**Latin America, regionalisation and social policy: Towards a hybrid Latin American welfare regime?**

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**Abstract**

Recent Latin American political and economic developments point towards a region in a state of rapid change. This paper considers the nature of these changes and reflects on their implications for the provision of welfare services in the region. One particular element of the Latin American political landscape that has become prominent in the last decade is the appearance of regionalisation projects that include human development and the provision of social policies as one of their foundational elements. The paper explores these regionalisation projects and the influence they are having in the provision of social policy in individual countries before considering the implications that changes in social policy provision are having in the welfare regimes affected. A tentative characterisation of Latin American welfare regimes as ‘hybrid’ – that is to say, welfare regimes that retain the residual forms of provision characteristic of a system relying on private insurance for small groups whilst increasing the number of social and universal programmes – is made, before considering the sustainability of those developments.

**Introduction: tectonic shifts in welfare regimes**

Social welfare in Latin America before the 1980s demonstrated characteristics of a welfare regime peculiar to the region. It consistently showed reliance on social insurance for formal economy and public sector workers; variable levels of protection for employees; and included in most cases, an aspiration to universal access and public provision of health and education, even though spending in those programmes was significantly lower in the region than in industrialised nations. Making use of an adapted version of Esping Andersen’s welfare regime theory (1990) the Latin American case was characterised by authors as an informal conservative welfare regime (Barrientos 2004).

In Latin America, the 1980s represented a dramatic transition to a new political and economic period. The drama associated with the debt crisis and the lost decade had profound implications for the region’s model of economic development, with a transition from Import Substitution Industrialisation (ISIS) to a neoliberal model of export oriented growth. The ‘neoliberal revolution’ that followed the debt crisis and the implementation of Structural Adjustment Programmes (SAPs) had severe consequences for citizens in Latin American countries in terms of their employment, the spread of poverty and their access to the protections that welfare systems across the region had delivered until then (Green, 1995; Klein, 2007).

In terms of the welfare regime shift that accompanied this transition, there were a number of notable characteristics, all of which point in the direction of growing precariousness for citizens due among other things to the deregulation of the labour market, extensive privatisation reforms and increased levels of poverty and inequality. The first characteristic of the new welfare regime that followed political and economic reform was a notable drop in social insurance coverage across the region. The second was a dilution of employment protection schemes that had until that point provided workers with relatively high levels of protection against dismissal or compensation schemes (albeit, these were programmes limited in coverage to the minority of formal sector workers). The third was a significant reduction in the state-funded provision of health and education which had traditionally included the aim of universal access and reach, in favour of market liberalisation and the introduction of private insurance (in health) and an expansion of private provision in education (Barrientos 2004).

Indeed, the changes in welfare provision identified were seen to be consistent with a new informal liberal welfare regime in the region dominant after the 1980s (Barrientos 2004). The overall characteristic of this new welfare regime was a significant reduction of social expenditure by the state in favour of a reliance of market forms of welfare provision. This transition represented a triumph of the market over the state and of neoliberal policy discourses according to which social and human development spending is in direct opposition to economic growth, making some countries – typically poor countries – unable to afford such ‘luxuries’. It has to be stated that this ‘neoliberal revolution’ was global in nature (at least in its ideological form) but that Latin America pioneered the implementation of economic and welfare policies, starting in Chile from 1973 onwards and extending across the region as the debt crisis spread the following decade. In the process of implementation, international organisations such as the World Bank (WB) and the International Monetary Fund (IMF) were most enthusiastic in offering advice, funds and incentives for reform in an agenda aiming to retrench the state, reduce further what were woefully low state welfare expenditure levels, and ‘privatise’ provision wherever possible whilst arguing that it was possible to provide pro-poor growth (WB 1994, 2001; Klein 2007). Thus from pension reform in Chile, Argentina, Peru, Bolivia and more, (Barrientos 1998), the privatisation of basic services such as water (in Bolivia), the reduction of the quality of public provision in health and education such that those with the means would migrate to private providers, and the reduction in employment protection legislation across the region, the 1990s delivered a blow to already limited systems of social policy provision.

