

1 Introduction

1.1 The Renewed Attention to Universalism

“Health care is a right for everyone in every country, rich and poor. Our commitment is universal,” the World Bank’s President Jim Yong Kim claimed in early 2014.¹ He is not alone in his call. Policy proposals aimed at achieving universalism have flourished (Filgueira *et al.*, 2006; ILO, 2011; UNRISD, 2010), as has far-reaching policy experimentation (Cotlear *et al.*, 2014; Huber and Stephens, 2012; Martínez Franzoni and Sánchez-Ancochea, 2014; Pribble, 2013). The term has gained traction among policymakers in national and international institutions: the World Health Organization (WHO) is pushing for universal health coverage; the United Nations (UN) is promoting a global social protection floor; and a number of countries across the South, particularly in Latin America, have introduced reforms labeled as universal. The growing attention to full coverage and equity in the post-2015 international agenda has expanded the interest on these goals even further (Fischer, 2012).

This policy attention coincides with the emergence of a new middle class that across the South demands better and more affordable social services (Pezzini, 2012). Economic growth, improved wages, and more access to credit has rapidly expanded the number of the non-poor: in Latin America, for example, the number of people within the middle class is now equal to the amount of those in poverty (Ferreira *et al.*, 2012). And the expansion is far from over: estimates indicate that, across the world, the middle class will increase from 1.8 billion in 2009 to 3.2 billion in 2020 and 4.9 billion in 2030 (Kharas, 2010). Although upward mobility has granted these groups new consumption and investment opportunities, they still share many characteristics with the

¹ See www.worldbank.org/en/news/speech/2014/01/14/speech-world-bank-group-president-jim-yong-kim-health-emerging-economies (last accessed December 8, 2014).

poor. They are what the *Financial Times* depicts as “the fragile middle” (Burn-Murdoch and Bernard, 2014): people who are just “one illness away” from falling back into poverty (Krishna, 2010) and in need of high quality services and transfers.

Despite its growing social, academic, and policy relevance, few studies have focused on how universalism should be understood across the South; what its core features are; and how it can be built and sustained. Most comparative literature explains the level, composition, and/or redistributive power of social spending (Haggard and Kaufman, 2008; Segura-Ubiergo, 2007). Others have accounted for social policy reforms in recent decades (Castiglioni, 2005; Madrid, 2003; Mesa-Lago, 2008; Rudra, 2008). None of these lines of inquiry have explicitly addressed the creation and expansion of universalism. Moreover, most studies on the historical determinants of social policy address the presence of democracy, social movements, and left-wing parties (coupled, in some cases, with economic variables) to explain variation (e.g. Sandbrook *et al.*, 2007). These factors may be significant preconditions, contributing to place social policy at the top of the policy agenda. However, the observation of left-wing parties under democratic regimes expanding social spending yet not universalism suggest there are missing links between democratic institutions on the one hand and universalism on the other.

This book is about these missing links. We begin by defining universalism in terms of desirable policy outputs: similar, generous entitlements for all. These, we argue, must be distinguished from the specific instruments that secure them – which may include social insurance and social assistance alike. We then explore the determinants behind universal social policies based on the comparative study of four countries across three continents – Costa Rica, Mauritius, South Korea, and Uruguay – and a detailed analysis of policymaking in Costa Rica. We identify two variables that link democracy and progressive political leadership with universalism. The first is the policy architecture – i.e. the combination of instruments that define who has access to what benefits, and how. In the short run, the more unified these instruments are, the more we expect universal results to be. In the long run, policy architectures create a set of opportunities and constraints for further (positive and negative) change. The second variable is the presence of state actors capable of promoting unified

architectures through the adaptation of international ideas. What makes this actor successful in some countries, sectors, and periods yet not others is the combination of the right political, ideational, and bureaucratic resources.

Based on the evidence we present throughout this book, we draw implications for contemporary efforts to promote redistribution. This goal is pressing as the concentration of assets among the very wealthy intensifies across the world (Piketty, 2013; Stiglitz, 2013). Aside from being objectionable on ethical and moral grounds, inequality bears significant costs in terms of economic growth and various social ills (Wilkinson and Pickett, 2009; World Bank, 2006).

To present our argument in this introductory chapter, we first discuss the meaning and importance of universalism (Section 1.2) to then identify gaps in the literature on the determinants of universalism in the South (Section 1.3). In Section 1.4 we justify our selection of policies and briefly address missing links between democracy and universal outputs. In Sections 1.5 and 1.6 we present our methodology and the main arguments, focusing first on the concept of policy architectures and then on state actors and ideas (with democracy and progressive leadership as preconditions). We conclude with a brief overview of the rest of the book.

