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Explaining Welfare State Developments: Towards a Comparative Research Agenda

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Abstract
The aim of this paper is to provide a first sketch of an analytical framework which could be used for the comparative analysis of welfare state developments, under the form of *emergence, consolidation, expansion* and *reform*. We shall do so inspired by Flora and Heidenheimer's (1981) seminal work on the development of the welfare state, and more specifically we shall depart from the 'sequencing' which is provided at the end of the book in the contribution by Hugh Heclo ("Towards a New Welfare State?") which differentiates the 'stages of welfarism' in four phases: experimentation, consolidation, expansion, reformulation based on the analysis of political and economic events (Heclo, 1981: 386-387). Furthermore, we will also use Flora's 'macro-constellation' of factors in proposing an analytical framework which will be used also for comparative purposes. The article is organised as follows: section 2 traces the main similarities and differences with respect to welfare state developments in Western Europe and Latin America; section 3 critically discusses the most relevant theories of welfare state developments used for the analysis of welfare state developments in the two continents; section 4 discusses the results of our review and presents the analytical framework which should allow us to better understand – from a theoretical perspective – the evolution of welfare states in the two continents under scrutiny, and beyond.

Keywords: Welfare state theories; Welfarism; 'macro-constellation'; Europe; Latin America

1. Introduction

Welfare state analysis is several decades old and has gone through significant phases of research (Myles and Quadagno, 2002). The main focus of both theoretical and empirical research has primarily been Western Europe, together with the United States, New Zealand and Australia. As Myles and Quadagno recall: "From the mid-1970s to the early 1990s welfare state research concentrated on the long slow growth of the social programs associated with Bismarck's Germany in the 1880s to the postwar boom in welfare state expansion (the period of high industrialism) that came to maturity (and to an end) in the mid-1970s" (Myles and Quadagno, 2002: 35). Put differently, 'classic studies' in terms of both the analysis of the emergence and the consolidation of welfare state 'regimes' have been centred on a limited set of countries. Both historical accounts (among others, Begg, 1961; Baldwin, 1990) and sociological or political science accounts (among many others, Wilensky, 1975; Korpi, 1983; Esping-Andersen, 1990) have been focusing on economically 'advanced' countries, limiting the geographical scope of their analysis. Only over the past decade a growing interest towards other regions of the world has developed, primarily Asia and Latin America (Gough and Wood, 2004; Carnes and Mares, 2007; Castles, Leibfried, Lewis, Obinger and Pierson, 2010; Kennett, 2013). The widening of the empirical cases constitutes a great opportunity for broader welfare state theorisation, and so far – at least to our knowledge – only limited attention has been paid to the determinants of welfare state emergence, consolidation and reform in such a comparative fashion, i.e. including both 'developed' and 'developing' countries. Gough, for example, has been working with continuity on the analysis of 'social policy regimes in the developing world', but has not been primarily interested in understanding the 'politics of welfare state' in a comparative perspective.

The aim of this paper is to provide a first sketch of an analytical framework which could be used for the comparative analysis of welfare state developments, under the form of *emergence*, *consolidation*, *expansion* and *reform*. We shall do so inspired by Flora and Heidenheimer's (1981) seminal work on the development of the welfare state, and more specifically we shall depart from the 'sequencing' which is provided at the end of the book in the contribution by Hugh Heclo ("Towards a New Welfare State?") which differentiates the 'stages of welfarism' in four phases: experimentation, consolidation, expansion, reformulation based on the analysis of political and economic events (Heclo, 1981: 386-387). Furthermore, we will also use Flora's 'macro-constellation' of factors in proposing an analytical framework which will be used also for comparative purposes. More specifically, according to Flora (1981), a 'macro-constellation' of factors has favored the introduction of social protection schemes and their subsequent expansion. The emergence of the welfare state was actually linked with peculiar conditions in i) the international system, ii) the nation-state, iii) mass democracy, iv) family-population, v) industrial society, vi) capitalism.

