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# 1 Introduction

Without any doubt, the proliferation and expansion of social policies over the last hundred years has been a macro-political phenomenon of enormous social, economic, and political importance for Latin American societies. But while the rapid growth of social programs in industrialized countries received growing scientific attention from the 1970s on, similar processes in Latin America were subject to a comparatively limited number of studies until the early 2000s.<sup>1</sup> When in the late 1970s Ian Gough (1979, 1) went as far as to say of the industrialized countries that the “twentieth century, and in particular the period since the Second World War, can fairly be described as the era of the welfare state,” several Latin American countries could look back at over seven decades of social insurance development and even surpassed the United States and other industrialized countries in programs such as health-maternity insurance and family allowances (Mesa-Lago 1989, XV). When Esping-Andersen ([1990] 1998, 1) observed for the industrialized countries that what “once were night-watchman states, law-and-order states, militarist states, or even repressive organs of totalitarian rule, are now institutions predominantly preoccupied with the production and distribution of social well-being,” many Latin American states devoted about 40% of their expenditures to social policies and in some countries, such as Argentina, Uruguay, and Costa Rica, this number even ascended to 50% or 60% (Segura-Ubierno 2007, 14).<sup>2</sup> The importance of the expansion of social policies, however, not only rested on the devotion of significant resources to providing such elemental things as access to health care, education, food, and income security. It rested as much on shaping the social stratification of the society, family and gender relations, the distribution of political power and the basic dynamics and rules of the economy (e.g., Barrientos 2004; Esping-Andersen [1990] 1998; Filgueira 2005; Huber and Stephens 2001; Lewis 1992; Martínez Franzoni 2008; Orloff 1996).

Already towards the end of the 20<sup>th</sup> century, Carmelo Mesa-Lago (1989, XV) had concluded that “in terms of social security [...] Latin America is a leader in the Third World.”

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- 1 A significant growth of studies on Latin American social policy commenced with the proliferation of neoliberal privatization and retrenchment measures during the 1990s and further intensified with the political left-turn in the region during the 2000s.
  - 2 According to Segura-Ubierno (2007, 14), during the 1973–2000 period only four industrialized countries devoted a higher share of their public expenditure to social policies: the Netherlands, Switzerland, France and Germany.

## A Latin American Paradox: Significant Social Expenditure Without Significant Redistribution

In the context of high world market prices for Latin American commodity exports, high economic growth rates and the election of left-of-center governments in a significant proportion of the region, social policy expansion received another decisive push during the first one and a half decades of the 21<sup>st</sup> century. Many of the reform initiatives during this period, such as the expansion of social services, universal cash transfers, targeted social assistance programs, and the easing of access criteria for social insurance benefits, had a clearly redistributive orientation (Barrientos and Santibáñez 2009; Cruz-Martínez 2019; Lustig 2015; Lustig, Pessino and Scott 2014). In 2015, the average public social expenditure in the region reached 14.6% of GDP and was hence not far from the 19.0% average spent by OECD countries.<sup>3</sup> Some countries, such as Argentina, Brazil, and Costa Rica, even spent over 23% of their GDP and surpassed, in relative terms, highly developed welfare states, such as the Netherlands, the United Kingdom or Iceland (OECD 2019; CEPAL 2017a, 123).

However, despite this stunning expansion of social policies and the progressive character of the recent reform cycle, Latin America is still characterized by extreme inequalities.<sup>4</sup> These concern not only the distribution of incomes but pervade nearly every aspect of social and economic life, such as access to health care, education, labor markets, land, housing, and sewage treatment (Burchardt 2012; Ferranti et al. 2004; Peters 2013; Tittor 2012). Inequality expert Nora Lustig (2015, 14) recently pointed out that while Latin America is home to about “5 percent of the world’s billionaires, the poor are strikingly poor. Infant mortality and malnutrition in rural areas and shantytowns, and among disadvantaged groups in Latin American middle-income countries, are much the same as in notably poorer nations.” Hence, there is a pressing question: How can Latin America be at the same time leader in the Third World in terms of social policy *and* in terms of inequality?

An important part of the answer lies *in the way* social policy systems evolved in Latin America. While social policy transfers and taxes in OECD countries reduced income inequalities measured with the Gini coefficient by an estimated average of 36% during the early 2010s, they did so by a meager

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3 The numbers are simple un-weighted country averages. The average provided by CEPAL (2017a, 123) for Latin America and the Caribbean covers only central government spending for many of the countries. Therefore, the already considerable social spending share of 14.6% of GDP constitutes still an underestimation of the true overall public social expenditure.