1.2 The Meaning and Relevance of Universalism

The meaning of universalism in social policy is contentious (Anttonen, Häikiö and Stefánsson, 2012). Following Titmus' (1958) and Esping-Andersen's (1990) typology of welfare states, a dominant approach understands universal social policies as those programs funded with general taxes that everyone receives as a matter of right based on the principle of citizenship (Beland *et al.*, 2014; Esping Andersen and Korpi, 1987). Unfortunately implementing these kinds of policies in the South confronts deep-seated obstacles. High income inequality, concentration of political power among a small elite, weak fiscal capacity, political instability, and macroeconomic volatility have all hindered the creation and expansion of citizen-based, tax-funded programs for all (Sandbrook *et al.*, 2007).

Partly as a response to these problems, recent policy proposals use the term “universal” and “universalism” to refer to programs that seek

to reach everyone, even if they entail unequal benefits.² For example, in the January 2014 speech we mentioned early in this chapter, the World Bank's president stressed the need for "a special focus on expanding access to vital services for poor women and children." In Mexico, the much heralded creation of Seguro Popular is viewed by authors like Cotlear *et al.* (2014) as a way to reduce segmentation in the present and down the road. Yet the reform may create instead two-tier social systems with notorious differences in generosity between beneficiaries.

In our view, if everyone has access to some health care benefits, but only a few have their cancer treatment covered, there is no universalism to speak of. Neither can we call an education system universal when it combines poor quality public schools, privately managed schools that require co-payments, and private schools with more resources, a better curriculum, and more daily school hours for a small minority. When it comes to pensions, if transfers to the poor are below subsistence levels while the rest of the population receives generous pensions based on previous income levels, we may witness massive coverage yet not universalism.³

Moreover, focusing primarily on the poor is unlikely to create the type of cross-class coalitions that are required to support a steady growth of social spending (Korpi and Palmer, 1998). When both the poor and the middle class are incorporated into the same policies, the voice and mobilization capacity of the latter benefit the former as well. This cross-class alliance is not only helpful to broaden access but also to guarantee generosity. The resulting expansion of transfers and services has substantial redistributive effects and creates a virtuous circle for social incorporation (Huber, 2002).

We need an approach to universalism that builds on the maximalist goal but acknowledges that there may be different ways to secure the same benefits for all (e.g. not only general revenues but also social insurance combined with social assistance). Universal social policies are those that reach the entire population with generous transfers and services (see Figure 1.1), without necessarily resorting to markets.

² "Everyone" may mean the population at large or everybody who is part of a given collective (e.g. young children in the case of pre-primary education or the elderly in the case of pensions).

³ Even though pensions may be granted for a number of reasons, in this book we use the term to refer to old-age transfers alone.

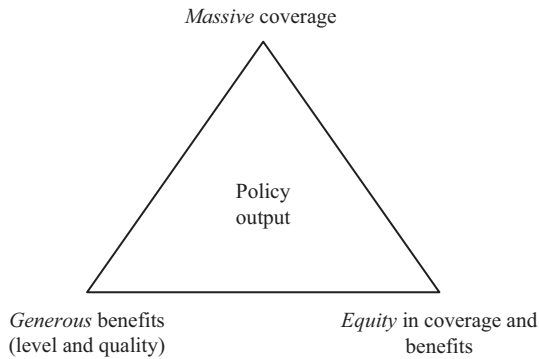


Figure 1.1 Universal Outputs as a Triangle of Coverage, Generosity, and Equity

There are thus three key dimensions in our approach: coverage, generosity, and equity. Massive coverage is relatively straightforward: it takes place when benefits reach most people involved in a given category (e.g. school-age children; pregnant women; the elderly). Ideally, transfers and services should incorporate non-nationals located in the country (regardless of their legal status), even if that ideal has been particularly difficult to sustain in the South and increasingly in the North as well. Generosity refers to the level and quality of benefits involved. The more comprehensive and the better quality benefits are, the more universal the policy output will be. Equity refers to the distribution of coverage and generosity across beneficiaries: countries could secure massive access with an uneven generosity among groups of the population. The more evenly distributed – between rural and urban areas; women and men; and the poor and the non-poor – benefits are, the more universal the results will be.

By introducing a new definition of a concept that has a long tradition, we risk being criticized for muddying the waters. Why should we challenge a rich body of scholarly work that defines universal social policies as those based on the principle of citizenship? Why don't we use terms like "egalitarian social policy" or "redistributive social policy" instead? We believe that giving up the term would not be the best approach for at least two reasons. On the one hand, the term "universal" has a powerful normative value; it is also contested as too many policymakers and some academics nowadays use the term to promote unequal benefits for different groups. On the other hand, as

previously discussed, creating citizenship-based programs is difficult. Weak state capacity and electoral pressures conspire against implementing large programs funded through general taxes from scratch. Our approach highlights the potential to secure the desired goals through more pragmatic and diverse means.

