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Presentation

1. Argentina: Stages of Welfare provision: from import substitution to social reform
3. The Heads of Household Plan—a new social policy?
4. Final remarks
Presentation

The paper discusses the recent transition between two modalities of social service provision in Argentina. The analysis tries to ascertain how much the shift between two economic strategies has changed social policy orientation between 1991 and 2005.

The presentation is organized as follows: the first section depicts the model of Argentina’s social provision until 1991 reforms. Section two discusses the 1990s welfare strategies. The third section analyzes the Plan Jefes y Jefas de Hogar desocupados (Unemployed Household Heads’ Program), the post-devaluation main social program. In the last section we discuss the determinants of social policy, its impact on citizenship, and the role of social capital and social actors.

1. Argentina: Stages of Welfare provision: from import substitution to social reform

Following Esping-Anderson, we discuss some features of the Argentine welfare regime: the provision of social protection through targeted social programs, and the role of the market and of social actors in the provision of welfare.

We depart from three arguments; first: welfare policy’s protective impact during the import-substitution period and until the 1976-1983 military government has been overstated in the literature. Second, we claim that during the 1990s and in the post-devaluation period, the official discourse on social reform has been more radical than the changes actually implemented. Third, we argue that economic shocks may create the conditions for reorienting social policy.

Some critics of the 1990’s social sector reform have spread a “nostalgic” vision of the Argentine welfare system consolidated during import substitution. The overestimation of its protective content has often led to place the initiation of the social crisis and the deepening of poverty only after the 2002 devaluation. But the deterioration of living standards and the curtailment of social rights was not a new phenomenon. These nostalgic views recreated a narrative, supported by scholarly research and popular myth, in which recent Argentine history consisted of the gradual destruction of a “Golden Age of the Welfare State” (see for example Barbeito and Lovuolo 1992). This idea became associated with the supposed “exceptionality” of Argentina, whose welfare state had produced an egalitarian society similar to the European and far removed from the inequality prevailing in the rest of Latin America.

During import substitution, the Argentine welfare regime protected workers’ stability and income, provided free and universal health and educational services, and regulated social insurance – pensions and “obras sociales” – financed by employer and workers’ contributions. Economic benefits were granted to trade unions in exchange for political support, with a network of social services also existing for non-wage earners (Cortés and Marshall, 1993). Social provision was structured along the lines of the “conservative-corporatist” model (Esping-Andersen, 1991), albeit lacking unemployment insurance provided by European welfare systems. Families had a passive role, while private charity and
religious organizations were granted primary responsibility for helping the unprotected poor. Access to benefits was stratified according to occupation type, along the lines of what F. Filgueira (2005) calls “stratified universalism.” State institutions for providing social services outlived the state’s capacity to fund them, even after the decline of the model that had produced them had become abundantly clear. A closer look at the composition and impact of public social policy instruments during import substitution shows that their protective capacity progressively declined. The reforms during the military, the 1980s debt crisis and hyperinflation had weakened state capacities to intervene in the social.

Although the level of public spending in the social areas remained stable, the quality of provision fell, as did the capacity of the state to address the growing social risks. The work related social security system, which comprised public pensions and the “obras sociales,” faced severe financial difficulties, caused by the widespread evasion of contributions, the stagnation of the formal workforce, and state mismanagement. Another pillar of state social intervention, collective bargaining, had been frequently interrupted.

Contrary to the views of supporter of the “egalitarian myth”, protection was uneven, and wide segments of society had to rely on the family or on private charity in times of trouble, as has been shown to be the case in the literature on survival strategies in Latin America (Lomnitz 1975, Gonzalez de la Rocha 2002).

The 1989 hyperinflation fostered consensus in society and government around the need of reorienting social policy. Indeed, since the 1989 hyperinflation opinion polls showed a consensus in favor of privatizing State enterprises and of curtailing government spending. Explaining the popular sectors’ acceptance of the new discourse on social reform became an obsession for social scientists during the 1990s: they had to explain the latter’s acquiescence with policies which jeopardized their well-being (see Navarro 1995). Some explanations included the fear of returning hyperinflation, positing a consensus for “a flight forward”, legitimating a solution which was the only alternative to economic chaos, regardless of future consequences. Some authors argued that an astute combination of manipulation, co-optation and repression was key element in garnering support for structural adjustment programs (Acuña and Smith 1994). Others hypothesized that in Argentina, as in certain European countries, immediate privation and sacrifice – involving the contraction of the welfare state - were accepted as the trade-off for a better future (Przeworski 1991). Offe (1987) claimed that social fragmentation legitimized a weaker public social welfare provision, as long as the each individual group’s interests were protected.

