

SOCIAL POLICY REFORMS  
IN LATIN AMERICA  
Urgent but Frustrating

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**Development, Democracy, and Welfare States: Latin America, East Asia, and Eastern Europe.** By Stephan Haggard and Robert R. Kaufman. Princeton, NJ: Princeton University Press, 2008. Pp. xxvi + 473. \$80.00 cloth, \$29.95 paper.

**Lessons from Pension Reform in the Americas.** Edited by Stephen J. Kay and Tapen Sinha. Oxford: Oxford University Press, 2008. Pp. xxiv + 421. \$110.00 cloth.

**Reassembling Social Security: A Survey of Pensions and Healthcare Reforms in Latin America.** By Carmelo Mesa-Lago. Oxford: Oxford University Press, 2007. Pp. xi + 453. \$150.00 cloth.

**Measuring Inequality of Opportunities in Latin America and the Caribbean.** By Ricardo Paes de Barros, Francisco H. G. Ferreira, José R. Molinas Vega, and Jaime Saavedra Chanduvi. Washington, D.C.: Palgrave Macmillan and World Bank, 2009. Pp. xxiii + 195. \$90.00 paper.

**Caring for Them from Birth to Death: The Practice of Community-Based Cuban Medicine.** By Christina Perez. New York: Lexington Books, 2008. Pp. xviii + 315. \$70.00 cloth.

Attempts to reform social policies in Latin America have surged since the early 1990s, intensifying earlier efforts to broaden coverage of basic health and education services. More controversially, many countries have restructured aspects of their pension, health, and education policies and programs in an effort to improve quality, reach the poor more effectively, increase efficiency, and contain costs. Broader economic and political trends have spurred and shaped the surge.

In the early 1990s, as the region emerged from the difficult decade of the 1980s, one priority was to revive decimated social programs. At the same time, in much of the region, the turn or return to democratic government and competitive elections pressed politicians to expand and improve health care, education services, and pension coverage. As a result,

“almost all Latin American leaders feel a markedly greater concern for the social agenda than before.”<sup>1</sup> Data from the Economic Commission for Latin America and the Caribbean (ECLAC) indicate that social expenditures rose from 9.6 percent to 12.8 percent of gross domestic product (GDP) between 1990 and 2003 (cited in *Measuring Inequality*, 49).

However, the experience of the 1980s, including hyperinflation in several countries, has also generated stronger appreciation of the imperative of macroeconomic stability, pointing to the need to make social services more cost-effective and financially sustainable. International encouragement, pressure, and support have reinforced both sets of internal pressures. The World Bank and the International Monetary Fund in particular have pressed for more financially sustainable programs. At the same time, they and other regional and global organizations have sharply escalated the emphasis on and funding for social programs, especially those directed to the poor. The Millennium Development Goals, which the United Nations adopted in 2000, featured specific targets in education and health as keys to poverty reduction.

Ever more intense international economic competition has added to the debate on social policies, with somewhat mixed impacts. The scramble for market access sometimes creates downward pressures on wages and benefits. Yet policy makers are increasingly recognizing that better education is a crucial underpinning for the transition to more skilled and productive workforces. By about 2002, moreover, the commodity boom generated in large part by China’s escalating demand was providing some Latin American nations with a welcome boost in revenues.

The character and issues of debate on social policies have also shifted. New research has revised economists’ understanding of the links between social policies and growth. Many economists used to view most social programs (with the exception of basic education) as benefits from growth rather than contributors to it. Efforts to expand social programs rapidly at earlier stages of development were often viewed as competitive with growth. By the 1990s, however, research had provided persuasive evidence that the health status of a nation’s people is a powerful determinant of its economic growth.<sup>2</sup> Recent research also suggests that deep inequalities may impede rapid growth. Social policies, in short, are increasingly regarded as complementary to, rather than competitive with, goals of rapid and sustainable economic growth.

1. Michael Shifter, “Managing Disarray: The Search for a New Consensus,” in *Which Way Latin America? Hemispheric Politics Meets Globalization*, ed. Andrew F. Cooper and Jorge Heine (Tokyo: UN University Press, 2009), 55.

2. For a concise statement, see Commission on Macroeconomics and Health, *Macroeconomics and Health: Investing in Health for Economic Development* (Geneva: World Health Organization, 2001), 21–30.