This lethal mix of policies had what we now recognise as infamous results in terms of levels wellbeing for the Latin America population. It is now universally accepted that the neoliberal revolution in Latin America delivered increased levels of poverty and inequality. Gini coefficients for example, show increases across the board for Latin America in the 1990s (as compared to the 1980s), a region that continues to have the highest levels of inequality in the world (WB 2006). In addition, there was a marked reduction in access to welfare services for increased sectors of the population. Social insurance coverage for example, decreased markedly in countries such as Argentina, Peru, Mexico and Venezuela. Finally, the emergent picture showed large sections of the population excluded from basic social rights. How this social picture could occur at a period of spreading democratisation in the region is difficult to explain. What is clear is that the neoliberal version of democracy that gave rise to this deteriorating picture of human wellbeing in the region would itself be subject to a profound popular critique in parts of the region leading to the emergence of popular and social movement resistance (Kohl and Farthing 2006).

Interestingly the neoliberal period did not deliver in terms of economic growth either which is the promise of the marketplace. Or where it did, it did so in such an unequal manner that large sectors of society were not benefitting from the promise of better living standards. The 20th century ended with the social and political explosion driven by the new dispossessed masses, including the social upheaval leading to the first election of Chavez in Venezuela, the water wars in Bolivia in 2000 or the collapse of the Argentinian economy in 2001. In response, a number of Latin American countries took a left turn with the election of a wide range of political leaders, from Chavez, to Kichner, to Bachelet, Lula, Correa and now Mujica. Although their political programmes and styles varied significantly, all shared a number of critiques of the dominant neoliberal economic model in the late 1980s and 1990s; the degree of influence of northern institutions (IMF) and of the US in the region; of the social and human consequences of these policies. This common critique of neoliberalism resulting in a ‘pink tide’ in the region has rapidly changed the political map of the region and with it, it is having a profound influence on welfare and on approaches to welfare provision in the region (Katz 2006).

It is at this point that we have to consider the changes to the political, economic and social welfare structures of Latin America. The rest of the paper considers some of the biggest structural changes in the Latin American region in the 21 century. In particular, it explores some of the biggest changes in welfare outcomes and provision, exploring the extent to which it is possible to talk of a region-wide pattern of change that justifies the depiction of a Latin American-specific welfare regime.

**Latin America in the 21st century: A post-neoliberal turn?**

In spite of great differences in the political and economic directions of individual Latin American countries the advent of the 21 century has seen a number of key interrelated processes that have a strong bearing on the face of human development in the region. All are directly connected with the establishment of a Latin American set of policy directions that are more ‘nationalist’ and regional than in the past, with the clear aim of decoupling from the US and eroding the influence that the US has had in the region since the Monroe Doctrine (Mayer 2008). This process of decoupling has been accompanied by a parallel loss of US influence in the region and has many interrelated facets (geopolitical/military, economic, ideological and institutional) which are summarised below.

The implications for this decoupling from the US are multiple. In geopolitical terms, a mixture of US focus of attention in the Middle East through military intervention in Afghanistan, Iraq and beyond since 2001 has been blamed in part for the loss of US influence in the region (Scott Palmer 2006). Military influence for example was lost in 2008 as a result of Ecuador’s refusal to extend the lease on the US military base at the town of Manta or when in 2009 UNASUR announced the creation of a Latin American Security Council and marked the start of a common defence programme (Fisher Bollin 2009). The US loss of influence in the region is also noticeable in terms of the way in which countries such as China, Iran and Russia have strengthened diplomatic and economic relations with countries in the region. The new sense of Latin American independence of thought and action in the international state is also emphasised by the position that Brazil has found in the global stage as part of the Brazil-Russia-India-China (BRIC) group of nations and which explains the country’s political leadership in regionalisation efforts discussed below.

Economically, Latin America is also decoupling from what have traditionally been described as northern institutional tools for economic domination such as the IMF and the Word Trade Organisation. The former has run into trouble with Bolivia, Ecuador, Argentina and Venezuela that have at different points publicly aired their disagreements with the Bretton Woods organisations as part of a recurrent rhetorical anti-imperialist battle of ideas.[[1]](#footnote-1) Part of this independence of thought is sustained by the recent success of economic policies in the region that are diametrically opposed to IMF prescriptions based on mainstream neoliberal agendas. Rather than pursuing continued deregulation of labour and financial markets and mass privatisations of state assets, a number of Latin American countries have actively pursued state sponsored economic growth and a reversal of previous privatisations via the ‘nationalisation’ of natural resources and areas of strategic economic importance such as gas and electricity and implementing higher regulatory environments, with extremely successful results. For example, according to the IMF, Bolivia has tripled income per capita and significantly reduced poverty thanks to macroeconomic stability supported by high world commodity prices, growing at a rate of 6.7% in 2013 (IMF 2014). Bolivia is no exception in a region that has managed to substantially grow economically in the last decade and weather the 2008 financial crisis with per capita growth levels of 4.5% in 2010, 3.2% in 2011 and 2% in 2012, whilst generating employment across the region (ECLAC 2013).