4 As a socialist country, Cuba constitutes an exception to this as well as to the following observations regarding the relationship between social policies and inequality.

6% in Latin America (Hanni, Podestá and Martner 2015, 13).<sup>5</sup> Of course, neither among Latin American countries nor among industrialized countries are social policy regimes uniform. Since the publication of Gøsta Esping-Andersen's influential book *The Three Worlds of Welfare Capitalism* in 1990, a growing number of comparative studies have clustered welfare regimes according to a range of aspects, such as their effects on social stratification, labor markets, gender relations, and income inequality.<sup>6</sup> However, even if we compare leading countries of the most developed and redistributive social policy regime types in Latin America, such as Argentina, Uruguay, and Costa Rica, with countries of the least egalitarian liberal regime type in the industrialized countries, such as Australia, Canada or the United Kingdom, the latter achieve significantly stronger redistributive effects. Around 2010, social policy transfers reduced income inequality measured with the Gini coefficient by approximately 9% in Argentina, 5% in Costa Rica and 11% in Uruguay (Hanni, Podestá and Martner 2015, 11). In comparison, the same effect was about 18% in Australia, 14% in Canada, and 21% in the United Kingdom (Joumard, Pisu and Bloch 2012, 13). Significantly, Argentina, Costa Rica, and Uruguay actually devoted bigger shares of their GDPs to social spending than did Australia, Canada and the United Kingdom.<sup>7</sup>

This stunning paradox of significant social spending without comparably significant redistribution raises at least two important technical and political questions: First, what are the peculiarities in the design and the rules of Latin American social policy regimes that explain this paradox? And second, what are the underlying social, economic, and political reasons that led to the development of these peculiarities?

The first question has motivated the undertaking of several technical studies with detailed analyses of the redistributive effects of virtually all major social policies in Latin America (e.g., Ferranti et al. 2004; Goñi, López and Servén 2008; Lindert, Skoufias and Shapiro 2006). The findings show that the key reason for the lack of redistribution is the truncated character of most social programs, which means that they either exclude or strongly disadvantage low-

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5 The numbers refer to simple un-weighted country averages. In both regions cash transfers had a significantly stronger impact on income inequality than taxation (OECD 2007, 53). In Latin America, Hanni, Podestá and Martner (2015, 13) estimate that cash transfers account for over 60% of reduction of the Gini coefficient.

6 For an overview of different social policy systems in Latin America see e.g., Barrientos (2004); Burchardt, Tittor and Weinmann (2012); Filgueira (2005); Gough (2013); Gough and Wood (2004); and Martínez Franzoni (2008). For an overview of different social policy systems in industrialized countries see e.g., Ebbinghaus (2012), Esping-Andersen ([1990] 1998); Huber and Stephens (2001); and Orloff (1996).

7 According to CEPAL (2013, 174) Argentina spent 27.8%, Costa Rica 22.7% and Uruguay 24.2% of their GDPs on social policies, while according to the OECD (2019) Australia spent 16.6%, Canada 17.5% and the United Kingdom 22.4%.

income earners, precisely those who suffer from the most urgent social needs.<sup>8</sup> While big shares of the social spending are used to finance occupationally based social insurance schemes, most Latin American low-income earners are peasants, informal workers or unemployed workers and are therefore deprived of access to these programs. In practice, this often means exclusion from a whole range of social protections, such as family allowances, pensions, unemployment allowances, health care, work accident compensation, and wage payment during sickness. According to the International Labor Organization (ILO), in 2015, approximately 140 million persons or 53% of all workers in Latin America were informal workers (Salazar-Xirinachs and Chacaltana 2018, 22). Furthermore, social insurance systems are highly fragmented in most Latin American countries, which implies that, within the population of formal workers, members of high-income groups often receive disproportionately better benefits than members of low-income groups. Even spending on non-contributory social policies, such as public health care and education, often benefits the better-off more than poorer sectors, as the latter often live in rural or marginalized urban areas in which public social services are either lacking or provided in inferior quality (Burchardt 2012; Ferranti et al. 2004; Goñi, López and Servén 2008; Lindert, Skoufias and Shapiro 2006).