The article is organised as follows: section 2 traces the main similarities and differences with respect to welfare state developments in Western Europe and Latin America; section 3 critically discusses the most relevant theories of welfare state developments used for the analysis of welfare state developments in the two continents; section 4 discusses the results of our review and presents the analytical framework which should allow us to better understand – from a theoretical perspective – the evolution of welfare states in the two continents under scrutiny and beyond.

2. Welfare state development in Latin America and Europe: a sequenced process

2.1. The European trajectory

Before reviewing existing theories of welfare state change, we need to verify if and how the sequencing of welfare state trajectories in Europe and in Latina America can be compared. For this purpose, it is necessary to briefly outline the main stages and features of social protection development in both areas of the world. In a nutshell, a sequenced process may in fact be observed with four main phases in both regions.

In Europe, as recalled by Briggs (1961: 250), after the early start in Germany (1882, 1884 and 1889) – which was soon followed by Denmark (1891-1898) and Belgium (1894-1903) – social protection was diffused throughout the continent during a period which can be labeled as the 'emergence' of the welfare state. This period stretches from the last two decades of the 19th century until the first two decades of the 20th century. By the 1920s, all Nordic, Anglo-Saxon, Central and South European countries had established at least one public social protection schemes and completed the *emergence* (Heclo would call it 'experimentalis[t]' – Heclo, 1981: 386) phase of welfare state development. In Briggs' words: "By the end of the nineteenth and the beginning of the twentieth century there had been a general reaction against attempts to maintain self-regulating systems of markets. This reaction has been variously described as 'the decline of liberalism', 'the advent of collectivism' and 'the rise of socialism'" (Briggs, 1961: 229-230). From a policy perspective, it was a phase characterised by state solutions – especially in health care, pensions and social assistance fields – built following 'collectivised' social protection concerns which were institutionally taken into full consideration for the first time in history. Put differently, the state took over the market and the family (and charities).

The first social protection schemes were built in accordance to different principles, namely social insurance and social assistance – apart from the Swedish universalistic pensions system, already inspired by the social security principle[1]. Following the 'original choice' (Ferrera 1993) of protecting either workers or those most in need, two models emerged: Bismarckian systems and Beveridge (*ante litteram*) systems. There is no need to go into the details of the differences, which are well-known among welfare state scholars, but it is already during such early years that differences among 'models' of welfare states started to emerge. For our purposes, this is not particularly relevant since our main interest in this article is to unveil the shared patterns of welfare state developments (in terms of emergence, consolidation, expansion and reform/retrenchment) and not to focus on the intraregional differences which have been central in the analysis of other welfare state scholars – starting with Wilensky (1975), followed by Esping-Andersen (1990) and many

[1] Following Ferrera (1993) we distinguish among the various social protection principles: social insurance, social assistance and social security.

others. In other terms, beyond country-specific content differences and institutional diversities which were rooted in the initial trajectories of European welfare states (Baldwin, 2005), during the 'emergence' phase both the Bismarckian and the (*ante litteram*) Beveridgean models provided modest benefits and coverage was limited to either public sector employees and blue collars or those most in need.

A phase of institutional *consolidation* then followed in the critical period between World War I and II. Consolidation implied a limited extension of social protection schemes, by enlarging the basket of protected risks and moderately increasing benefit levels. This process was apparent both in democratic systems (such as France, the Netherlands, the UK and the Nordic countries) and in countries which had fallen under authoritarian (Italy, Spain and Portugal) or totalitarian (Germany) rule. In a period characterised by economic depression and wartime planning, welfare states unified and 'standardised' previous policy experiments which were initiated in the previous phase and remedies for all citisens were institutionalised via public policies' social protection provision (Heclo, 1981).