A key element in the economic change of fortunes for Latin America consists of the central role that the state is now playing in the provision of social policies and welfare provision across the region. The state is back as the most important player in welfare provision, consistently challenging the neoliberal ideological prescription dominant in the 1980s and 1990s that suggested an incompatibility between state intervention and economic growth on the one hand, and between state intervention and efficient resource management in the provision of welfare services on the other (Green 1995). However, there are key elements that differentiate the nature of state intervention in social policy provision now with the role that the state used to play in social policy in Latin America before the 1980s. Whereas social insurance and legal employment protection for workers were part of the characterisation of welfare provision before the 1980s and were thoroughly dismantled during the 1980s, the current ‘post-neoliberal’ agenda does not mean that these have returned to the mainframe. Instead, a main claim in this paper is that the state has returned mainly as a provider of basic universal services and of conditional cash transfers to selected sections of society as is discussed below.

The final facet of Latin America’s decoupling from the US lies in the institutional agendas being created to further regionalisation processes and aspirations. These are being set up in Latin America and for Latin America. In this respect, the new century has provided highly meaningful regionalisation processes that include significant social policy agendas that break previous regionalisation paradigms. Two paths of regional integration dominate the discursive agenda in terms of social policy developments. These are UNASUR and ALBA. Both can be said to obey to what has been referred to as ‘the new cycle of resistance’ (Robinson 2008), describing Latin America as the main global scenario of counter hegemonic resistance projects that are responding to the crisis of legitimacy of free market-inspired forms of economic globalisation with their own alternatives. These regionalisation projects would respond to ‘neoliberal’ regionalisation projects such as the North American Free Trade Agreement (NAFTA) and its extended version in the Free Trade Area of the Americas (FTAA) that was refused by civil society and governments in Argentina, Brazil, Bolivia, and Venezuela and could therefore not prosper.

*The Emergence of UNASUR*

UNASUR is different to previous integration attempts that have failed because of indistinct founding principles and sense of direction. Led by Brazil, UNASUR represents Latin America’s desire to play an increasingly important international role, as Brazil currently does through the G20 and the Brazil, Russia, India, China and South Africa (BRICS) group. UNASUR’s founding principles delineated by declarations in 2004, 2005 and 2006, state the desire to move beyond the purely economic dimension that has characterised previous Latin American processes of integration to create a regional space that converges at the political, social, economic, cultural and environmental levels, emphasising the existence of a shared collective identity and citizenship (Álvarez Valdés, 2009).

With around 400 million inhabitants, UNASUR has taken the lead from the European Union (EU) and is exploring methods of deepening the democratic accountability of the integration process by creating a new UNASUR parliament (UNASUR 2008). A key aspect of the new South American parliament is, in principle, the full participation of civil society in the process of integration, an element emphasised by governments of the region like Bolivia. One aspect of this is the acceptance of a vision for UNASUR inspired by the coming together of social and indigenous movements around the continent, a vision that demands social justice in terms of the recognition and the implementation of indigenous rights, and proposes a vision of UNASUR that is free from neoliberalism, that is deeply participatory, and that is sustainable in the spirit of *suma qamaña* (living well) (Cumbre social de los pueblos, 2006).

Clearly then the creation of UNASUR marks a new departure for a region that appears to be finally proceeding towards accelerated political, economic and military integration. In the process, Latin America also aims to be more independent from the US. Proposals exist for the creation of a single Latin American currency reinforced by the creation of a development bank, the *Banco del Sur*, to reduce dependency of countries in the region on Bretton Woods institutions such as the World Bank and the IMF. And yet, UNASUR does not represent a model of integration that is truly radical or new. This is because, for all its potential as a source of political independence for Latin America, internal relations are dominated by a traditional model of exchanges between nation states, what has been referred to as the ‘club model’ of international relations (Benner, Reinicke, and Witte, 2004). Instead, ALBA represents a different counter hegemonic regionalism process that brings together a plurality of like-minded actors that includes governments but also, crucially, social movements.