The decidedly mixed, and in some respects discouraging, record of attempted reforms has also fed into ongoing debates on social policies. This mixed record has increased advocates' recognition of the administrative and political, as well as technical, complexities of reform. Measures that broaden coverage and expand inputs—increased funding, salaries, training, infrastructure, and equipment—are usually welcomed. Those that entail changes in established institutions, relationships, and practices to enhance efficiency, quality, and accountability have proved far more difficult. Time and again, structural reforms have been announced but not launched, launched but not sustained, or radically diluted or reoriented.

Beyond the challenges of implementing change, the record shows that many of the measures implemented have not produced the expected outcomes. This is perhaps particularly true of pension reform. Disappointing performance has eroded the certainty with which some reformers press their proposed solutions. Earlier sharp clashes, reflecting different ideological leanings and technical disagreements, have been tempered as reformers have become more fully aware of pitfalls and question marks, whereas their critics gradually acknowledge that traditional approaches have proved inadequate. Debate has grown more cautious and pragmatic at the same time that consensus on the urgency of change has grown.

The five books reviewed here offer varied perspectives on the evolving debates and ongoing reforms. Ricardo Paes de Barros and his coauthors focus on how to conceptualize fundamental goals with regard to equality. They argue that although redistribution to achieve greater equality of outcomes is deeply controversial, there is broad consensus on the fundamental fairness of measures to achieve equality of opportunity. They devise new methods to measure the distribution of opportunities, especially those available to children, and to assess the degree to which continued inequalities in outcomes reflects unequal opportunities. Carmelo Mesa-Lago offers a magisterial survey of reforms in pensions and health care since the 1990s. The studies Stephen J. Kay and Tapen Sinha present explore the implications of alternative designs for pension systems and assess the effects of reforms in eight nations in North and South America. Christina Perez provides a detailed ethnographic study of Cuba's program of community-based doctors, the foundation of its exceptionally effective health-care system. Stephan Haggard and Robert R. Kaufman construct a panoramic view of the evolution of health, education, and pension systems in Latin America, East Asia, and Eastern Europe since the mid-twentieth century, and they analyze the forces shaping the markedly different trajectories of welfare states in the three regions.

This selection of books is eclectic in scope and approach. It cannot begin to represent the rapidly growing literature on social policies in general or on more specific sectors and issues. It omits some promising innovations, such as large-scale conditional cash-transfer programs to the

poor in Brazil, Mexico, and elsewhere. Nevertheless, as a group, the five volumes probe many pressing questions regarding social policy in (and beyond) Latin America. To what degree do unequal economic outcomes reflect the skewed distribution of public services and facilities, especially as these affect children? To what degree are unequal outcomes a result of handicaps at the family level, and how can social policy address these? What is the track record of the surge of reforms since the early 1990s, and what can we learn from successes and failures? How has Cuba achieved such striking success in health care and basic education, and what aspects of its experience—little analyzed until recently—might transfer to very different political and economic settings? From a broader and longer perspective, what are the key economic and political factors that have shaped the evolution of social policies in Latin America, and what does this perspective suggest for future prospects?

#### THE CHALLENGE OF UNEQUAL OPPORTUNITIES

Latin America has long been the most unequal region in the world in economic terms. Since the early 2000s, however, there has been an unprecedented though modest decline in economic inequality in at least a dozen countries. This welcome trend has several causes, which vary from country to country. Marked progress in expanding basic education is one important factor, yet both outcomes and opportunities remain highly unequal in most of the region.<sup>3</sup>

In Latin America, as elsewhere, there are basic and often polarizing disagreements about the degree to which unequal outcomes result from differences in effort and talent, or instead from unequal opportunities. Rewards to effort and talent are generally viewed as fair, and many people oppose redistributive measures that erase such inequalities. In contrast, more equal opportunities—a more level playing field—command widespread support. Surveys from Latin America indicate that about three-quarters of respondents believe that opportunities are not fairly distributed; 64 percent believe that poverty is not a result of lack of effort or talent (Paes de Barros et al., 27).