As it is well known, this phase of moderate expansion was followed by remarkable welfare state development during the so called "Trente Glorieuses", roughly 1945-75, which we can consider as the phase of great and continuous *expansion* of the welfare state throughout Europe. As the ILO noted in 1949: "There is a movement everywhere towards including additional classes of the population covering a wider range of contingencies, providing benefits more nearly adequate to needs and removing anomalies among them, loosening the tie between benefit right and contribution payment, and, in general, unifying the finance and administration of branches hitherto separate" (ILO 1949 document, cited in Briggs, 1961: 223-224). Put differently, coverage was expanded to reach either the entire employed population – in Bismarckian systems – or the whole population – in Beveridgean countries. Most, if not all, 'old'[2] social risks (sickness, old age, disability, unemployment, etc..) were protected in all countries, while benefits became

[2] The term is used here in opposition to the concept of "new social risks", cf. Taylor-Gooby (2004) and Armingeon and Bonoli (2006).

more generous and schemes proliferated often giving rise to fragmented architectures along occupational lines (Bismarckian systems), including 'tiers' and/or 'pillars' characterised by different principles and mechanisms. In fact, while Bismarckian countries established non-contributory anti-poverty schemes (especially in the field of pensions and health care), systems with a Beveridgean imprint introduced supplementary contributory schemes for the employed population which were public (tiers) or private (pillars). Public (and private) social spending increased greatly (both in GDP and pro capita terms), turning into the first item of government expenditure in all European countries. In sum, during the Golden Age or *expansion* phase, welfare arrangements became a fundamental institutional feature of capitalist democracies in Europe, modifying the nature of the State – previously committed primarily to regulation, defense and maintenance of social order only – and deeply affecting political exchange dynamics in a context of democratic consolidation – both on the side of political *supply* (competition among political parties) and political *demand* (individual voters, to begin with, but even more so in terms of competition among interest groups for resource allocation aimed at responding to the members' requests).

Since the mid-1970s, however, the pre-conditions that had favored such remarkable expansion of the welfare state in Europe (more or less) rapidly faded away. Demographic trends determined ageing populations, economic growth decreased markedly, economic development was often punctuated by recurrent crises – the two oil shocks of the 1970s, the recessions in the early 1990s and 2000s until the post-2008 Great Recession –, de-industrialisation advanced and, with the transition to a service economy, labor market conditions dramatically shifted towards increased flexibility – either "across the board" or "at the margin" – and precariousness. Furthermore, also family structures were changing rapidly (Pierson, 2001), giving birth to 'new social demands' linked to 'new social risks' (Taylor Gooby, 2004; Armingeon and Bonoli, 2006).

State finances deteriorated, while international and supranational pressure increasingly constrained and oriented national policymakers' choices in the field of social policies (Graziano, 2003). Also favored by the ideological turn towards liberalism and the shift from a predominantly Keynesian macroeconomic framework to neo-liberal recipes, since the early 1990s European countries underwent a thorough process of welfare reform, mostly characterised by retrenchment interventions (Pierson, 2001) with some attempts to "recalibrate" existing welfare arrangements (Ferrera and Hemerijck, 2003). Despite institutional resilience and inertia, almost three decades of welfare reforms have substantially modified established welfare architecture in Europe (Palier, 2010), and this is especially true after the recent wave of reform during the Great Recession, following both the global financial shock and the ensuing sovereign debt crisis (circa 2009-12). Although retrenchment may not be 'the only game in town' (van Kersbergen, Vis and Hemerijck, 2014), the past decades have been decades of reform – primarily under the form of 'retrenchment' or 'recalibration'.

2.2. The Latin American Experience

When compared to European developments, the emergence of Latin American welfare states came some decades later. While pioneer countries introduced the first social protection programs in the 1910s (Uruguay) and the 1920s (Chile), most others followed in the 1930s (Brazil 1934, Colombia, Peru and Venezuela all in 1936), and in the 1940s (Costa Rica 1941, Argentina and Mexico 1943). In this period, the ruling elites both in democratic and authoritarian systems established the first social protection schemes in accordance with the Bismarckian principles, with the aim to either attract political support or co-opt politically influential groups such as the military, civil servants and "strategically located groups of public- and private sector employees" (Huber and Stephens 2012, 74). Thus, coverage mostly remained limited and circumscribed to these groups, which have been also labelled as 'insiders' (Garay, 2016).