## **The Research Focus**

While several of the above mentioned studies contain detailed analyses of the social policy designs that disadvantage or exclude low-income earners and elaborate recommendations for rendering Latin American social policy regimes more inclusionary (Barrientos and Hulme 2008; Ferranti et al. 2004; Goñi, López and Servén 2008; Lindert, Skoufias and Shapiro 2006), we know much less about the politics that led to the proliferation of such inegalitarian regulations. Social policies do not simply develop out of technical debates and recommendations but are always the outcome of political processes. This does not mean that such recommendations do not influence social policy development, but rather that whether and what recommendations are made at a certain moment and even more so which of them enter the governmental agenda-setting process and are implemented depends decisively on political factors.

The main goal of this book is, therefore, to contribute to a better understanding of the politics of social protection for low-income earners in Latin America and to examine the underlying structures, constellations of actors, and mechanisms. To do so, it engages in a profound long-term analysis of the paradigmatic Argentinian case.

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8 For the purpose of this study, the group of low-income earners is defined as the 40% of the population with the lowest income.

## Understanding the Politics of Social Protection for Low-Income Earners in Latin America: Existing Literature, Empirical Gaps, and Remaining Theoretical Puzzles

While some recent studies have focused on the political processes underlying the expansion of social protections for low-income earners during the 2000s (Garay 2010; Pribble 2013), there are still important gaps regarding the preceding decades. So far, no study has explicitly focused on the long-term politics of social protection for low-income earners. This means that we lack not only empirical information on many reform processes but also a coherent theoretical framework that takes into account the influence of major economic, social and political transformations that unfold over longer periods of time.

Most studies that adopted a long-term perspective, in turn, focused their attention on general social policy regime development. This way, they provided significant insights into the history and political economy of social policy in Latin America. Carmelo Mesa-Lago (1978; 1989) argued that social policy expansion during the 20<sup>th</sup> century was a gradual process in response to the growing power of occupationally based pressure groups, such as military men, civil servants, and formal workers. Alex Segura-Ubiergo (2007) found that economic development, Import Substitution Industrialization (ISI), the power of left and labor movements, and democracy fostered the growth of social spending. In addition to these factors, Fernando Filgueira (2005) and Stephan Haggard and Robert Kaufman (2008) showed that social policy regime development in Latin America was also often shaped by critical realignments during which powerful elites sought to co-opt or control labor movements, which besides repression usually involved significant social policy concessions.<sup>9</sup> Evelyn Huber and John D. Stephens (2012) and James McGuire (2010) further contributed to the literature by showing that democracy and the power of the political left historically contributed to the implementation of more redistributive social policies.<sup>10</sup> However, all these studies compared a relatively large number of countries and did not focus on the evolution of social protections for low-income earners. Thus, existing studies have improved our understanding of the overall growth of social policy systems in Latin America, but we still lack a deeper understanding of why these systems evolved in a truncated way that disadvantages or even excludes low-income groups from social protection.

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9 Although not focused on welfare regime development, Ruth and David Collier ([1991] 2009) formulated a similar argument in their book on critical junctures and labor incorporation in Latin America.

10 In congruence with these arguments, Haggard and Kaufman (2008, 79–113) observed that democratic governments in Latin America between 1945 and 1980 were more likely to expand social protections to hitherto uncovered groups while authoritarian governments tended to increase benefits for already protected groups.

Notwithstanding, it is possible to derive a range of hypotheses from the existing literature. Most of the cited historical studies of social policy development in Latin America either explicitly or implicitly assumed that the expansion of social programs was biased towards the middle and formal working classes, because these sectors were better organized, occupied strategically more important positions in the state and the economy and were hence more powerful than low-income groups, such as peasants, the unemployed and informal workers (Barrientos and Santibáñez 2009; Filgueira 2005; Haggard and Kaufman 2008; Mesa-Lago 1978; 1989; Segura-Ubiergo 2007). If we consider, however, that it is also true in most industrialized countries that low-income groups were weakly organized and lacked political power (Huber and Stephens 2001, 18–19), it becomes evident that the weakness of social protections for low-income earners in Latin America cannot solely be explained by the unequal distribution of power between different popular classes.<sup>11</sup> Furthermore, this line of argument has difficulties in explaining why governments in several countries indeed undertook strong efforts to introduce and expand social protections for low-income earners during certain periods. In Argentina, for example, the Peronist governments of the 1940s, 1950s, and 1970s massively expanded social assistance policies, eased access criteria so that most elderly low-income earners could access relatively generous pensions, and built up a universal and free public health system. In Costa Rica, the PLN governments during the 1970s nearly universalized health insurance coverage, significantly extended pension coverage, and set into motion massive social assistance programs (Martinez Franzoni and Sánchez-Ancochea 2013). Under the governments of Eduardo Frei and Salvador Allende in the 1960s and 1970s, Chile massively strengthened the provision of basic health services, education, and housing policies in favor of low-income groups (Arellano 1985). Similar processes also took place in other Latin American countries (Huber and Stephens 2012, 73–102). What were the underlying factors and political dynamics that enabled the expansion of social protections for low-income earners during these periods? And what were the reasons why these processes were unable to lastingly transform the respective social policy regimes into inclusionary institutions?