*Measuring Inequality of Opportunities* presents two complementary approaches to these issues. Paes de Barros and his coauthors first develop the Human Opportunities Index to measure the degree of inequality of opportunities for children in different countries. The index focuses on access to basic public services likely to affect children's health and skills, and therefore their life prospects. These services (or opportunities) in-

3. Luis F. López-Calva and Nora Lustig, "The Recent Decline of Inequality in Latin America: Argentina, Brazil, Mexico and Peru" (paper presented at the Twentieth Economía Panel, Universidad Torcuato di Tella, Buenos Aires, Argentina, October 2, 2009).

clude education (measured by data on completion of sixth grade on time and school attendance among children aged ten to fourteen), clean water, sanitation, and electricity. The index combines measures of the overall rate of coverage for a particular service with measures of the extent to which that service is fairly allocated, that is, the extent to which children have equal probabilities of access regardless of gender, rural versus urban residence, parents' education, household income, number of siblings, and whether they live in single- or dual-parent households. Combining coverage and distribution data for all services yields a measure of equality of opportunities in a country. The index can be used to compare patterns among countries or to track progress over time in specific countries.

The second approach in *Measuring Inequality* addresses a different question: how important are inequalities in childhood opportunities in determining individual educational and economic achievements later in life? The authors develop a method to separate out the effects of circumstances beyond an individual's control (parents' education, father's occupation, gender, ethnicity, birthplace) from the effects of individual effort, talent, and luck in explaining unequal educational performance (fifteen-year-olds' scores on international tests of reading and mathematics) and economic success (adults' wages, family income, and consumption).

Much of *Measuring Inequality* is fairly technical, despite the authors' efforts to make their discussion accessible. Moreover, the authors' methods and calculations are best considered an innovative beginning rather than a definitive conclusion in the effort to measure inequality of opportunity. Yet for nonspecialists and specialists, the book takes a major step in clarifying the concept of inequality of opportunity and in improving the tools by which policy makers might assess status and progress.

The authors' calculations produce striking findings. Countries with the most unequal outcomes were not necessarily those with the most unequal opportunities. Mexico, for example, is the most income unequal among the nations examined but has a comparatively low inequality of opportunity. Yet variation in opportunities in countries does play a significant role in unequal outcomes. Unequal opportunity explained 27 percent of inequality in household per capita consumption in Colombia, and larger shares in six other countries, ranging up to 52 percent in Guatemala. Individual opportunity profiles in different countries explained between 14 percent and 28 percent of variation in fifteen-year-olds' performance on standardized international achievement tests.

The authors emphasize that data gaps limit the array of opportunities they can include in their calculations. If data permitted the incorporation of more circumstances, more variation in outcomes would probably be explained. Therefore, the authors' estimates are a lower bound of the extent to which individual circumstances, such as parents' education or race, explain unequal outcomes: they understate the importance of un-

equal opportunity. The role of unequal opportunities emerges even more dramatically when the authors focus on people at the bottom of wage and consumption distributions: these groups are overwhelmingly rural, ethnic minorities whose parents had little or no education.

Perhaps the most thought-provoking finding is the importance of family background in determining economic and educational achievement. Among the circumstances the study measures, parents' (particularly mother's) education and father's occupation had the strongest effect on the weight of opportunity in explaining unequal outcomes in income, consumption, and school test scores. This finding points to a policy challenge. Measures to improve access to basic services are fairly obvious. Policies to reduce ethnic and gender discrimination in the economy and society present different and greater challenges. Overcoming disadvantaged family background is perhaps the most difficult challenge of all—a point to which this essay will return.

#### REFORMING PENSION AND HEALTHCARE SYSTEMS

Expanded and improved education and health services are crucial components of a more level playing field. Broader and more equitable coverage of pensions and health care are also partial counterweights to economic inequalities. What, then, is the track record of almost two decades of efforts to expand coverage, improve quality, and increase the financial sustainability of these core social services?

Mesa-Lago's *Reassembling Social Security* undertakes a comprehensive review of recent pension and health-care reforms that covers most countries in the region. Kay and Sinha are more selective, surveying the experience of pension reform in six Latin American nations, plus Canada and the United States, as well as issues cutting across countries, such as gender impacts and the evolution of perspectives at the World Bank.

*Reassembling Social Security* is encyclopedic, an invaluable source of information on specific programs, country by country, and on the positions and roles of various international organizations. Most readers should regard it as a reference book. For this reviewer, reading it cover to cover was mind numbing, no doubt partly the unavoidable result of its effort to review several decades of attempted reforms in nineteen or twenty countries. It was also a result of the structure of the book, which examines pensions and health-care reforms in two separate sections in each country, using a list of ten major principles or objectives of social security: coverage, equal treatment, solidarity, comprehensiveness and/or sufficiency, unity, state responsibility, efficiency, costs, social participation, and financial sustainability. Each of these aspects is discussed twice for each country: once in a general overview and a second time in an attempt to tease out the specific impact of reforms. This leads to a good deal of repetition. The structure

also makes it difficult for readers interested in the experience of specific countries to piece together coherent case histories. It is better suited for those seeking a comparative perspective on specific issues, such as coverage or competition. Unfortunately, a startling absence of basic editing burdens the readability of the volume: grammatical errors and not-quite-right choices of terms appear on almost every page. This failure mars an authoritative and tremendously valuable book.