Similarly to Europe, although the welfare effort remained significantly lower than in most European countries, the three decades from the 1950s to the 1970s represented a period of substantial welfare state expansion – especially (but not exclusively) in the richest countries of the region. Welfare state expansion occurred in a phase marked by strong economic development and growth, favored by the adoption of the protectionist ISI (*Import Substitution*

Industrialisation) model and state-led industrialisation, relative insulation of domestic policies from external pressure, and the strengthening of the working class and labor (Filgueira, 2005). A sequential and predominantly path-dependent process of welfare state expansion appeared, with subsequent extensions of coverage aimed at protecting the different occupational categories and especially the formally employed population (Huber and Stephens, 2012), while inclusion of rural and informal workers lagged behind (Haggard and Kaufmann, 2008). Most developed Latin American welfare states turned into occupationally fragmented institutional architectures, with notable regressive implications and policy profiles primarily attached to the male breadwinner principle (Franzoni, 2008).

The two subsequent phases showed opposite developments. Between the 1980s and the early 2000s, despite the 'third wave' of democratisation involving most Latin American countries (Huntington, 1991), social policy expansion was significantly constrained and both retrenchment measures and processes of privatisation appeared especially in high spending sectors such as pensions. This phase was substantially affected by three key dynamics: i) recurrent economic and debt crises, ii) the abandonment of the ISI model with the shift to more open economies, and iii) increased pressure from international institutions such as the World Bank and especially the International Monetary Fund (IMF). It was a phase characterised by crisis and (neoliberal) reform, similarly to the European context although the determinants were different (see next section) and in Latin America the influence of the so called 'Washington consensus' was particularly relevant in terms of promoting neoliberalism: "The template for Latin America's engagement with neoliberalism was the Washington Consensus — the name and indication of how far neoliberalism was leveraged by the US and the international financial institutions. The Washington Consensus set out to transform economic practices across Latin America via a range of policies from the privatisation of public assets to cuts in public expenditure, and it played well at a time of conservative and timid democratisation when the 'excesses' of the Left were blamed for having provoked the violence that engulfed much of the region in the 1960s and 1970s." (Grugel and Riggirozzi, 2012: 4).

Differently, since the early 2000s a phase of remarkable expansion of welfare programs opened in most, if not all, Latin American countries. Notably, this phase was also characterised by a shift towards more inclusive social policies, with the establishment of important non-contributory benefits – pensions, health care programs, family benefits and conditional cash transfers (CCT) – directed to protect traditional 'outsiders' – informally employed and rural workers in Latin America – often in combination with increased investment in education (Pribble, 2014; Garay, 2016). To be true, Latin America has been the first continent to formulate, adopt and implement 'post-neoliberal' policies on a wide scale: "In Latin America, attempts to articulate a new political economy of development began gradually around the turn of the millennium as a series of left, or left of centre, governments took office, promising an end to the cautious pro-elite era of democratisation and a more expansive approach to welfare spending" (Grugel and Riggirozzi, 2012: 2).

In fact, the most striking feature of recent reforms in Latin America is the inclusive nature, especially in terms of including 'outsiders' which have often been seen as the least protected due their traditional lack of political and social representation. Similar to more recent changes in European countries with respect to the insiders-outsiders cleavage (Tepe and Vanhuysse, 2013), also in Latin America outsiders have become politically 'more attractive'. Especially in some Latin American countries, following the democratic transitions mentioned previously, the outsider population became quite considerable (between 40% and 60% of the total population), "and displayed two fundamental features: *political relevance* and *policy neglect*" (Garay, 2016: 24). We shall turn more specifically to the determinants of such change, but for the moment it suffices to say that in light of such 'inclusive turn' we label this second wave of reforms as expansionary ones with a particular visible 'inclusive' nature.

We may conclude this section by pointing at three main inter-regional differences: i) welfare state development was delayed in Latin America as compared to Europe; ii) welfare state expansion constituted a much more homogeneous process – in terms of achievements, expenditure levels, coverage and benefit generosity[3] - in West European countries than in Latin America; iii) the current phase of welfare state development in Western Europe is quite different from the one experienced by Latin America. Table 1 illustrates similarities and differences in the various phases of welfare state development.

