxtaposed inequitable schemes. Although inequality thus became a common trait of all Latin American welfare regimes, there are crucial structural differences, depending on the length of welfare policy trajectories and different styles of development. Whereas latecomers and less developed countries are characterised by major differences in protection between the elite of insiders and the majority of the population which are outsiders to the schemes, in the second group of countries, which started their welfare development later in the 20<sup>th</sup> century, access to social security schemes is relatively widespread, although important differences arise from relative positions in the labour market. Even in the pioneer countries with long welfare regime trajectories and high rates of coverage, there exist vast differences concerning stratified

access to and the quality of services. As a consequence, the social security of 'developmentalism' had no progressive social impact or a very limited one, mostly reproducing social inequalities as they were, or even aggravating them.

Víctor Tokman's long research on the issue of informality should also be credited as a key contribution to the understanding of the underlying duality of Latin American welfare regimes. Tokman drew on the region's literature on 'dual social structures' (Nun 2001) and 'structural heterogeneity' (Pinto 2008) to explain the nature, causes and consequences of informality, thus shedding light on the dynamics of economic and social inequality (Tokman 1990). He did so in an attempt to grasp the insufficiencies of what has here been called 'developmentalism', once its 1980s crises were over and the structural problems of inequality in Latin American employment were once more apparent (Tokman 2004). Tokman's studies contributed to the understanding of informal employment as a structural part of the region's economic failures and successes. He also showed how informality influenced the adjustability of employment in a context of permanent instability, indirectly functioning as a sort of unemployment absorber in times of crisis. Informal employment had consequently to be reinterpreted as a key source of (precarious) income for large sectors of the region's urban population and as a potential avenue of 'alternative inclusion'.

Sonia Fleury (1994) related welfare regimes to types of 'citizenship', underlining the varying nature of inequalities in different welfare regimes. She proposed to understand modern social protection schemes as institutional arrangements that regulate types and dynamics of state responses to social rights. In 'universalistic' citizenship models, where social security arrangements predominate, protection is generally provided by the state, using public resources to create a 'floor' of services universally available through social rights. In models where social insurances are dominant, protection is provided on criteria of group solidarity, only for the insiders, generating fragmented schemes and corporative differentiation. She calls these 'regulated' types of citizenship, as social rights depend on the kind of insertion citizens enjoy in the productive structure. Finally, in countries where social protection is marginal, i.e. delivered only in the form of social assistance to necessity- or means-tested recipients, citizenship is 'inverted',

because individuals have to prove their need in order to exercise their citizenship rights. From the 1980s and 1990s onwards, Fleury argues, regulated models of citizenship, combined with scantily universalistic ones which predominated so far, have started a transition towards inverted modalities of citizenship.

These works served to prepare the terrain for comparative welfare regime research in Latin America taking regional historical trajectories seriously. They helped to highlight the very different economic dynamics, policy schemes and social structures arising from the region's singular relationship between the capitalist market, state and social inequality. I only wish to comment here on a few contributions that greatly helped to fashion the region's welfare regimes discussion.

Although not directly using 'welfare regime' as a conceptual tool, Fernando Filgueira (1998) was probably the first to analyse how Latin American 'social states' reflected and co-produced inequality. He found three overall groups of welfare systems developing from the 1930s through the mid 20<sup>th</sup> century, explicitly relating them to modes of development and political arenas (Huber 2002). A 'stratified universalism', built by competing élites seeking popular support, was the closest the region could get to social-democratic outfits. Relatively extended formal employment and social protection coverage were accompanied by important inequalities among the protected. Less performing, in terms of social protection, were 'dual' social states. Developed by élites' statecraft through selective cooptation and repression of popular sectors, dual welfare states contributed to crystallize 'two worlds' of social incorporation divided on class and territorial cleavages. Finally, in 'exclusive' welfare regimes, built by 'predatory élites', 'insiders' (clients of these élites) formed a small minority among a majority of citizens enjoying only 'residual' social protection. Later on, Filgueira (2005) traced the evolution of democratic politics, social expenditure and social security changes suffered by Latin American social states during their critical phase of the late 1970s to the first years of the 21<sup>st</sup> century, particularly in the context of their more or less profound neoliberal reform stages. He found Latin American welfare states to be gradually adopting one of two new general forms: an 'exclusionary' social state, more or less egalitarian, according to the quality and degree of its attempts to build effective basic protection; and an embryonic 'social democratic' state,

where there is an effective try on more ‘inclusionary’ and less unequal social policies, at least according to Latin American historical standards (Filgueira 2005).