Mesa-Lago documents great variation in country circumstances and the scope and character of attempted reforms. An important contribution is the clear and detailed discussion of concepts, definitions, and data in the many dimensions of pension and health systems. Several key themes emerge. First, Mesa-Lago emphasizes the lack of systematic data on many crucial issues, particularly performance. It is sometimes difficult even to describe existing programs precisely, much less to evaluate their impacts or to permit cross-country comparisons. As a result, clear conclusions simply cannot be drawn regarding the success or failure of many reform attempts, especially with regard to health care.

A second prominent theme contributes to this frustrating uncertainty. Repeatedly, reforms are designed and launched but implementation flounders, or changes in economic or political circumstances cause abrupt shifts or halts. Thus, many announced reforms fail because they are never really attempted. Moreover, certain problems are not even addressed. For instance, before the 1990s, most national pension systems in Latin America were highly fragmented into dozens, sometimes hundreds, of separate organizations for specific sectors or occupations. Reforms have substantially reduced this fragmentation, but special and particularly generous pension systems for privileged groups—typically the military, teachers, civil servants, judges, legislators, oil workers—have been too hot to handle in virtually all countries.

Nevertheless, important measures have been pursued more or less consistently in some countries, and this experience supports a third theme: reformers' expectations and assumptions have proved overly optimistic in most cases. This is particularly true, perhaps, with regard to the structural pension reforms Chile pioneered in 1981 and that nine additional countries in the region adopted in varying degrees (often alongside, rather than in place of, existing public pay-as-you-go systems) during the 1990s. In these new systems, workers (and usually employers) contribute to individual accounts that private pension funds manage. On retiring, accumulated contributions plus accrued interest fund pensions. These reforms were expected to resolve problems of financial sustainability plaguing many public defined-benefit systems while generating higher pensions and helping deepen local capital markets. But, by 2005, the new systems faced a raft of common problems in varying degrees in different countries. Contributions to private accounts had dwindled, and the new plans failed

to attract payments from the vast majority of own-account and informal-sector workers. Most individual accounts were not accumulating enough money to finance adequate pensions at retirement. Management firms charged high commissions, and competition among them was limited. The decentralization of health (and education) services is another area of reform in which results have mostly fallen well short of expectations.

Kay and Sinha's *Lessons from Pension Reform in the Americas* complements Mesa-Lago's study, providing more detailed descriptions of reform designs, politics, and outcomes in Mexico, Brazil, Costa Rica, Peru, Uruguay, and Argentina (as well as mid-1990s reforms in Canada and proposed restructuring in the United States). Although several chapters point to specific promising improvements, the contributors as a whole echo Mesa-Lago's themes: problems with data, abortive or partial reforms, and unfulfilled expectations.

More optimistically, both books note recent efforts to address emerging issues and adjust policy prescriptions to accumulating experience. In their opening pages, Kay and Sinha note revived interest in parametric reforms (e.g., raising the age of retirement, altering benefit formulas) to improve the financial sustainability of traditional public systems. Both they and Mesa-Lago describe growing attention to more adequate safety nets for retirees with inadequate accounts and for those lacking coverage. Mesa-Lago comments on the evolution in World Bank prescriptions signaled by the publication in 2005 of *Keeping the Promise of Social Security* (by Indermit Gill, Truman Packard, and Juan Yermo). The chapter by Estelle James, Truman Packard, and Robert Holzmann in Kay and Sinha's collection also explores shifts in World Bank approaches. Several countries are adopting reforms to the reforms to correct shortcomings. In Chile, President Michelle Bachelet's Pension Reform (Marcel) Commission proposed major modifications to serve the population, including the sizable informal sector, more effectively. These reforms were closely watched by other countries.

Data problems are also receiving more attention. Alberto Arenas de Mesa and three coauthors in *Lessons from Pension Reform* describe Chile's innovative Social Protection Survey, launched in 2002, which for the first time provides data for microeconomic analyses of key aspects of the pension system. Estelle James, Alejandra Cox Edwards, and Rebeca Wong propose a better method to assess the gender impact of social security reforms. Improved information on such issues should prompt and guide improved policies.