*The Bolivarian alternative*

The Boliviarian Alternative for the Americas (ALBA) has been in existence and redesigning regional relations since 2004 (Janicke, 2008). ALBA-TCP is portrayed as the popular response to neoliberal policies of free-market capitalism and privatisation, an alternative based on a model of development that demonstrates concern for humans and their wellbeing in the context of participative forms of democracy and environmental sustainability (Brennan and Olivet, 2007). In this, ALBA-TCP constitutes a regionalism project led by states that reflects the demands of an alliance of actors under the banner of the hemispheric social alliance formed to oppose the failed FTAA and develop a democratic and sustainable alternative (Saguier, 2007).

ALBA-TCP represents a different set of values to those reflected in what have been described as ‘neoliberal regionalisms’ such as NAFTA. Instead, it represents a form of integration where solidarity and common benefit are put over and above profit (De la Barra and Dello Buono, 2009). In addition, ALBA brings together countries in the global south through exchanges based on principles of solidarity to deliver social policy activity in education and health.

In sum, post hegemonic projects of regionalism in Latin America challenge the logic of markets and neoliberalism, emphasising instead the role of state and civil society actors and arguing for the incorporation of indigenous forms of knowledge (living well).

**Key social welfare outcomes in 21 century Latin America**

Latin American countries have enjoyed robust economic growth almost across the board, often, as suggested earlier, after directly contradicting formal IMF suggestions. For example, per capita GDP in Latin America grew by 4.5% in 2010, 3.2% in 2011 and, although it grew by just 1.9% in 2012 after a downturn in the global economy, it is poised for further growth in 2013. In addition, levels of employment grew throughout the region, further bringing unemployment further down to its lowest levels in decades (6.4%) (ECLAC/ILO, 2013). These levels of economic growth have had an impact on poverty, levels of inequality, and the levels of public resources that individual countries can as a result devote to key social policy services.

Table 1 shows trends in poverty, levels of inequality and public expenditure as percentage of GDP in selected Latin American countries in the first decade of this century. Poverty has fallen by 15.7 percentage points since 2002, having declined virtually across the board in the last decade. This applies to poverty as well as extreme poverty which has also fallen by about 8 percent in the region. The rate of fall of poverty has varied through the decade. Here, the global financial crisis (2008- ) had an effect in the speed of fall in poverty during 2012, the same year for which economic growth slowed significantly as a result of a global recession. However, both levels of growth and decrease in poverty appear to have returned in the region since.

In terms of inequality, the evidence seems to suggest that inequality in Latin America is on a regional downward trend, having declined in every country. Levels of inequality increased in the 1980s and 1990s to some of the higher levels in the worldThis was caused by the double effect of economic liberalisation and a reduction of protections for the population that were part of the region’s transition to a neoliberal paradigm. The unambiguous finding that these levels of inequality have been in steady decline since 2002 have to be tempered by the acknowledgement that these inequality levels had a very high starting point and continue to be high in comparison to other global regions (Tornarolli 2014 ).

However, something that is very welcome is the finding that over the period of assessment, Latin American levels of inequality have fallen at the same time that other regions in the world have seen levels of inequality increase significantly. In the US and in some European countries, for example, the economic downturn has disproportionally affected the poorest segments of the population through a mixture of higher levels of unemployment, pay restraint and cuts to public services. In Latin American countries, however, an analysis of the variations in poverty rates finds that these can be explained by the distribution effect and the drop in inequality on the one hand, and by the growth in the mean income per capita. Although the latter accounts for the main drops in poverty for the most part, a significant contribution was made also by the distribution effect of increased social policy transfers (ECLAC 2014).