Despite their differences concerning the relative role of states, markets and households in the provision of welfare, Armando Barrientos (2004) considers Latin American welfare regimes as sharing sufficient commonalities to be understood as variations of a single welfare regime, in the Esping-Andersen sense. Historically, the main feature of this regime was the central importance of formal employees’ social insurance, against a background of limited access of the population to formal employment, and the existence of very fragmented networks of social assistance. As work contracts in the formal sector serve as “gate-keepers” to public social (security) provision, leaving most of the population working in the informal economy outside public protection schemes, such a mix has created welfare regimes characterised by an overall segmented and/or weak social protection, and overly dependent on household arrangements. Although in Latin America spheres of welfare intertwine in a way that complicates the application of Esping-Andersen’s categories, Barrientos considers the region’s regimes to be predominantly closer to the ‘familialistic’ variety of European ‘corporatist’ welfare types. Yet, as the protected group of formal workers is a relative minority and informal employment dominant, he proposes labelling the regimes as ‘informal-conservative’ or ‘conservative-informal’, according to each element’s relative importance. In the 1990s, as a consequence of neoliberal reforms scaling down employment protection and public services, Latin American regimes embarked on a transition which leaned progressively toward their residual liberal aspects. The changes produced substantial losses of protection, and were not met by an appropriate market replacement of state schemes, which was in turn aggravated by demographic transitions and economic changes that reduced the capacity of Latin America’s households to provide welfare.

Barba Solano (2004) criticises the widespread oversimplification of subsuming Latin American welfare regimes within Esping-Andersen’s corporatist type – supposedly undergoing a transition to a (neo)liberal type. He emphasises the need to pay more attention to the region’s singular histories of segmented markets and heterogeneous political regimes, as well as the relatively low level of material welfare provided by local arrangements.

According to Solano, such generalizations brush over the notorious diversity among the region's countries in all aspects of welfare, as well as the different criteria and outcomes of neoliberal reforms, in spite of (only apparently) similar agendas. However, he agrees with the usefulness of identifying welfare regimes, suggesting a typology similar to Filgueira's where, during most of the 20<sup>th</sup> century, forms of outcome inequality and system fragmentation, against a background of varying ethno-cultural diversity, combined in three clusters of universalistic, dual and exclusionary welfare regimes. These three types of regimes showed different results under the 1990s reforms, because fiscal adjustment and market-oriented reforms varied very much in timing, speed, intensity and relative success, particularly concerning 'social reforms'. Additionally, Latin American countries varied in development strategies and employment patterns, although in most cases 'labour exclusion' remained dominant. By the end of the 1990s, reforms had failed to provide better welfare alternatives than classic arrangements, and the relationship between development and 'inclusion' remained the key issue for the region's social agenda.

Juliana Martínez Franzoni (2005) centered her studies on Central America, but her work is a source of valid hypotheses for the entire region. Departing from a standard discussion on welfare regimes, she turned to the more empirical problem of welfare as "what people actually do to survive", particularly in economic realms that are not entirely commodified and in residual public welfare schemes, where social protection is heavily dependent on family structures (ibid.: 2008). Tracing the ways welfare regimes allocate resources, she finds women under growing pressure stemming from low quality employment, non-remunerated household tasks, and increasing responsibility in receiving and administering resources coming from public assistance. These processes, also described by Maxine Molyneux (2007), aggravate already existing cultural patterns of primary family and kin relationships which are then crystallised in a burdensome sexual division of labour. In this sense, Martínez Franzoni also stresses the importance of putting the 'decommodification' effect under a new light. In welfare regimes such as most of the Central American ones, 'decommodification' is attained through non-state schemes such as community or international cooperation. In these regimes 'commodification' (providing a remunerated employment alternative to self-consumption) is of key importance to