Adopting this definition allows us to explore many policy relevant questions: what policy instruments help countries get closer to desired policy *outputs*? Have social insurance and social assistance played a role in building universalism? Have countries secured universalism by relying on non-public providers, and if so, how?

1.3 Explanations of Universalism: Going Beyond Enabling Political Conditions

Until very recently, the comparative political literature on social policy in the South did little to address the building of universalism. In the last decade, however, a growing number of studies have started to pay (often implicit) attention to this issue – largely mirroring the intensive processes of state-building taking place in many of these countries.

In exploring the formation of social policy, studies define their dependent variable in diverse ways. Many scholars still base their claims on the amount of people reached and social spending involved, with few explicitly addressing universalism. For example, in his study of welfare states in Latin America, Segura-Ubiergo (2007: 31) groups countries based on “welfare effort” – measured by coverage and various indicators of social spending. Quantitative indicators of this kind are even more prevalent in econometric analysis, where data availability inhibits more nuanced forms of measurement. Brown and Hunter (1999) focus exclusively on spending in their study of democracy and social policy – an analysis reproduced and updated by Lehoucq (2012).

Following an established tradition started by Titmus’ work and boosted by Esping-Andersen’s influential analysis of the worlds of welfare capitalism, other studies explore how public money is spent. Authors such as Huber, Mustillo, and Stephens (2008), Rudra (2008), and Rudra and Haggard (2005) distinguish between social security, health care, and education, and explore its different determinants. Most of these authors assume that health care and (primary) education have larger redistributive capacity than pensions, but do not discuss universalism per se.

There are some recent exceptions. In their ambitious study of welfare states in Latin America, East Asia, and Eastern Europe, Haggard and Kaufman (2008) use the term “universal” to refer primarily to coverage, although at times extend the concept to equity. When talking about the welfare state in Eastern Europe under Communism, for example, they argue: “core benefits such as the employment guarantee, healthcare, pensions, and family allowances, all evolved into universal programs. Where benefits were tied to wages (as with pensions), the highly compressed nature of the wage structure meant that they were distributed relatively equally” (p. 143). Overall, however, Haggard and Kaufman do not devote much attention to the meaning or determinants of universalism per se – in fact, neither universal nor universalism appear in their index.

Sandbrook *et al.* (2007) also refer to universal policies in their exploration of social democracy in the periphery. When defining the different types of social-democratic regimes, they refer to “universal entitlements to meet basic needs” in radical social democracies like Kerala, and to “universal and comprehensive welfare state” in classical social democracies like Costa Rica and Mauritius. Yet they make little effort to define these terms rigorously or to distinguish analytically between universal policies and the other components of the social democratic regimes they explore (e.g. state intervention in economic affairs; the structure of the state; and the role of social movements).

Two recent studies on Latin America’s welfare policies are more explicit in their definition of universalism. Huber and Stephens (2012) explore the determinants of redistributive social policies in Latin America through a combination of panel data and case studies. Their study focuses on redistributive policies, which they define in terms of basic universalism: flat rate transfers for the bottom three deciles together with “tax financed, flat rate universalism, that is, quality health and education as a right of citizenship” (Huber and Stephens, 2012: 68). Like us, they recognize the role that different policy instruments (including social security and means-testing) can have. Unlike us, however, they put an accent on massive and equal access to basic rather than generous benefits.

Jennifer Pribble’s object of study in her book on the role of party politics in welfare reforms in Latin America is the closest to ours. Her definition of universalism includes coverage, transparency, quality, and level of segmentation and financing. She moves away from binary

distinctions (universal vs non-universal) and argues that universalism can be reached with different policy instruments (Pribble, 2013). At the same time, her definition involves features we see as part and parcel of policy instruments – rather than outputs – such as transparency and financing.

Moving from the conceptualization of our dependent variable to its determinants, much of the literature underlines the role of democratic institutions in making broad-based policies possible (e.g. Filgueira, 2007a; Huber and Stephens 2012; Lehoucq, 2012; McGuire, 2010; Rudra and Haggard, 2005; Sandbrook *et al.*, 2007; Segura-Ubiergo, 2007). Although often not explicitly defined, democracy for these authors is commonly understood as encompassing a system of government with free and fair elections and freedom of the press. The accent on democracy owes much to Meltzer and Richard (1981): their median voter theorem holds that policy will reflect the preferences of the voter located at the median point in the income distribution. Therefore, “majority rule with a universal franchise would lead to economic redistribution” (Shapiro, Swenson, and Donno, 2008: 1). Electoral competition forces political parties to draw on social spending to increase their constituency. Democratic governments are particularly effective in protecting social spending in times of economic crisis (Avelino, Brown, and Hunter, 2005; Brown and Hunter, 1999). For McGuire (2010), elections and a free press influence positively the amount of spending in primary health – his central dependent variable. Filgueira (2007a) concentrates on the long-term effects of democracy, showing how democratic regimes gradually develop social coalitions and institutional mechanisms that support large social programs. In his view, “early social state formation is highly correlated with early democratic experiments” (p. 141). Social insurance expanded in Argentina and Uruguay under democratic rule during the 1910s and 1920s. Chile’s founding push happened under authoritarian rule in the 1920s, but the subsequent expansion took place under democracy.