**Table 1: Selected welfare indicators and countries in Latin America**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Poverty** | | **Gini** | | **Gini**  **Annual % change** | **Public spending on health as % of GDP** | |
| **Country** | 2005 | 2011 | 2001 | 2011 | 2000-2010 | 2000 | 2011 |
| **Argentina** | 30.6 | 4.3 | 52.2 | 43.3 | -1.31 | 5 | - |
| **Bolivia** | 63.9 | 42.4 | 57.8 | 46.2 | -0.64 | 1 | 1.5 |
| **Brazil** | 36.4 | 18.6 | 58.8 | 52.6 | -1.07 | 4 | - |
| **Chile** | 13.7 | 11 | 54.7\* | 50.9 | -0.66 | 3 | 3.7 |
| **Ecuador** | 48.3 | 32.2 | 54.5\* | 45.8 | -1.49 | 0.8 | 1.5 |
| **Honduras** | 71.5 | 67.4 | 53.9 | 53.4\*\* | -0.52 | 2.5 | 3.5 |
| **Mexico** | 31.7 | 36.3 | 51 | 47.4\*\* | -1.16 | 2 | 2.8 |
| **Paraguay** | 56.9 | 49.6 | 54.7 | 52.6 | -0.72 | 1 | 2.3 |
| **Peru** | 52.5 | 25.8 | 52.9 | 45.7 | -0.71 | 1.7 | 2.1 |
| **Venezuela** | 37.1 | 23.9 | 46.4 | 38.8 | -1.22 | 2.5 | 2.3 |

\*2003 figures; \*\*2010 figures

(Source: CEPAL 2014; Lustig et al. 2013; Tornarolli 2014 )

**Towards a new hybrid Latin American welfare regime ?**

This paper has so far argued that key political and economic elements of Latin American development have changed substantially in the last decade. Some of those elements include a region-wide critique of the neoliberal period. This is stronger in some countries (Argentina, Bolivia, Ecuador, Venezuela, Nicaragua for example) than in others but even some of those countries (Brazil, Chile, Uruguay for example) have seen a leftward turn that has consistently critiqued the excesses of the neoliberal revolution and its profound human costs in terms of poverty and inequality. In some of those countries, notably in Chile, the battle of ideas between past and present is identifiable in the student revolts over funding of higher education that marked much of Piñera’s term in office and were partly responsible for the recent return of Bachelet. This critique of the neoliberal model of development was led in cases by social movements that have greatly increased their influence in governance across the region, including in the insertion of new forms of indigenous knowledge (suma qamaña) and understandings of wellbeing (Farah and Vasapollo 2011). Finally, these new governments have showed a strong preference for similar welfare paths and for new regionalisation processes with strong social welfare interests and mandates. These are reviewed in turn and outlined in table 2.

*Conditional cash transfers*

One key justification of the transition to an informal conservative welfare regime in the 1980s and 1990s was the argument advanced and defended by international lending institutions such as the IMF, the Interamerican Development Bank (IADB) and the WB. They suggested that state sponsored welfare provision essentially distorted the marketplace and the incentive for people to save and work, opening the doors to privatised, reductionist welfare provision justified on the basis of individual self-reliance and market forms of provision. Representing a victory of the marketplace at the expense of state intervention in welfare, this period left the majority of the population unprotected from the vagaries of the market and exposed to increasing levels of poverty and income inequality (Arze and Kruse 2004).

A key characteristic of the period that begins with the new century is that the ideological transition to a ‘post-neoliberal’ period has not been accompanied by the eradication or erosion of private forms of provision and insurance. On the contrary, these forms of provision constitute a fundamental pillar of the welfare mix in all Latin American countries. Instead, governments across the region have relied heavily in different forms of public expenditure on mass programmes that includes social spending in the form of subsidies for gas (Bolivia and Argentina), Petrol (Venezuela and Bolivia) electricity and transport (Argentina). In addition to this pro-poor expenditure, governments across the region have favoured a growing tendency for the expansion of universal forms of provision in health and education principally. However, conditional cash transfers and social support systems have been the main staple of welfare forms of provision for Latin American governments in the last decade, almost regardless of ideological persuasion.