Table 1.
Phases of welfare state development in Europe and Latin America

	Europe	**Latin America**
1880s-1920s	Emergence	-
1920s-1940s	Consolidation	Emergence
1950s-1970s	Expansion	Consolidation
1980s-2000s	Retrenchment	Retrenchment
2000s-2016	Retrenchment (activation turn)	Expansion (inclusive turn)

Source: Authors' elaboration on various sources.

3. The 'What' and the 'Why' of Welfare State Development. A cross-regional perspective.

In reviewing the theoretically informed contributions aimed at explaining welfare state change in the two regions, it is preliminarily important to identify 'what' this literature has tried to explain – the *explanandum* – and which factors (*explanans or explanantes*) have been considered relevant in triggering certain developments – the 'why' question. As already mentioned, there are a limited amount of comparative theoretical contributions, and the main aim of this paper is to provide an analytical framework which may be useful both theoretically (systematizing existing knowledge and contributions in terms of causal links) and empirically (providing a point of departure of further empirical enquiries).

[3] Just to mention the cornerstone of modern welfare state, in 1980 pension coverage varied between 20% and 80% of the population in Latin American countries, according to Haggard and Kaufmann (2008). Such a remarkable variation was not apparent in Europe after the *Trente Glorieuses*. European welfare states differed more in organizational terms (the 'how' dimensions) than in welfare effort ('how much') (Esping-Andersen, 1990).

Regarding the *explanandum*, the literature on both European and Latin American countries has focused on understanding and interpreting the i) *emergence*, ii) the *expansion*, iii) and the *reform* – via retrenchment or recalibration measures – of welfare state arrangements. However, scholars differed much in the specific object of their analysis: while some have focused on social policy *outcomes* – such as poverty or inequality –, other have shortened the causal chain by pointing their analytical lenses towards policy *outputs*. Furthermore, with respect to policy outputs, several welfare state policies have often been analyzed in a very sectorial fashion (healthcare, pensions, social assistance, employment, etc.). In the latter case, some have aimed to interpret reform content – typically through qualitative analysis –, while others have indulged in more quantitative measures of 'welfare effort' – generally combining coverage, expenditure and benefit levels indicators. With this respect, a number of problems have emerged, especially in terms of *timing* and *measurement*. In terms of *timing*, several contributions have taken a short or medium term approach, i.e. focusing on a 'wave' of reforms and focusing on the nature of changes with respect to a status quo (for example, the reforms of the 1990s, the reforms of the 2000s, etc.). With respect to *measurement*, although coverage, expenditure and/or benefit levels have been the most important indicators considered, much more disagreement can be seen in terms of labelling the possible policy change occurred in a given country or set of countries. Put differently, quite often in analyzing policy content researchers have indulged in discretionary zeal and what may have been considered as 'radical' or 'paradigmatic' changes to some, were seen as marginal changes by others (see, for example, the debate on the changes in Scandinavian welfare states during the '90s: Kvist and Greve, 2010). In terms of both outputs and outcomes, the 'modelling business' in welfare state analysis (Abrahamson, 1999; Powell and Barrientos, 2011) has also gained quite a prominent role in the last decades, especially after the publication of Esping-Andersen's 1990 contribution. In this article we shall deliberately not consider the 'regime' literature since our main goal is to focus on welfare trajectories and not on welfare variants.

Turning to the drivers of change, a broad set of explanatory factors has been produced by welfare state literature which we will not review at length due to space reasons. For the purpose of this article, it suffices to note that different emphasis has been placed on some factors rather than others. For example, Gough, in an early attempt to critically review the main explanatory factors, focuses on “three major schools of non-Marxist thought” which are “functionalist theories of welfare state, economic theories of government policy, and pluralist theories of democracy” (Gough, 1978: 28). Clearly, the theories are not mutually exclusive since several factors may account for a specific welfare state development. Flora has been the scholar that has proposed possibly the most encompassing ‘multicausal explanatory framework’ mobilizing a wide range of drivers: three factors are of a socio-economic nature (industrialism, capitalism and family/population), three are of a political one (mass democracy, nation state, and international system). Beyond Flora, and especially in the account of the most recent reforms, also institutional factors such as regime types, state organisation (centralised versus federal systems), bureaucratic and administrative features, policy settings, etc. (Pierson, 2001; Rothstein, Samanni and Teorel, 2012) have been considered. In sum, and broadly speaking, explanatory factors can be clustered in three main groups: i) *socio-economic*; ii) *political; iii) institutional*.