welfare, and ‘defamilialisation’ (providing effective alternatives to family dependence) becomes a fundamental welfare objective. Martinez-Franzoni’s typology of Latin American welfare regimes is therefore organised according to degrees of ‘commodification’, ‘decommodification’, ‘familialisation’ and ‘performance’. These categories helped to isolate two subtypes of state-dependent welfare regimes, according to their degree of reliance on ‘commodification’ or ‘decommodification’ as a means of welfare provision; and a type of family or primary relations-dependent ‘informal’ welfare regime, where commodification is fragmentary and state protection of low quality and coverage.

Based on both insights from regional academics and comparative welfare regime research outside Latin America, these four studies share a heuristic interest in linking the ongoing debate on welfare regimes with the explicit or implicit recovery of classical regional debates on the relationship between development and inequality. As such, they propose new and interesting ways of understanding Latin American social protection. Next, rather than debating specific labels and typologies, I would like to draw on the effort to identify common traits within the region’s welfare mixes, hence the main axes on which to inquire whether in recent years social and economic policies have actually shifted or not to what I suggested calling ‘inclusionism’.

#### **4. ‘Inclusionism’ vs. ‘problematic inclusion’**

In a nutshell, the aforementioned studies pointed to the fact, that, considering the general features of Latin American welfare regimes, *inclusion is problematic in itself*. For two or three decades, probably as a result of the obvious contradiction between democratic consolidation and resilient social inequalities, ‘exclusion’ was used both as a category and a political banner to describe the main problems of Latin America’s social structure and its most important political and economic challenges (Wood 2005). Yet, the mechanisms of inclusion themselves are means of voluntary or involuntary reproduction of inequalities. It is the specific type of interaction between market and state which produces inequality, and not (only) the absence of state capacity, although this can be arguably so in cases of very low state capacity or in regions too tenuously integrated to capitalist markets.

This ‘problematic inclusion’ is thus defined by the intersection of the two prominent features linking Latin American markets and politics, namely high ‘structural heterogeneity’ (Pinto 2008) and low ‘state capacity’ (UNDP 2008). It therefore represents the root of the region’s resilient and highly unequal citizenship status. For ‘inclusionism’ to actually represent a historical shift in terms of welfare regime arrangements, qualitatively superior to the irregular and partial successes of neoliberal reforms, it should succeed against problematic inclusion. And, according to what has been stressed here, making inclusion less problematic would entail obtaining effective outcomes in relevant aspects of both labour market quality and fragmentation, as well as in social protection coverage and segmentation, thus helping reduce overdependence on family-kin relationships as instruments of welfare.

As far as labour market fragmentation (Alter Chen 2007), especially Latin American-style ‘dualism’ is concerned (Gasparini/Tornaroli 2007), the key seems to lie in the economy’s capacity to provide more stable and higher income-generating activities (Ocampo 2000) and in the state’s ability to adequately regulate them (Weller 2001, 2009). Regional governments are currently under pressure to deal with the historical burden of its modes of development, as noted above by most welfare regime students. Numerous social groups have restricted access to quality employment and stable economic activities in both urban and rural areas whereas large parts of the population suffer from informal and unstable low-paid jobs, precarious self-employment, or are part of small subsistence economies. This usually means that large majorities face persistent obstacles in their attempt to obtain stable access to income and therefore acquire, through the market, minimum material life standards, let alone to save and/or accumulate. Moreover, ‘majorities’ are not homogeneous, as tougher obstacles make access to salaried income even more difficult for women, ethnic minorities and the young.

In relatively better performing welfare regimes, these obstacles are softened by social policies that (partly) decommodify the access to income, goods and/or services through citizenship entitlements. In order to become genuinely ‘inclusive’ Latin American social protection should be focused on developing state capacity to democratically determine citizens’ rights to certain basic ‘floors’ of material life conditions, and enforce their avail-

ability through universalistic social policies (Mkandawire 2004, 2005; Andrenacci/Repetto 2006). But the burden of 'neoliberalism' on top of 'developmentalism' has led to welfare regimes characterised by a number of problematic features: the segmented and elitist nature of social insurance schemes and/or the very partial coverage of social security systems; the relatively low quality and incomplete territorial coverage of basic public services and infrastructure; and the residual, selective and erratic nature of social assistance. Last but not least, the recurrent obstacles to the access of stable income radically intensified many citizens' quest for social protection, which helped to turn these schemes, as precarious as they might be, into objects of high politicisation.