In their pathbreaking book *Democracy and the Left: Social Policy and Inequality in Latin America*, Evelyne Huber and John D. Stephens (2012) make an important contribution to the effort to resolve these puzzles. Through a mixture of statistical methods and five compact case studies they test a large variety of hypotheses and provide strong evidence in support of the key argument

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11 Largely in accordance with Collier and Collier ([1991] 2009, 788) the term popular classes refers to the urban and rural lower classes, including formal and informal labor, precarious self-employed workers, peasants, the unemployed and the lower middle class. The lower middle class has been included as in Argentina their members often form part of the organized labor movement.



of the power resources approach by showing that left-of-center political parties were pivotal promoters of redistributive social policy. Huber and Stephens (2012) furthermore show that the length of democracy decisively influenced the redistributive characteristics of social policy regimes, as it provided a crucial condition for the development of left party strength and electoral competition for low-income voters. In contrast, right-wing political actors and economic elites pursued more regressive social policy agendas and repeatedly stopped processes of progressive change or even reversed them through posterior retrenchment and privatization. An expansion of social protections for low-income earners can hence be assumed most likely under democratic rule, when left parties attain governmental power or when they are strong enough to generate legislative pressures and to cause significant electoral competition for the vote of low-income earners.

Despite these significant advances for our understanding of the politics of social protection for low-income earners in Latin America, there nevertheless remain several theoretically puzzling questions. One first and broad theoretical puzzle regards the involved constellations of actors and interests, in general, and the formation of popular class identities and actors, in particular. Based on the analysis of industrialized countries, power resources theorists have argued that redistributive and inclusionary welfare states are crucially the outcome of strong working classes represented by trade unions and left-of-center parties. While Huber and Stephens (2012) and Pribble (2013) indeed found clear evidence for a similar role of left-of-center parties in Latin America, the role of trade union movements and non-left popular class-based parties remains still far less clear. McGuire (2010) found that Latin American unions played a rather ambiguous role, at times supporting social policy expansion to low-income earners and at times opposing it. Mesa-Lago (1978) and Haggard and Kaufman (2008) even argued that trade unions mostly defended specific group interests and therefore contributed to the development of exclusionary social policy. In a similar vein, non-left popular class-based parties, such as the Partido Justicialista (PJ) in Argentina or the Partido Revolucionario Institucional (PRI) in Mexico, have led both the progressive expansion of social protections and the posterior regressive retrenchment and privatization (Levitsky 2003). The fact that such non-left parties were the dominant political representation of labor and other popular classes during prolonged periods in several Latin American countries raises the question of whether or in what way the left–right divide can explain the development of social protection in countries where the main parties organized primarily around other divides, such as for example Peronism and Anti-Peronism in Argentina. Furthermore, economically marginalized sectors, such as peasants, informal and unemployed workers are much more numerous in Latin America than in the industrialized countries, yet their role and that of actors representing them remain largely unclear. Regarding the recent process of social policy expansion, Garay (2010) argued that

protests and movements of the lower popular classes<sup>12</sup> were indeed important drivers. This puts into doubt the hypothesis that these sectors were generally powerless and unable to influence social policy-making. At the same time, it raises questions regarding their role in earlier processes of inclusionary social policy reform. How can we make sense of these complex constellations of actors and interests and their relations to social protections for low-income earners? Which actors supported and which opposed such policies? Why and under what conditions did they do so?