Democracy also opens spaces for left-wing parties, which will generally favor higher social spending. Huber and Stephens (2012) found that the Latin American countries where left-wing parties prevailed over the past two decades were more likely to stress spending in health and education – which tend to have broad coverage and more redistributive results – rather than in social insurance and social assistance. In Pribble’s (2013) account of universalistic social reforms, having left-wing parties is a necessary condition, even if by no means sufficient.

The literature on the period of neoliberal retrenchment of the 1980s and 1990s brought to the center stage other variables – some of which are prominent in our own analysis in the second part of the book. In particular, international pressures, economic and fiscal demands, and domestic technocrats – mostly economists – received significant attention as drivers of social policy change (e.g. Brooks, 2009; Centeno, 1994; Madrid, 2003). New research was built on the notion that retrenchment shrunk ideological differences between right- and left-wing parties and that a global ideational turn accompanied reforms. Presidents often placed policy formation in the hands of technocratic cadres that at times acted outside democratic institutions (Markoff and Montecinos, 1993; Silva, 2010). Processes of diffusion, learning, and emulation of ideas coming from abroad were singled out as drivers of policy reform (Ewig, 2010; Meseguer, 2009; Weyland, 2005).

Nevertheless, the retrenchment literature also recognized the role of democracy and political parties. Domestic coalitions in the context of democratic institutions adapted the set of reforms promoted by the international financial institutions (Weyland, 2007). Scholars also pointed to the role that right-of-center governments played in embracing state downsizing by privatizing, decentralizing, and contracting out social services and transfers (Castiglioni, 2005; Huber, 1996; Kauffman and Segura-Ubiergo, 2001).

There is no doubt that electoral competition and party ideology influence the level of social policy and are fundamental for the promotion of universalism – a claim we confirm in this book. Yet democracy is by no means enough. In Latin America, for example, electoral competition in Chile and Uruguay resulted in unequal social benefits across occupational groups during most of the twentieth century. Uruguay had nine pension funds in 1967, including those for civil servants, and nine autonomous health insurance funds for workers in different manufacturing activities. In exchange for a monthly premium, large parts of the middle class received services from mutual health associations, which spent 3.1 times more resources per person than the public system (Mesa-Lago, 1978). In Chile, social insurance involved ten different funds, with entitlements and obligations contained in more than two thousand legal texts (Mesa-Lago, 1978; Segura-Ubiergo, 2007). Fragmentation inhibited universal outputs and, as a result, deepened market-driven inequalities (Haggard and Kaufman, 2008).

Since the 1980s and under the last wave of democratization, some left-wing administrations have been more willing and capable of delivering redistributive programs than others. As argued by Pribble (2013: 19), some “populist parties of the left/center-left have recently engaged in regressive social policy reforms.” In fact, there is a large variance in social policy among democratic countries, both historically (Filgueira, 2007a) and today (Martínez Franzoni, 2008; Pribble, 2011).

Electoral competition and party ideology are thus important contributing factors to universalism but cannot alone explain the direction of social policy change. More broadly, it is problematic to assume that preferences of leading social and political actors translate more or less automatically into policy content.⁴ In fact, political leaders and parties can respond to their electorate in many ways – some of which will lead to universal outputs while many others will not. Voters, particularly middle class constituencies, do not necessarily frame their claim for more and better social services as demands for universalism.

In explaining the link between democracy and universalism, we thus need to look at other variables and answer key questions: What features do programs have? What actors are behind program design? What incentives do they have to promote policy instruments that deliver universalism? Addressing these questions – that is, identifying missing links between political preconditions and universal social policy outputs – constitute the main concern of our book.

1.4 How to Explore Missing Links: Our Research Design

Much of the literature on social policy studies social policy regimes (Gough, 2013), understood as the intertwined set of state interventions to secure people’s wellbeing. The assumption is that sectors such as education, health care and pensions are organized under a similar rationale. Interventions in specific areas are pieces of a larger puzzle to ensure safe and resourceful life courses for all. Yet considering the whole policy regime when studying universalism is problematic for at

⁴ The literature on state capacity has a similar problem: it fails to explain how the bureaucracy builds its own policy preferences. A strong bureaucracy may always be a better enforcer of laws already approved (something Itzigsohn, 2000 shows in his comparison of labor laws in Costa Rica and the Dominican Republic), but by itself cannot explain why certain laws are approved in the first place.