'Inclusionism' was the outcome of Latin America's 21<sup>st</sup> century weariness toward the inability of neoliberal reform to effectively provide better economic opportunities and social protection. As such, I would like to stress, it is not only a leftist agenda but a common focus on 'social inclusion' that can be traced in most of the regions' governments, whether left, center or right, even if ideological mixes, institutional practices and governance styles make relevant differences (Lustig 2009). Even so, has 'inclusionism' really been able to dent problematic inclusion in its strongholds, i.e. the economic and social policy realms?

Since employment fragmentation is the result of deep cleavages, profound and prolonged transformations will be needed to guarantee structural reforms. There are, however, some positive tendencies indicating in such a direction. An attentive observer (Cornia 2010) argues that positive changes in inequality are to be attributed to the coincidence of a generally favourable global environment for Latin American economies, which has allowed almost unprecedentedly high and stable growth, together with two important political economy changes. Firstly, a more effective preoccupation with employment patterns has led to a new 'fine tuning' of state regulation through mechanisms of formalisation, employability policies and intervention on key consumer prices to hold down the cost of living. Together with macroeconomic stability and access to credit, these factors could have an impact on the quality and quantity of employment produced by economic growth, as well as on real incomes. Secondly, it is possible to discover 'prudent public redistribution' in the regulation of macroeconomic cycles, with more financial and

exchange rate mechanisms, founded on sounder fiscal policies, that have allowed the expansion of social expenditure, the promotion of strategic economic sectors and a more efficient steering of national integration to global circuits.

Moreover, this relatively positive decade-long pattern, partially offset by the temporary crisis in 2009, is likely to continue. In its annual preliminary overview of the region's economy, ECLAC (2011b) calls attention to the gradual slowdown of most of the region's economies, but highlights the continuity of positive external conditions, the rise in international monetary reserves and the steady expansion of domestic demand. Although 'channels of transmission' of the global crisis are likely to impact the region (through falling foreign commerce and remittances, as well as lower commodity prices), the majority of countries are less vulnerable to external shocks. Fiscal situations have improved in most countries, allowing for continued public expenditure expansion. Employment has continued to expand, accompanied by formalisation and higher wages. Only rising inflation remains a risk to be taken seriously.

As far as social policies are concerned, the higher availability of resources has allowed significant rises in social expenditure and a relatively massive public service expansion, notably in non-contributory social security, education and social assistance. Although this is good news in itself, and it does help to reduce historical insufficiencies, 'problematic inclusion' is also about the nature of social services delivery. And yet, positive processes can be found in most areas, including the three key areas of Latin American social policy (Andrenacci/Repetto 2006): social security and labour market regulations, public provision of social services and infrastructure, and social assistance.

In the area of labour market regulations, as we have seen above, while most (though not all) rigid 'developmentalist' regulations were done away with by neoliberal reform, a new 'fine tuning' in employment expansion and quality development is slowly coming into force. The search for adequate legal regulations and protections, guaranteeing both relative flexibility and security, is unfinished but underway nonetheless (Weller 2009). Additionally, a historically segmented, élite-biased and state subsidised social security system has gradually turned toward (relatively) sounder fiscal bases, flatter conditions and benefits – hence reducing segmentation – and wider

non-contributory coverage as well as elitism (Cecchini/Martínez 2011). Of course employment growth and formalisation rates need to intensify, and social security needs to be more overtly non-contributory, for ‘non-problematic inclusion’ to fully emerge.