“…The social policy paradigm associated with economic liberalization prospered within the government, and became an important determinant of policy reorientation”. These were supported by relevant social actors in the local arena: the business community, certain unions and the political party that held power during the 1990s (Cortes and Marshall, 1999).

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1 The “obras sociales” financed wage earners’ health care through workers and employer contributions, and were managed by trade union, and regulated by the state.

Rationalizing and reducing public social spending was an explicit objective of social reform in the 1990s. The administration emphasized the importance of increasing social expenditure’s efficiency, targeting the really needy, precisely when there was evidence of the expansion of poverty, as a result of more than a decade of economic stagnation culminating in the 1989 hyperinflation.

This change in the social policy paradigm also modified the official discourse, introducing new elements: the targets of the reformed social programs. These targets were neither organized communities nor workers; instead they were “statistical categories” constructed on the basis of individual traits: elderly people, female heads of household with small children, handicapped. Research teams were created to track measure and map these groups, labeled “vulnerable” rather than “poor”.

The targeted programs were implemented in three stages. During the first, between 1991 and 1995, the emphasis was on distributing goods—food and school supplies—directly to families or through community soup kitchens and schools. School construction projects and primary health-care programs were designed, but they did not meet local needs and had little impact.

Government, church charities and the business community opposed permanent cash transfers to the poor, on the grounds that “vulnerable” populations lacked the skills needed to handle money. The existing targeted programs were implemented at times and in areas with rising conflicts. Although evaluations concluded that targeted programs were “efficient”, and well targeted, their coverage was scarce when compared with the extension of poverty. In addition most programs were short-lived and their design changed constantly.

The second phase of social reform started in 1995 following the “Tequila” crisis, when unemployment and headcount poverty had reached unprecedented high levels. The Labor Ministry devised and implemented a workfare program, “Trabajar”, distributing the equivalent of the minimum wage to unemployed household head, which had to participate in public works. The program was praised in most of the World Bank and IADB literature on Latin America’s social reform as an example of sound social policy. But it had severe drawbacks: its coverage was limited, including just 7% of the unemployed; after their enrollment in the program ended, the workers were still unemployed, and several evaluations found that the distribution of benefits was strongly “clientelistic”.

During the brief period the “Alianza” government held office (1999-2001), social policy strategies became erratic. The government claimed the need to articulate and/or unify existing programs, which now numbered around 70, but it never implemented the needed articulation. The economic depression started in 1999 and continued until the end of 2002; unemployment and poverty extended while fiscal deficit social spending was shrinking, and several targeted programs were suspended as government faced raising foreign debt and fiscal deficit.
Attempting to control conflict the Alianza Government strategically provided benefits to the rioters, but instead of calming unrest, partial accords sparked more protests among the growing organizations of unemployed.

In the context of the sharp decline in job opportunities, some factors contributing to the rise and spread of new forms of social protest were:

1. fiscal adjustment imposed on the provinces since 1993 threatening job stability and public sector wages.²
2. large-scale layoffs that followed privatization of provincial state-owned firms affecting living standards
3. the weakening of unions’ bargaining power and representation the sharp rise in unemployment and the growth of the informal job market, and the spread of decentralized bargaining.
4. freezing of bank accounts en 2001, accompanied by a loss of purchasing power on the part of the middle class.

Although labor unrest was more moderate during the 1990s than during the Alianza other types of broadly-based social conflicts protest have persisted. Characterized as “social protest” (Schuster et al 2005; Scamp and Perrier 2001), this phenomena expressed the dissatisfaction of historically poor sectors whose privations have been exacerbated by high unemployment, as well as that of middle-class members whose living conditions deteriorated. Since mid-2000, different groups joined the demonstrations demanding work and an end to poverty; the National Front against Poverty was created in 2001 and influenced the creation of a country-wide program to face poverty.

Amid this plethora of popular protests, middle class urban dwellers, affected by the banking crisis organized neighborhood assemblies, which first appeared in December, 2001. Their numbers rose during 2002, mainly in the Capital city. While some assemblies promoted protests against individual political figures, others launched their own social welfare programs assisting the increasing numbers of poor families.