Although the contributors to Kay and Sinha's volume concentrate on pensions, Mesa-Lago gives equal attention to attempted reforms in health-care provision. He notes at the outset that health care is more difficult to reform than pensions for a long list of technical, administrative, and political reasons. In summary, whereas pension systems entail mecha-



nisms for the accumulation and management of money and its transfer to retirees, health-care systems entail delivery of a wide array of services to virtually the entire population through complex institutional systems. Since the early 1990s, almost every country in the region has adopted measures intended to reform aspects of health care, but the goals and nature of the reforms vary tremendously and cannot be classified into a few broad categories. Mesa-Lago identifies ten diverse models. Moreover, many health-care reforms have been introduced in stages or substantially altered after initial implementation. Change is ongoing: Mesa-Lago notes that between 2003 and 2006 eight countries approved or were debating further measures. Along with the lack of data, wide variation, at best partial implementation, and the evolving design of many reforms make them extremely difficult to evaluate.

#### AN OUTLIER CASE: CUBAN FAMILY DOCTORS

It is hard to imagine a greater contrast in scope and style than that between Mesa-Lago's volume and Christina Perez's ethnographic study of Cuban family doctors. Perez focuses tightly on one segment of the Cuban health-care system: the doctor-and-nurse teams responsible for (and usually resident in) every neighborhood. Whereas Mesa-Lago writes as an impartial and often critical observer and analyst, Perez is a passionate advocate for the system that she describes. Whereas *Reassembling Social Security* deals primarily with evolving laws, regulations, institutions, and the statistical data available to assess their effects, Perez writes of individual doctors, nurses, and patients, providing rich detail, often in their own words, regarding their values, concerns, frustrations, and satisfactions. Mesa-Lago strives to minimize ideological interpretations. Perez is deeply interested in the perspectives and ideologies that shape the family doctor program, and she seeks to place those in the context of recent Cuban history, circumstances, and international influences. In this, she often launches ideological attacks on what she labels "neoliberalism"—attacks that strike this reviewer as ill informed and irrelevant to the discussion. But these diversions detract little from the value of the study, especially in view of the paucity of information on Cuba's experience.

The community health-care program is the primary level of Cuba's universal free health-care system. After completing their standard training, doctors and nurses may opt for this specialization. Two-person teams are assigned to specific, fairly small neighborhoods and usually receive housing in the neighborhood. They work in part from small clinics—perhaps better labeled "health stations"—but a great deal of their work entails visiting patients and their families at home. The approach is holistic, guided by the assumption that good health requires not only sound preventive measures and treatment of physical problems but also

attention to each individual's psychological, social, and economic circumstances. Family doctors and nurses are in principle on call 24/7. In addition to providing primary medical care, they are expected to be intimately acquainted with the detailed daily life of everyone in the neighborhood, especially those at risk (including young children, pregnant women, the elderly, and those with chronic conditions). They are to educate their charges regarding good nutrition, personal and household sanitation, and environmental measures such as mosquito control, and they are to act as confidants, counselors, and social workers. They also collect and maintain extensive data. To accomplish these tasks, they often behave in ways that many outside Cuba (and presumably some within) would call highly invasive, such as checking the contents of the refrigerator or the pot on the stove. Their work is supervised and supported by staff of larger clinics responsible for a number of such teams, to whom they refer more complicated or serious cases.

Perez does not attempt to evaluate the costs or weaknesses of the program, although she does note problems: older clinics are often poorly maintained, some teams carry staggering workloads, doctors and nurses complain about paperwork and resent sanctions imposed on them when quotas are missed because patients fail to cooperate (e.g., if patients will not come to the clinic for Pap smears). Despite such problems, the program is the foundation of Cuba's health system, which generates health outcomes (particularly with regard to infant and child mortality and maternal mortality) far superior to those of any other Latin American nation and broadly comparable to the levels of most Organisation of Economic Co-operation and Development (OECD) nations. Salary structure and alternative job opportunities are among many contextual factors that limit the degree to which the program can be taken as a model for nations outside Cuba. The men and (mainly?) women who staff the program are paid a pittance. A service ethic strongly motivates many, but recruiting would clearly suffer if attractive alternative opportunities were available. Indeed, Perez reports complaints about the far higher incomes that drivers and tour guides earn in the expanding tourist industry.