The *socio-economic factors* are well known and were mobilised by the “first generation” of welfare state scholars (Myles and Quadagno, 2002: 36): economic growth and social development, which may be linked to the three above mentioned socio-economic factors considered by Flora. The so called ‘logic of industrialism’ is undisputedly considered as the main driving force behind the emergence, consolidation and expansion of European welfare states. The most diffused version of the theory is the “weak” version according to which “industrialism and its correlates (economic growth, population aging) are necessary to account for the common trend line in welfare state expansion” (Myles and Quadagno, 2002: 36). Especially during the ‘golden age’ of welfare state, it seemed quite clear – and uncontested – that rising incomes gave an opportunity to governments to raise growing taxes without penalizing workers too much. Furthermore, “rising productivity and changing labor force practices led to the spread of retirement, a development that generated enormous demand for the expansion of public pensions. These correlates of a mature industrial order clearly matter, and measures of GDP per capita and percentage of elderly are now standard control variables in all empirical models of welfare state spending" (Myles and Quadagno, 2002: 36). Put differently, "[i]f there is one source of welfare spending that is most powerful—a single proximate cause, it is the proportion of old people in the population" (Wilensky 1975: 47). Such a 'logic' may have been particularly convincing in terms of the *quantity* of welfare state provisions, but not satisfactory in understanding the *quality* (or different welfare state policy 'menus', not only in terms of goals but also in terms of principles, procedures and funding) available in different European western states. Especially in the comparative analysis of welfare states, the need for more fine grained type of research and explanations which went beyond the pure logic of industrialism (or post-industrialism; Armingeon and Bonoli, 2006) became quite clear.

Together with socio-economic factors, also *political factors* gained growing scholarly attention – especially with regard to the emergence and consolidation of European welfare states. In the path-breaking neo-marxist accounts provided by authors like Offe (1972) the political factors are strongly associated to the 'logic of capitalism': "The common denominator of the most advanced and of the most backward welfare state is the coexistence of poverty and affluence, or in more precise terms, the coexistence of the logic of industrial production for profit and the logic of human need" (Offe, 1972: 480). In this specific reading, "Welfare states are the inevitable product of large economic forces beyond the control of policy makers and publics that compel a common response." (Myles and Quadagno, 2002: 37). A more 'pure' political account of welfare state development and specificities is linked to the so called Power Resource Theory or Approach which was formalised by Korpi (1983) and then picked up by a series of scholars. According to this approach, "because of differences in the ways that socio-economic class is related to types of power resources controlled by citisens as well as to patterns of life-course risks among individuals differently positioned within socio-economic structures, welfare state development is likely to reflect class-related distributive conflict and partisan politics" (Korpi, 2006: 3). Empirically, welfare state differences in terms of coverage, entitlements and benefit levels have been explained by the "relative success of left parties, particularly Social Democratic parties, aligned with strong trade unions in shaping the democratic class struggle" (Myles and Quadagno, 2002: 38). More recently, nuances in the approach have been suggested by focusing on innovative traits of party competition in terms of changing electoral constituencies, interaction between party strategies and the institutional setting, and different linkages (particularistic vs- programmatic) between parties and voters (Häusermann, Picot and Geering, 2013: 239).

Finally, also pure *institutional factors* have been considered as drivers of welfare state developments: institutional features of government, electoral rules, institutional veto points, state organisation, bureaucratic and administrative features (particularly relevant if implementation is taken into the picture) as well as policy legacies are all explanatory factors that – according to some readings – have reduced the autonomous capacity of parties (and interest groups) in supporting welfare state expansion. Also, the emerging institutional constraints provided by globalisation and – with respect to European countries – the membership to the EU have also been scrutinised by scholars (among others, Swank, 2005; Graziano, Jacquot and Palier, 2011) interested in the role played by exogenous factors in the latest phase of welfare state development, i.e. crisis and retrenchment.