3. The Heads of Household Plan—a new social policy?

Both unemployment and indigence grew exponentially after the 2002 devaluation. But the change in economic strategy—the end of the fixed exchange regime or convertibility — did bring about a decrease in unemployment and poverty beginning in 2003 (see Table 1). The 2002 devaluation and the massive loss in real income hit the poorest 40% of the population, and in this context, the government claimed that it was necessary to transform residual compensatory programs into overt government policy. Anti-poverty programs acquired a prominent place in the government’s agenda and the nature of their funding—through

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² Early conflicts were spontaneous popular uprisings against local authorities initiated by provincial government employees threatened by further job and salary cuts. The first uprising was in Santiago del Estero in 1993; it was followed by similar processes in other provinces—Jujuy between 1993 and 1995, and San Juan, Córdoba and Río Negro in 1995—which were accompanied by highway blockage and attacks on public buildings. Later, human resources policy of the newly-privatized State enterprises triggered conflicts by severely downsizing in areas without alternative sources of employment.
export taxes—are indications of the change in orientation that has taken place since the prior decade.

This commentary should in no way be taken to mean that the new programs have been successful nor that they overcame targeting. What can be affirmed is that there has been a change in that social welfare was acknowledged as State policy, and that significantly higher funding levels than those assigned to “targeted social programs” were allocated to the program.

Political and social conflict did not melt down in post-devaluation Argentina. In the first half of 2002 there were thousands of highway and street blockage, an increase of 260% over the cases recorded in the first half of 2001. It was within this context that the launched The Heads of Household Plan, which consisted of cash transfers in exchange for work and the obligation of complying with their children’s schooling and vaccination. The benefits consisted of a flat transfer, slightly below subsistence level (basic food basket), irrespective of the number of children in the household.

There was a strong gender bias in the definition of the beneficiaries’ work obligations; men were allocated to maintenance and construction work, while women helped in communitarian social activities. This gender division of labor produced a contradictory effect: on the one hand, it implied valuing women for the community service they provided; on the other, the stereotype according to which social work is a “natural” extension of a woman’s work into the public sphere was reinforced.

The design of the plan allocated to local political authorities and social organizations the responsibility of selecting beneficiaries and controlling the implementation of the program. But the role of social organizations was often only nominal, as the distribution and development of social capital was uneven, and highly insufficient in deprived neighborhoods, where local authorities tended to concentrate decisions. The role of social capital was residual in the implementation, although in the official discourse social organizations were meant to have a leading role.

The program introduced the notion of universal right in the official transcripts, while the magnitude of its coverage was higher than other preceding targeted programs. But the announced rights’ perspective was not necessarily present in the implementation of the plan; there were several exclusionary clauses (beneficiaries had to be heads of households with children under 18, in income less households); beneficiaries had to comply with different obligations (schooling and vaccination of children; minimum hours of work or training) to receive the benefits. In other words it defined the “deserving” poor rather than awarding rights.

4. Final remarks

Did social policy in the 1990s attenuate the “social costs” of economic reform? Social policy in that period strengthened citizenship or perpetuated the economic model? Did the 2002 changes was a return to the past model of social welfare regime? Or Argentina is reorienting the patterns of social intervention towards a new, segmented provision of welfare? (One
segment for those in the labor market, the other directed to support the poor through targeted, low level of benefits and services).

It is not easy to give a satisfactory answer at this stage, as more research is needed, and the transformations are still occurring. During the 1990s social issues were not in the centre of government’s preoccupations. Interventions addressed conflict rather than problems arising from poverty and social deprivation. It was not a matter of inefficient management: the existing funding was inadequate to meet raising social needs. Social spending continued its long term trend: it was pro-cyclical in spite of the worsening social indicators, concealed from the public light.

From the demand side it is worth considering the composition of the programs’ beneficiaries; for example the Trabajar program targeted exclusively on structural poverty, and neither in the discourse nor in the implementation were able to address the emerging problems among the “new poor”, former wage earners with bleak prospects of employment.

Social reform rhetoric assigned “Civil Society” a leading role, delegating the implementation and certain responsibilities of targeted programs to local ngo’s. Their participation was not always productive for many reasons. First, the question of whether NGOs can really represent the interests, values and identities of poor sectors of society was never debated. In addition, many social organizations were created—directly or indirectly—by the State for the purpose of outsourcing the provision of services as required by international credit organizations. Others were created by local personalities in order to benefit from prior State contracts. Second, the idea that social organization would be more efficient than State bureaucracies led not only to a weakening of the government’s administrative apparatus but also ignored municipal governments, allowing many NGOs to take the lead in managing programs. And third, delegating resources and responsibility to this type of organization did not eliminate favoritism; what it did, in any event, was redefine actors.

But looking back at the legacy of the 1990s, conflict-control policies at the same time strengthened the organizations of the unemployed. The selection of beneficiaries fell in hands of organization leaders, reinforcing their bond with a dependant and complying “clientele”. The organizations became influential interlocutors in a position to demand specific programs and broaden the scope of demands.