A second major puzzle concerns the role of contextual factors in the politics of social protections for low-income earners. Here we can identify hypotheses concerning the effects of specific factors in the wider literature, but we lack a coherent theoretical framework which ties together the most relevant factors and points out how these interact and shape the political process. Regarding the politico-institutional context, the controversy turns mainly around the effects of regime types and path dependencies. Huber and Stephens (2012) and McGuire (2010) found that democracy has significant long-run positive effects on the progressiveness and inclusiveness of social policy, while semi-authoritarian and authoritarian regimes favor retrenchment or the development of regressive insurance-based systems.<sup>13</sup> In a similar direction, Garay (2010) and Pribble (2013) argued that democracy was a decisive precondition for the recent expansion of social protections for low-income earners during the 2000s. In contrast, Hans-Jürgen Burchardt (2008; 2010) directed our attention to the fact that this relation cannot be observed during the 1980s and 1990s as formal re-democratization did not coincide with more progressive social policy nor a reduction of inequality. The question of why democracy was associated with redistributive policies during some periods while not during others remains a puzzle.

The role of different structural factors is also contested. Based on Huber and Stephens (2012) it could be assumed that industrialization had a positive indirect effect on social protection for low-income earners, as it facilitated the growth of labor unions and left parties which then pressed for redistributive policies. In contrast, Barrientos and Santibáñez (2009) and Mesa-Lago (1978) argued that industrialization in Latin America led to the development of labor movements that represented only small portions of the overall population and hence contributed to the development of truncated, exclusionary social policy regimes. Huber and Stephens (2012) furthermore argued that higher degrees of globalization and bad economic performance restricted the capacities of governments to implement progressive social policies. High degrees of

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12 The term lower popular classes refers to the economically marginalized segments of the popular classes, which have usually not been represented by the organizations of the trade union movement. These segments include urban and rural informal workers, precarious self-employed workers, peasants and the unemployed.

13 A discussion and definition of different regime types can be found in chapter 2.

globalization, it is argued, strengthen capital vis-à-vis labor and the state, while bad economic performance limits the resources available for redistribution.<sup>14</sup> At the same time, however, the recent phase of social policy expansion for low-income groups took place in a context of relatively open markets. While Huber and Stephens (2012) also argued that a high dependence on primary goods exports has negative indirect effects because it strengthens an often aggressively anti-redistributive landed oligarchy, countervails industrialization and increases external economic vulnerabilities; a variety of recent studies that focused on the political and social consequences of resource extraction in Latin America argued that the expansion of social protections for low-income earners during the 2000s was closely related to the increase of primary goods production and exports, which both generated fiscal revenues and required popular legitimization (Burchardt 2016; Gudyas 2012; Peters 2016).

Although these controversies allow for identifying a range of potentially important contextual factors, so far there exists no study that systematically analyzes whether and how these different factors influenced the politics of social protection for low-income earners in the long run, which of the many contextual factors were decisive and how they interacted. Even the few studies that explicitly examine the politics of social protection for low-income earners were limited in their dealing with contextual factors (Garay 2010; Pribble 2013). Due to their focus on the recent phase of social policy expansion, their relatively short timeframes did not allow them to evaluate the effects of institutional, structural, and discursive transformations that occurred over longer periods. Hence, making sense of this multiplicity of potentially influential factors and evaluating their empirical importance still requires substantial research and theory development. What were the contextual factors that contributed to the expansion of social protections for low-income earners during certain periods? What factors allowed for their posterior retrenchment? Which contextual factors were common to different periods of expansion? Which factors consistently differentiated periods of expansion from periods of stagnation or retrenchment? And in what ways did these factors interact and matter in concrete political processes of social policy reform?

The third theoretical puzzle concerns the main mechanisms that characterize the politics of social protections for low-income earners in Latin America. Due to the broad focus on social policy regimes in general and the comparison of a high number of cases, existing long-term studies did not engage in detailed and systematic analyses of the political processes that led to the expansion or retrenchment of social protections for low-income earners (e.g., Filgueira 2005; Haggard and Kaufman 2008; Huber and Stephens 2012; Mesa-Lago 1978; 1989; Segura-Ubiergo 2007). However, such analyses are necessary if

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14 Haggard and Kaufmann (2008) and Segura-Ubiergo (2007) make similar arguments with regard to the overall level of social spending, yet without focusing on the specific issues of redistribution and social protection for low-income earners.