The program shares some characteristics with Cuban basic education, whose student scores on international achievement tests are easily the highest in Latin America. As in the family doctor system, an overarching vision and strategy that could be described as holistic, tightly controlled, intensive, and often invasive strongly shapes Cuban education.<sup>4</sup> Students are in school seven hours a day, far more than elsewhere in the region. Teachers could almost be described as surrogate parents: children rarely change schools (in part a reflection of the tight supply of housing and there-

4. Martin Carnoy, Amber Gove, and Jeffrey Marshall, *Cuba's Academic Advantage: Why Students in Cuba Do Better in School* (Stanford, CA: Stanford University Press, 2007).

fore limited mobility) and are often assigned to the same teacher for four to six years. Teachers are expected to be well acquainted with students' home life. Teacher education is tightly controlled and closely coordinated with the national curriculum, and new teachers are closely supervised: both features contrast sharply with practice elsewhere in the region. Although ministers of education tend to turn over rapidly elsewhere in Latin America, the Cuban ministry has had a great deal of continuity.

Without assuming that Cuban models can or should be copied elsewhere, their experience does raise thought-provoking questions about what is required to provide education and health services to the most disadvantaged in society, especially children, on a scale and in ways that will substantially level the playing field. As previously noted, Paes de Barros and his coauthors calculate that family background—parents' education and father's occupation—weighs most heavily among the opportunities shaping economic and educational achievements. This point is supported by a large and growing literature documenting the crucial importance of early childhood education (starting in infancy in the home) for later learning capacity and performance in school, and of the even more basic role of adequate nutrition (starting before birth) and early health care for later mental and physical capabilities. Studies of preschool programs and charter schools working with disadvantaged children in the United States also point to the need for intensive and holistic approaches, combining attention to health and education, attitudes, and behaviors, that reach into children's homes to elicit parents' cooperation and address obstacles.<sup>5</sup> In short, some key characteristics of Cuba's basic health and education systems are consistent with growing evidence from multiple sources regarding the kind of programs that may be required to counter the effects of severe disadvantage.

#### A BROADER POLITICAL-ECONOMY PERSPECTIVE

None of the books discussed thus far focuses explicitly on the political economy of social policies, yet each touches on or at least implies the central roles of politics and economics. Mesa-Lago's comprehensive review of pension and especially health reforms, as well as the country chapters in Kay and Sinha's collection, repeatedly note the effects of funding constraints and describe the political difficulties of reform. Perez's discussion of Cuba explicitly underscores the crucial role of unique political and economic contexts. A deeper understanding of the progress and disappointments of social policies in Latin America demands a broader political

5. Paul Tough, *Whatever It Takes: Geoffrey Canada's Quest to Change Harlem and America* (Boston: Houghton Mifflin, 2008), combines a detailed description of one such program and reviews much of the research underpinning the approach.

economy perspective. This is the contribution of *Development, Democracy, and Welfare States*.

Haggard and Kaufman undertake an ambitious task: to analyze and compare the evolution of social policies in the middle-income countries of Latin America, East Asia, and Eastern Europe since the mid-twentieth century. For each region, they trace underlying economic and political trends that in some periods opened space for—indeed, demanded—significant changes in the coverage and structure of social policies while constraining change at other times. The authors start with the emergence of new ruling coalitions in the first half of the twentieth century, looking particularly at how urban working classes and peasant organizations were incorporated or excluded. They then track the impact on social policies of critical political realignments, shifting relations with foreign powers, and contrasting development strategies in each of the three regions. They cover two time periods: from the 1950s to about 1980 (1990 for Eastern Europe) and from 1980 to 2005. They focus on selected countries in each region. In Latin America, these are Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Peru, Uruguay, and Venezuela. This comparison of country experiences within and across regions highlights the effects of economic performance and strategies, regime type and democratization, and interest groups and coalitions. The points here capture only a small part of their complex and nuanced discussion, nor does space permit attention to the intriguing contrasts in cross-regional experience.