The complexity of the relationship between citizenship and the social question is also apparent. On the one hand, the impact of poverty on people’s confidence in democratic institutions has been a concern for years. And on the other, the existence of democratic institutions has made possible the increase in acts of protest and the appearance of a new type of collective organization that articulates social, civil and political demands, putting into practice new ways of combining the principles of recognition, participation and redistribution (Grimson & Kessler 2005). While not naively optimistic regarding these movements, we do feel it important to note that from now on, any political alliance that proposes altering present conditions will be obliged to take them into account.

The debate on the relationships between social policy and the emergence of demands for social rights can be dealt with analyzing the dual social policy-citizenship dimension. On the one hand legal rights allocate entitlements, while the rules of access define the actual
realization of social rights. Both dimensions – entitlements and access - are essential for defining social citizenship. In the case of Argentina, social policy has been characterized by a disjunction between entitlement and provision. Entitlements of social rights has been proclaimed at times and even included in general terms in certain laws, but the mechanisms needed for effective, broad and stable access to benefits have never been generated. Provision hasn't been guaranteed, remaining instead dependent on circumstantial variables. In this sense, it cannot be said that social programs have generated social citizenship.

And finally, there is the question of the impact of targeted programs on social capital. Unlike the case in Southern Europe where the family played an important role, in Argentina the state was responsible for the social welfare of the elderly, both at the height of the protective social policy regime and during its decline. But state provision has been ineffective, and although the law defined entitlements, in fact the deterioration of state provision transferred responsibilities to families. Care and responsibilities for the upbringing of pre-school children fell into the family; well-to-do families have resorted to paid domestic helpers and private institutions, while the rest had to rely exclusively on domestic arrangements, jeopardizing women’s participation in the labor market.

The prolonged economic stagnation (1980s and end of the 1990s) raised lower income families’ responsibilities, and reduced their capacity to participate in community level activities. The official endorsement of social capital collided with the weakening capacities of families and deprived communities. Policy makers claimed that participation of targeted programs’ beneficiaries would guarantee transparency and accountability. Studies have shown that these programs reinforced social exclusion, linking “the poor to the poor,” increasing their socio-spatial segregation by diminishing the possibility of connecting with better-off sectors and of developing capacity to influence policy decisions. In some cases instead of reinforcing local relationships, these interventions have raised conflict.

The implementation of targeted programs often was in hands of a set of heterogeneous individual and collective actors, who held different views. In local programs providing infrastructure (soup kitchens, first aid stations, community centers, etc.), the control of these spaces was informally appropriated by community organizations that hindered or denied access to other groups or persons who wanted to use them. On paper the resources were assigned competitively to NGOs in order to ensure meritocratic and transparent allocation of resources. But in practice, the best-prepared local organizations (through contacts, training and “knowing the ropes”) were selected to carry out projects, thus gaining control of public resources which insured them the support of people interested in receiving the benefits they could provide. In eyes of policy makers civil society was strengthened, and “transaction costs” were lowered, while the “losers” would disappear “naturally”. But the end result was the exclusion of part of the community from the access to public goods, raising conflict and local fragmentation (Kessler&Roggi 2005).

Although programs were declared widely participative, the scope of the participation and the actual empowerment implied were not made clear. In many cases, participation was a way for NGOs and the State to get free labor for carrying out social services.

In the 1990s social services were outsourced to different types of NGOs, that grew thanks to government funding and acted as social services agencies that had been co-opted or created
by the State. Organizations’ survival depended on obtaining provisions from the State and not on the strength of their links to the local community. Studies show that, paradoxically, their presence invisibilized the state; beneficiaries perceived that for example the local church or Caritas (the Catholic Church charity) were the providers, as the state disappeared.

What changes have been made in post-devaluation social programs?

The organizations of the unemployed that appeared during the 2001 crisis participated in the “Mesa del Dialogo”, spearheaded by UNDP, which proposed the Plan Jefes to the 2002 government emerged after De la Rua’s resignation, and later played central role in the distribution of benefits. This deserves careful consideration. Indeed, the present debate centers on the legitimacy of this new actor. Is this yet another form of political favoritism or new elements distinguish it from traditional forms of clientelism?

The government has coopted the main piqueteros’ leadership, who at the same time were able to control the distribution of benefits, so as to to survive institutionally and maintain group support. As a corollary, several of the leaders of these groups now form part of the government. These partisan groups were able to obtain additional resources for novel productive initiatives, while the rest, more distant from government, are weakened or disappear. Few piqueteros groups have used benefits for collective community undertakings, strengthening social networks in communities severely punished by unemployment and poverty. The result has been the beginnings of the reconstruction of the local social fabric.