As for Latin American countries, the various contributions have highlighted the relevance of different drivers of change in the different phases. In the emergence period, the introduction of the first social protection schemes has been mostly understood, in the seminal work of Mesa-Lago (1978), as political elites' responses to mobilisation of powerful groups which were key either for electoral competition in long-standing democracies – such as Chile, Uruguay and, later, Costa Rica – or self-legitimation and consensus seeking purposes in authoritarian regimes. Although the first social insurance schemes were established independently of political regimes, Haggard and Kaufmann (2008) argue that regime type mattered also in the genetic phase, since reforms that "went beyond the incremental expansion of occupational based social security programs to encompass altogether new groups of people, including the countryside" (Haggard and Kaufmann 2008, 111) and were adopted in the three democratic regimes mentioned above (Chile, Uruguay, Costa Rica).

Socio-economic factors based on the so called 'logic of industrialism' have been proposed in order to account for the two expansionary phases of the Latina American welfare state: the first, during the ISI period, and the second, more recent phase characterised by 'the inclusive turn'. Certainly, economic development and growth, as well as the commodity boom of the 2000s, were relevant context factors which allowed the expansion of social protection in Latin American countries; nevertheless, economic explanations show the same weaknesses raised by European scholars: in a nutshell, due to the long causal chain implied by economic interpretations, the 'logic of industrialism' approach is neither able – alone – to explain the emergence of different welfare regimes nor to give account of the diverse welfare efforts in countries with similar level of economic development. Consequently, even in the Latin American experience, economic explanations do not displace institutional and political interpretations which are indeed key to capture both the magnitude and the content of welfare state development, and change in the various phases (Haggard and Kaufmann, 2008; Huber and Stephens, 2012). In the same vein, regarding the recent expansionary wave of welfare state change in Latin America, the important contribution by Garay (2016) reveals significant de-alignment between periods of strong economic growth and the adoption of inclusive social policy reforms.

More prominently, *socio-economic factors* of a different fashion have been considered in order to understand social policy developments in the critical period characterised by the dismantlement of the ISI model and during the recurrent economic and debt crises in Latin America. The combination of fiscal constraints and the need to recur to external financial aid primarily by the IMF actually made domestic social policymaking increasingly porous to the neoliberal principles inscribed in the framework of the so called 'Washington consensus'. Despite the shift from authoritarian to democratic regimes in the region, in the account of Barrientos (1998) and other scholars (Madrid, 2003), the 'neoliberal turn' prompted retrenchment measures in high spending sectors such as pensions, coupled with the imposition/adoption of privatisation reforms in the same welfare sectors in accordance with policy paradigms promoted by the main international organisations (read, the 'three pillar' pension model by the World Bank 1994)[4]. Nevertheless, as showed by Haggard and Kaufmann (2008) and similarly to the findings provided by Europeanisation scholars with respect to 'external constraints', the national transposition of policy templates developed by international organisations has always been filtered - and, thus, substantially re-shaped - by domestic policy legacies and 'entrenched interests'. And this remains true even in cases where 'formal conditionality' clauses were imposed by international organisations[5]. Furthermore, as we will see below, international pressures have become less relevant – as well as less straightforward – in the recent phase of expansionary inclusive reforms (Garay, 2016).

Political and *institutional* factors therefore appear particularly decisive in understanding the long-term welfare policy trajectory in Latin America. In terms of *political factors*, Both Huber and Stephens (2012) and Haggard and Kaufmann (2008) works emphasise the key role played by democratic rule in welfare state expansion. This holds particularly true in explaining the expansionary reforms between 1980 and 2005, since democracy allowed political mobilisation of the '*left'*, thus making a difference in the long run with regard to social policy *outputs* and especially *outcomes*: "democracy in the long run makes a difference for" the adoption of redistributive social policies and, consequently, for "poverty and inequality" (Huber and Stephens, 2012: 11). Similarly, Haggard and Kaufmann contend that, by allowing both party competition for voters (electoral competition) and group mobilisation (i.e. interest group competition) – in a framework characterised by accountability