Economic performance and strategies constrain or enable the expansion of social services. Before the financial collapse of the 1980s, relatively successful import-substitution industrialization in parts of Latin America underpinned the gradual expansion of social entitlements for urban middle and working classes. In more recent decades, pressures to cut costs and introduce liberal reforms to improve efficiency were strongest where fiscal pressures were greatest. For example, in Argentina in the early 1990s, widespread fear of relapse into hyperinflation was a powerful impetus to pension reform. Haggard and Kaufman also suggest less obvious links: different growth strategies alter the relative power of interest groups and change their incentives, thereby influencing social policies. For instance, before the 1980s, import-substitution industrialization provided little incentive for business interests to press for education expansion and improvement. In contrast, more recently, open economies and international competition put a premium on flexible and productive labor, and therefore on education reforms.

Regime types, and especially competitive elections, also shape social policies. Authoritarian regimes have less incentive to seek citizen support and greater leeway to pursue unpopular policies: thus the only countries to entirely phase out the public pension pillar were Mexico and Chile under Pinochet. Conversely, competitive democracies are more likely to

expand social entitlements, as was true in Chile, Costa Rica, and Uruguay well before 1980 or in Brazil following suffrage reforms that eliminated literacy requirements and lowered the voting age in the 1980s. But authoritarian regimes facing dissident pressures may also use social policies to bolster support, as did Alberto Fujimori in the 1990s or Hugo Chávez more recently. Other channels for popular participation can also be important. Despite escalating fiscal pressures, four successive referenda in Uruguay rejected pension reforms; a fifth approved them after drastic modifications. The effects of regime type on social policy, in short, are mediated through specific institutions and interact with economic pressures.

Democracy's impact is also filtered through specific constellations of interest groups and coalitions. These reflect earlier policy and program choices, which create often powerful vested interests. Although competitive elections generate pressure for expanded social services, open politics can also strengthen vested interests opposed to structural reforms. Political parties matter: leftist parties that hold office for long periods promote more generous social policies. But in many countries, leftist parties have strong links to vested interests and are pressured regarding structural reforms. More fundamentally, although more competitive political systems and expanded electorates increase the power of the poor, the poor continue to be less well organized, connected, and influential than the better-off. Vigorous programs to improve the poor's lot depend on "the self-interest of other social groups and the formation of cross-class coalitions with an interest in equity and social justice" (362).

#### SOME IMPLICATIONS FOR THE FUTURE

Haggard and Kaufman's analysis is suggestive as regards future prospects for more equitable, effective, and efficient social policies in Latin America. Continued and less volatile economic growth is the crucial underpinning. Beyond further improvements in coverage, better quality and efficiency are imperative; both are costly to achieve, although improved efficiency ultimately saves money. Commodity booms expand opportunities. In the longer term, not only growth but also broader and more robust tax systems, less dependent on exports and payroll taxes, are needed. Tax reforms, in turn, require new political bargains and stronger confidence by both public and business in the competence and integrity of government.

The evolution of social policies will also reflect changing interest groups and coalitions. A key long-term trend is the steady growth of middle-class citizens—mainly urban, increasingly educated, affiliated with a growing array of civil society organizations, and increasingly demanding better services. Recent surveys find that the poorest and objectively least well served are not the respondents least satisfied with the social services that they receive. Dissatisfaction, in fact, increases as one moves up the

income ladder.<sup>6</sup> Middle-class demands are thus likely to play a growing role in improved education and health services, and they may help counterbalance the opposition of vested interests to greater accountability. But the same trend carries a risk: in the competition for inevitably limited resources, the priorities of middle-class constituents and communities may cause the needs of poorer groups to continue to be neglected. The greatest opportunity and challenge for technicians and politicians dedicated to more equal access is perhaps to construct cross-class coalitions that link the needs of the less advantaged with middle-class aspirations.

Social policy designs and priorities in coming years will reflect changes in ideas and theories, as well as political and economic contexts. *Measuring Inequality of Opportunities* reflects and contributes to a sharper focus on leveling the playing field. The record of recent reforms discussed by Mesa-Lago and by the contributors to the collection of Kay and Sinha is prompting fuller appreciation of formidable challenges in implementation, especially of changes in institutional arrangements and incentives, as distinct from increased inputs and coverage. Experience is also encouraging more cautious and pragmatic approaches, moving debates away from partially ideological assumptions of the 1990s. Social policy reform is an increasingly urgent but frustrating agenda for Latin America. But long-term trends in resources, political incentives, and knowledge of what works are gradually improving in much of the region.

6. Mauricio Cárdenas, Vincenzo Di Maro, and Carolina Mejía, *Understanding the Role of Education Perceptions and Victimization on Wellbeing* (Washington, D.C.: Latin American Research Network and Inter-American Development Bank, 2008).