we want to refine our theoretical understanding of *how* different factors shape the political struggle and the subsequent social policy outcomes for the poorest sectors. In contrast, the recent short- and medium-term studies of Jennifer Pribble (2013) and Candelaria Garay (2010) explicitly focused on the expansions of social protections for low-income earners and identified several mechanisms that structured these processes. They agree that democracy was an important driver behind the expansion. The first mechanism was that democracy allowed for the emergence of significant electoral competition for low-income voters and hence provided incentives even for non-left parties to respond, although with minor concessions, to demands for social protection. A second mechanism observed by Pribble (2013) was that democracy provided opportunities for a strengthening of the political left, which in several cases enabled progressive coalitions to reach majorities in parliaments, to lead governments and on that basis implement inclusionary social programs.<sup>15</sup> Pribble (2013) furthermore found that programmatic left parties with close ties to base-level social movements more consistently expanded universal social policies than pragmatic and personalistic left parties. The key mechanism identified here was that binding programs and strong civil society linkages reinforce the party's ideological commitment to equality and protect it from erosion in the face of countervailing political and economic pressures. Garay (2010) identified the growth of lower popular class protests and movements as another key driver behind the expansion of social protection for low-income earners. Thereby she observed two main mechanisms. One mechanism was that governments responded to these pressures from below with social policy concessions in order to re-establish social peace or to co-opt, divide or weaken the protesting movements. The other mechanism was that the formation of low-income earners' movements enabled these sectors to participate in the policy-making process through alliances with partisan political forces. Despite these advances in identifying political mechanisms related to the expansion of social protections for low-income earners, there remain puzzling questions. To what extent did such mechanisms also characterize earlier processes of social policy expansion? How did major societal transformations, such as the expansion and decline of industrial employment or the rise and fall of neoliberal thinking, affect the operation of such mechanisms? What mechanisms operated when social protections were not expanded but dismantled or retrenched? And why did several of the above-mentioned mechanisms not work during the 1990s when left or popular class-based parties were strong in several countries and democracy consolidated?

In sum, a variety of hypotheses can be drawn from the existing literature. But there remain puzzling questions and, most importantly, there is still a need for the development of a coherent and empirically sustained theoretical frame-

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15 Huber and Stephens (2012) make a similar argument regarding the mechanisms that shaped general welfare policy expansion in Latin America.

work that ties together the roles and interactions of the main actors, contextual factors and mechanisms shaping the long-term politics of social protection for low-income earners in Latina America.

### **Why, How and What We Can Learn from the Argentinian Case: Case Selection and Research Strategy**

Comparative studies on Latin American social policy regimes have been strong in testing hypotheses derived from existing welfare state theories and in generalizing the findings by showing which arguments possess explanatory power throughout the region and over time (Haggard and Kaufman 2008; Huber and Stephens 2012; Mesa-Lago 1978; Segura-Ubierno 2007). However, as Esping-Andersen (1990, 2) pointed out, the trade-off related to this effectiveness in theory testing and generalizability is that large-scale comparisons “prohibit detailed treatments of individual countries.” Considering that most welfare state theories were once developed based on European experiences, and hence against the background of significantly different historical, economic, social, cultural and political contexts, it is not surprising that after testing these theories in Latin America there remain several puzzling questions and mismatches. In order to solve these puzzles and to overcome these mismatches, it is necessary to move from theory testing to theory building, modification, and specification. This is even more the case for the specific issue of social protection for low-income earners, as this aspect of social policy regime development has not been the explicit focus of any of those theories.

For the aim of theory building, modification, and specification, the in-depth analysis of a single but paradigmatic country-case can provide important advantages. While such studies face clear limitations regarding the generalizability of their findings, they can draw great strength from their close focus on and the rich treatment of political processes, which facilitates the discovery of novel explanations, the testing of complex arguments and the refining of existing theoretical claims (Collier and Collier [1991] 2009, 20; Mahoney and Rueschemeyer 2003, 13; Rueschemeyer 2003, 305–336). Theoretically puzzling questions like why labor unions and popular class-based parties supported or opposed social protections for low-income earners at different historical moments, why democracy was in the long-run associated with more inclusionary social policy but why such effects could not be observed during the 1980s and 1990s, and how different ideational influences entered and shaped political processes, can be dealt with much better in a single country study that permits a detailed qualitative analysis of such phenomena. In contrast to large-scale comparisons, the present study will be able to closely trace political processes of social policy reform by reconstructing how events unfolded over time, how different factors and actors triggered or influenced such events and how these were in the end causally related to increases or reductions