The most significant innovation of the Heads of Households plan was the transition from a myriad of targeted, territorially-based programs towards a more centralized scheme, which transformed the role of local actors. The government regained a central role in the distribution of benefits, and strengthened its position vis à vis the local authorities. In a way, local governments’ clientelism was replaced by central government clientelism, as the results of the 2005 elections have shown: deprived areas voted for the governing party, who granted the benefits.

Various authors have claimed different views: that social programs have been functional to the prevailing economic model, or that social policy has contributed to the construction of social citizenship; but these views are debatable in the case of Argentina. It has been suggested above that pre and post-devaluation social policy can be viewed as an uneasy balance between using political means to alleviate conflict and the twists and turns of the economic juncture. Has this impacted on citizenship construction? Has it been functional to the economic model? These questions still remain unanswered in present day Argentina.
Table I. Argentina: Selected Social Indicators

<table>
<thead>
<tr>
<th>Year</th>
<th>Urban Unemployment Rate</th>
<th>Urban Employment Rate</th>
<th>Income Share of Highest 10%</th>
<th>Income Share of Lowest 20%</th>
<th>Poverty Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>6.9</td>
<td>37.1</td>
<td>22.1</td>
<td>10.0</td>
<td>15.1</td>
</tr>
<tr>
<td>1995</td>
<td>18.4</td>
<td>34.5</td>
<td>28.3</td>
<td>7.3</td>
<td>24.8</td>
</tr>
<tr>
<td>2000</td>
<td>15.4</td>
<td>35.9</td>
<td>27.7</td>
<td>6.5</td>
<td>20.8</td>
</tr>
<tr>
<td>2002</td>
<td>21.5</td>
<td>32.8</td>
<td>31.7</td>
<td>5.3</td>
<td>45.7</td>
</tr>
<tr>
<td>2003</td>
<td>15.6</td>
<td>36.2</td>
<td>31.9</td>
<td>5.8</td>
<td>42.6</td>
</tr>
<tr>
<td>2004</td>
<td>14.4</td>
<td>38.9</td>
<td>30.6</td>
<td>6.4</td>
<td>33.5</td>
</tr>
<tr>
<td>2005</td>
<td>13.2</td>
<td>39.4</td>
<td>29.4</td>
<td>6.5</td>
<td>28.8</td>
</tr>
</tbody>
</table>

(2) Proportion of households living under the poverty line, urban areas.

Table II. Argentina: GDP variations and Consolidated Social Expenditure, Selected Sectors.

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Annual % Change</th>
<th>Total Education</th>
<th>Health Care</th>
<th>Targeted</th>
<th>Labor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991-1994</td>
<td>8.9</td>
<td>3.91</td>
<td>4.6</td>
<td>0.76</td>
<td>0.77</td>
<td>31.4</td>
</tr>
<tr>
<td>1995</td>
<td>-4.6</td>
<td>4.32</td>
<td>4.97</td>
<td>1.02</td>
<td>0.96</td>
<td>32.4</td>
</tr>
<tr>
<td>1996</td>
<td>4.7</td>
<td>4.13</td>
<td>4.62</td>
<td>1.05</td>
<td>0.91</td>
<td>30.6</td>
</tr>
<tr>
<td>1997-1998</td>
<td>6.3</td>
<td>4.35</td>
<td>4.56</td>
<td>1.13</td>
<td>0.86</td>
<td>30.6</td>
</tr>
<tr>
<td>1999</td>
<td>-3.4</td>
<td>4.93</td>
<td>5.13</td>
<td>1.02</td>
<td>0.97</td>
<td>34.24</td>
</tr>
<tr>
<td>2000-2001</td>
<td>-5.4</td>
<td>5.1</td>
<td>5.03</td>
<td>1.06</td>
<td>0.99</td>
<td>34.7</td>
</tr>
<tr>
<td>2002</td>
<td>-10.9</td>
<td>4.4</td>
<td>4.47</td>
<td>1.06</td>
<td>1.41</td>
<td>29.34</td>
</tr>
<tr>
<td>2003-2005</td>
<td>9.2</td>
<td>4.11</td>
<td>4.39</td>
<td>1.20</td>
<td>1.6</td>
<td>29.2</td>
</tr>
</tbody>
</table>

(1) Social Expenditure as percentage of GDP.
(2) Welfare programs include public assistance and exclude “obras sociales”.
(3) Social Expenditure until 2004.
Bibliography