Conditional cash transfers are non-contributory social welfare programmes that provide financial support to poor families, often in exchange for meeting certain behavioural criteria that is normally associated with participation in other forms of services, be it school or health care attendance or nutritional programmes for children or mothers. For example, in Bolivia, the *bono Juancito Pinto* (2006) is a basic payment to children on condition of meeting minimum school attendance targets whereas the *bono Juana Azurduy* (2009) pays expecting mothers a small amount of money in exchange for attending pre and postnatal appointments with a state provided midwife. They have been associated with great leaps in school attendance and with a reduction in child mortality (Artaraz 2012). In the case of Brazil’s *bolsa familia*, the benefit pays a certain amount to the head of the household with per capita incomes below $56USD with top-ups available for every vaccinated child and every child attending school. These programmes aim to reduce poverty, break the perpetuation of poverty in the same social groups by increasing social mobility, bringing socially excluded groups into contact welfare services. Pioneered in Mexico with the *Oportunidades* programme and in Brazil with a number of programmes that would derive in the current *Bolsa familia* (2003), these programmes have been in effect since the turn of the century and have now spread to 19 countries in the region, reaching 130 million people, representing 20 percent of the Latin American population (Cecchini, and Madariaga 2011).

They represent a great deal of progress towards inclusive universal social-protection systems available as entitlement. They are said to represent up to 20 percent of the beneficiaries’ income and have been credited with a significant distributive effect in the region and a consequent drop in income inequality (Stampini and Tornarolli 2012). Another net effect they have had is to show the gaps in the delivery of universal services they encourage (such as health and education), highlighting the role still to be played by governments in the provision of these services (Johannsen, Tejerina, and Glassman, 2009).

A main claim in this paper is that the state has returned mainly as a provider of basic universal services and of conditional cash transfers to selected sections of society. This type of provision shares more with the social democratic distributive ideal than with the conservative type of provision it replaces. On the other hand, this newfound preference for state intervention is taking place in Latin America without challenging the neoliberal period’s preference for the privatisation of services, insurance provision and individualisation of risk, whilst the two are increasingly being considered complementary parts of a single system. This, for example, is the case with the current Bolivian pension reform whereby *Renta Dignidad*, a basic non-contributory pension available to all is portrayed as one part of a holistic income support system for the elderly that includes, in addition, an individual capitalisation pension plan (for the small minority of elderly who have access to them) introduced during the 1990s (Lloyd-Sherlock and Artaraz 2014). This pragmatic coexistence between reductionist privatised insurance provisions introduced during the neoliberal period and a social pension that could be considered a conditional cash transfer in so far as it is non-contributory, is being referred to as a hybrid that shares elements that are characteristic of both liberal and social democratic welfare regimes. Thus, the current welfare regime attempts to tie both models of provision to each other as a single one (in the case of the Bolivian pension system, there is a small ‘solidarity’ transfer between large and small capitalised accounts). We are calling it a hybrid system because it is premised on new mass redistributive programmes of cash transfers (often very modest) ‘bolted’ onto existing private insurance based programmes. Their results are highly welcomed in reduction of poverty and inequality even if there is still a very long way to go. What they deliver, however, is part of a basic safety net that disappeared with the 1980s SAPs and the transition to a liberal informal welfare regime.

*Regionalisation and welfare provision*

In addition to the dominance of conditional cash transfers, current patterns of welfare provision in Latin America are being influenced by regionalisation processes. For example, health policy is an area of interest specifically developed by UNASUR, in particular through the South American Institute for Health Governance (ISAGS), an intergovernmental institution that contributes to the work of UNASUR’s Health Council. ISAGS’s role in UNASUR’s health council is to coordinate activities, design health policies, and train leaders in health policy by bringing together the ministers’ council with a series of regional networks of state institutions that connect country-specific public health systems, health ministries and health training schools.

The 2010-2015 quinquenial plan of UNASUR-salud aims to “consolidate South American efforts to integrate its healthcare systems so that they contribute to better health for all and to development by integrating and incorporating the efforts of MERCOSUR, ORAS-CONHU and OTCA” (UNASUR, 2010: 5). Created in 2009, UNASUR’s Health Council’s main remit and objectives are the construction of spaces for the development of regional health policies, operating as the umbrella organisation that brings together other meso-level regional health organisations, and the promotion of coordinated health policies between member countries. Commonly known as UNASUR-Salud, the health council brings together health ministers from each member country on an annual basis to work towards the creation of the institutional architecture to implement their health policy decisions. Having established UNASUR-salud in Santiago de Chile in April 2009, its five main areas of work were decided to be: epidemiological collaboration between public health systems; the development of universal health systems in member countries; the development of systems to ensure the universal access to medication; health promotion; and development of human resources in health (UNASUR 2009).