Public provision of social services is also undergoing positive change. New public intervention schemes, mostly through ‘delegation’ and ‘regulation’ styles (Jordanà/Levi-Faur 2004) are producing important expansion and coverage effects in water supply, sanitation, energy and communications. The new priority given to education in public expenditure is a powerful pro-equality instrument, although it has yet to prove its capacity to tackle quality issues and expand coverage toward middle instruction and all-day attendance, as well as new inequalities stemming from decentralisation and private sector expansion (Cornia 2010). Health, finally, is probably the most salient pending challenge. There has been, undoubtedly, an effort to widen coverage and ameliorate public provision, but protection is too dependent on public-private provision mixes, making health expenditure extremely unequal and insufficient for important sectors of the citizenry (Sojo 2006).

In the area of social assistance, the massification of previously targeted poverty programmes has been the dominant trait. This has allowed for very significant rises in the coverage of poor households and individuals, and therefore better fulfillment of basic needs, as well as wider access to basic services. The gradual replacement of a patchwork of international-cooperation-sponsored need-targeted and means-tested projects by more decisive state-funded and rights-based public intervention and social assistance (Sojo 2007), particularly through conditional cash transfers (Cecchini/Madariaga 2011), has contributed to vulnerability control and poverty reduction. Still, two processes are yet to be neutralized for ‘universalistic’ social assistance to become dominant. Firstly, further institutionalisation is required for politicisation to be softened and citizenship rights to gain sounder terrain. Secondly, a renewed ‘familialist’ and community-oriented conservative discourse, based in the uncritical strengthening of ‘family’ and ‘community’ as key social institutions, and mixed with neoliberal fantasies on civil society solidarities, has to be adequately redirected so as to not reinforce neo-moralisms that can dangerously damage advances in individual freedom, sex and gender equality.

## 5. Some concluding remarks

At the beginning of the 21<sup>st</sup> century, ‘inclusionism’ is increasingly orienting employment and social policy towards citizenship- and rights-based approaches, even if there is mixed evidence, and still a long way to go for social risks to be dealt with in genuinely universalistic fashions.

Although a longer historical perspective is needed to normatively judge ‘inclusionism’, there is evidence indicating major transformations of historical bulwarks of ‘problematic inclusion’. Even if ongoing changes admit different interpretations, I have tried to show that ‘inclusionism’ is a sort of underlying unitary (if heterogeneous) consensus on the need to interrogate and neutralize historically strong inequalities and provide for less inequitable forms of social integration. In the context of a combination of endogenous political processes and lucky external circumstances, Latin America is presently going through a transition rich in possibilities to break with its problematic past. ‘Inclusionism’ is, under this light, a necessary development for the region’s welfare regimes, even if it becomes an end in itself, in spite of the author of this lines’ preference for more decidedly universalistic and equality-oriented welfare arrangements.

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## **Abstracts**

The paper analyzes the change in Latin American welfare regimes during the first decade of the 21st century. It reviews literature on the development and adaptation of classical welfare regime categories to other regions of the world, and revises selected Latin American scholarly production on welfare regimes. It suggests that, behind typologies and normative assessments there are underlying common features in the region's historical welfare regimes that can be well understood as forms of 'problematic inclusion'. It concludes by stressing the existence of sufficient elements to affirm there is a contemporary 'inclusionist' trend, cutting across ideological and political lines, that is making important contributions in the reduction of 'problematic inclusion'.

Der Artikel analysiert Transformationen lateinamerikanischer Wohlfahrtsregime in der ersten Hälfte des 21. Jahrhunderts. Nach einem kurzen Überblick über den Stand der vergleichenden Wohlfahrtsregimeforschung,

die Lateinamerika erst relativ spät als Untersuchungsgegenstand entdeckt hat, setzt sich der Autor mit der Frage auseinander, inwiefern sich zentrale Konzepte und Modelle auf Lateinamerika übertragen lassen. Ausgehend von einer Analyse der vorhandenen Typologierungsversuche und der zugrunde liegenden normativen Prämissen kommt Andrenacci zu dem Schluss, dass lateinamerikanische Wohlfahrtsregime in erster Linie durch eine problematische Form der Inklusion gekennzeichnet sind. Jüngste Trends deuten allerdings auf positive Entwicklungstendenzen hin, die mit diesem historischen Erbe brechen könnten.

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