These aims are laudable as are the main values that drive the work of UNASUR-salud such as they are expressed in its current quinquenial plan. The document describes health as a fundamental right that must constitute one of the drivers of Latin American integration. It adds that the work of UNASUR-salud must seek the reduction of differences between health systems on the individual countries of UNASUR and the development of new systems must include the participation of civil society under principles of solidarity and respect for diversity (UNASUR, 2010: 5). These principles and values, as well as the five main areas of concern for UNASUR-salud are not, however, broken down into specific tasks and projects that can help us gauge the degree of strategic importance that health has on UNASUR’s agenda. The quinquenial plan, however, includes a basic budget for all five areas of action over the five year period that does not reach $14,5Million, a figure that belies the small reach of UNASUR-salud’s plan in the context of what is a grand ambition for the region.

ALBA represents a different set of integrationist aspirations to those reflected in UNASUR as it focuses on the Cuban revolutionary experience and construction of socialism through state-controlled universal social policies in health and education. ALBA lacks the institutional architecture of UNASUR-salud, yet relies on the mobilisation capacity of Cuba for the delivery of international missions (Feinsilver 1993, 2006). ALBA’s contribution to health policy in the region is quite extraordinary. Beyond the approached favoured by UNASUR-salud of building the institutional architecture to deal with the challenges of health systems and health needs of the population, ALBA has taken a more direct hands-on approach to the delivery of health care. Following the model of medical internationalism, ALBA funds mass health interventions in the region, from Venezuela, to Bolivia or Ecuador, where thousands of health personnel and facilities have been deployed to underserved, typically rural and poor populations. Authors like Brouwer (2011), Kirk and Erisman (2009) and Artaraz (2012) have explored in some detail the contours of national programmes such as *barrio adentro* in Venezuela, *operación milagro* in multiple countries, and the new programme *mi salud* in Bolivia. They constitute a small sample of the tens of thousands of health personnel that Cuba has distributed in more than 70 countries around the world that deliver health care from the ground up, taking a basic primary care approach that aims to tackle chronic malnutrition, deliver basic hygiene and immunisation, before considering more complex needs such as ophthalmic, or surgical services. A key characteristic of these programmes have been the very high levels of satisfaction expressed by local populations and the profound influence these experiences are having in the redesign of universal health systems free at the point of delivery that are beginning to be created in Venezuela and Bolivia and are modelled in Cuba’s family doctor programme (Brouwer, 2011).

Other ALBA-sponsored health initiatives include the sponsorship of Cuba’s famous Latin American Medical School (ELAM). The school trains thousands of Latin American students as doctors on condition that they return to their countries to practice in the same poor communities where they are from and they uphold the principle of health care provision as a public service (Kirk and Erisman 2009). Besides Venezuelan funding for these projects, other Latin American countries such as Brazil have contracted Cuban health personnel to deliver services in underserved rural areas. In addition, multilateral agencies such as the World Health Organization (WHO) and the Pan American Health Organization (PAHO) also finance medical services provided by Cuba for third countries (Feinsilver, 2006).

Finally ALBA designing a number of ‘grannational’ projects and enterprises such as ALBAmed and ALBAfarma. ALBAmed aims to deliver a centralised system for the registration of medicines in ALBA countries whereas ALBAfarma will create a transnational enterprise for the procurement, storage and commercialisation of pharmaceutical products in Bolivia, Ecuador, Venezuela, Cuba and Nicaragua (Cochetti, 2013). This alliance of poor countries seeks to make the most of their collective purchasing power and centralised system for the procurement and distribution of medicines in order to save up to half of current costs of medicines by substituting branded imports of medicines for generics.

In sum, UNASUR-salud constitutes an important breakthrough for Latin America’s process of regionalism through social policy development because of the way in which it proposes a new set of institutional mechanisms for health policy convergence that agglutinates existing regional organisations and builds new horizons in the spirit of reduction of inequalities, universalist principles of health care, and citizen participation. Unfortunately, these grand ideals, though potentially setting the foundations for a future of integrated health care provision, do not constitute a major delivery step forward as plans rely on voluntary national funds and minimum budgets. Instead, ALBA delivers direct healthcare to poor rural populations in ALBA countries. In addition, ALBA countries have privileged access to ELAM and the medical training opportunities it presents to a new generation of health professionals. Furthermore, ALBA is now moving towards the creation of a shared pharmaceutical regulatory and commercialisation environment that will facilitate production, procurement and distribution of medical supplies in the ALBA area with significant savings envisaged for ALBA countries and commercial benefits for Cuba.

**Table 2: Three phases of welfare provision in Latin America**

|  |  |  |  |
| --- | --- | --- | --- |
| **Key characteristics** | **Before 1980s** | **1980s-1990s** | **2000s** |
| **Development model** | Import Substitution Industrialisation (ISI) | Export-Oriented growth  Structural Adjustment Programmes (SAP) | State led Export-Oriented growth |
| **Political model** | Mixed (authoritarian/democratic) | Democratic | Democratic |
| **Role of the state** | Very important: Social insurance + public health and education provision | Social insurance decline  Public provision of health and education declines | Very important: Public health and education provision + Conditional cash transfers |
| **Role of the market** | State sponsored labour market protection measures and employer provided wage supplements | Labour market employer provision declines  Private insurance based on individual self-reliance increases | Private insurance based on self-reliance |
| **Role of households** | Very important among the poor | Very important for increasing numbers | Very important |
| **Dominant features** | Social insurance and employment protection for workers  Limited coverage | Private insurance  Self-reliance  Exclusion of the many  Residual provision | Private insurance (self-reliance) for small elites  Increased coverage with universal aspirations of provision (health, education, pensions)  Conditional cash transfers for large sections of society |
| **Results** | High levels of exclusion | High levels of exclusion  Rising poverty and inequality (lost decade) | Higher levels of basic protection (vivir bien?)  Poverty reduction  Decreased inequality |
| **Influence of Regionalism in policy transfer** | Negligible | Negligible | Profound (ALBA) (though no institutional structures)  Increasing (UNASUR) |
| **Depiction of welfare regime** | Informal Conservative | Informal Liberal | Hybrid (liberal, reductionist private insurance and market based forms of provision + universal or widely available conditional cash transfers). New mass redistributive programmes bolted on existing limited insurance based programmes |

**Concluding remarks**

This paper uses welfare regime theory adopted by Barrientos (2004) for the study of the changing nature of Latin America’s welfare regime. It explores Latin America’s ideological, political and economic changes in the last decade as well as the profound transformations taking place in welfare provision and outcomes. Two specific elements are argued to be of particular importance to the changed landscape of welfare provision. The first is the newfound reliance on conditional cash transfer in the region. These programmes have substituted the state’s role on welfare provision in the form of social insurance and employment protections that dominated in the region until the 1980s. They are deemed to have changed the nature of income inequalities in the region, accounting for a substantial part of their reduction in the last decade. In addition it has been argued that the provision of conditional cash transfers has been ‘bolted on’ to the private insurance and market forms of reductionist provision that are the remnants of the informal liberal welfare regime that emerged after reforms in the 1980s and 1990s, resulting in types of provision that belong in different ideological ‘families’.

The second key aspect of Latin America’s new welfare landscape is the growing processes of regionalisation that have a social policy concern at the heart of their foundational *raison d’être*. These are new concerns for regionalisation and integration processes in Latin America that have traditionally been concerned mostly with economic and trade liberalisation. We have referred to them as counterhegemonic processes of regionalisation. Two of those processes have been explored in the form of UNASUR and ALBA, particularly in relation to health. The paper argues that these processes explain increasing regional concerns with the provision of universal services in health (in terms of basic health care and access to affordable medicines, for example) and that they deliver growing policy influence driving common forms of provision in the region. Both of these elements (the newfound involvement of the state in the provision of cash transfers and the policy influence of regionalisation processes) justify a depiction of Latin American welfare regime as a hybrid that includes social democratic ideals of redistribution based on citizenship rights, liberal-reductionist aspects of provision, and an element of global/regional influence towards solidarity-based systems.

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1. Most recently disagreements have been made public between the IMF and Argentina over Argentina’s reporting of inflation (in 2013) and the country’s current technical default over disagreement regarding a US legal court ruling compelling the country to return in full loans to two hedge funds. [↑](#footnote-ref-1)