[4] An alternative explanation for the spread of neoliberal recipes in Latin America has emphasised "diffusion" processes, also identifying the mechanism conducive to policy diffusion - learning from earlier adapters, economic competition and spillover, imitation, coercion (Weyland, 2004).
[5] Formal conditionality refers to IMF's requests of implementing structural reforms as "condition" to receive financial assistance. The same mechanism has operated in financial assistance programs by the so called Troika (European commission, European Central Bank and IMF) during the recent sovereign crisis in Europe.

procedures – democratic regimes propelled expansionary reforms in the genetic phase, during the ISI period as well as in the phase of 'inclusive expansion'[6].

Nevertheless, these authors acknowledge that democracy represents a *necessary*, but not *sufficient*, condition for welfare state expansion and especially the implementation of redistributive progressive social policy reforms able to reduce poverty and inequality[7]. Accordingly, both contributions apply *multicausal explanatory frameworks* to interpret long term welfare state developments in Latin America. In particular, Huber and Stephens (2012) propose a modified, and more complex version, of the Power Resource Theory in order to take into account the peculiarities of the Latin American context: late and dependent economic development until the adoption of the ISI model, weakness of democracy, labor organisations and left parties. The so called 'power constellation theory' proposed by these authors therefore involves three different 'clusters' of power: the first regards the balance of national class power and party political power; the second regards the structure of state-society relations; the third concerns transnational structures of power. Applying such theoretical framework, they conclude that democracy is the most important factor in explaining welfare state expansion from 1980 to 2005, in part because of "its direct effects, but more importantly because it was at the beginning of the causal chain […] made left political mobilisation possible and left political strength had important effects on inequality and poverty" (Huber and Stephens, 2012: 7) via the adoption of redistributive social policies. This was also possible, however, due to the change in the transnational structure of power in the early 2000s, also including some ideational turn – away from neoliberalism and the Washington consensus – on the side of the main international organisations.

[6] The main difference between these two contributions as for the relevance of democratic regimes for welfare state expansion regard the genetic phase. In fact, differently from Haggard and Kaufmann, Huber and Stephens point at the limited role of political competition and the presence of authoritarian or weak democratic regimes which did not allow for mobilization of left forces and, consequently, the adoption of genuinely redistributive social policies.
[7] See the argument by Huber and Stephens about the regressive effects of social insurance schemes.

As for the *institutional factors*, Haggard and Kaufmann (2008) present a complex interpretative framework[8] which, within the structure of constraints and opportunities provided by different regime types (democratic vs authoritarian and semi-authoritarian systems), economic conditions and social policy legacies, stresses the importance of so called 'critical realignments' - that are discontinuity "in composition of political elite and in the political and legal status of labor and peasant organisations and political parties" (Haggard and Kaufmann, 2008: 45) – in explaining reform outcomes. Accordingly, with reference to the critical phase between the 1980s and the mid-2000s, they argue that "democracy created a new politics of welfare reform. However, the policy outcomes were strongly affected by differences in economic conditions and in the distribution and organisation of social-policy interests that had emerged in the earlier period" (Haggard and Kaufmann, 2008: 16).

Furthermore, an important contribution in terms of institutional factors has recently been made by Garay (2016) with the aim to capture the drivers which have triggered the wave of inclusive social policy reforms since the early 2000s. Confronted with the issue of explaining what led policymakers in four Latin American countries (Argentina, Brazil, Mexico and Chile) to adopt reforms which favored 'outsiders' – the latter often being at the margins of political competition dynamics due to limited organisational structures and low levels of political participation (Kurtz, 2004; Jessoula, 2010; Jessoula et al. 2010) – she develops a theoretical apparatus by criticizing existing contributions aimed at interpreting the most recent expansionary phase. In particular, building on Rueda's work on the insider-outsider conflict in European welfare states (Rueda, 2007), she contends that the relevance of left power and mobilisation is somewhat overstated. She instead presents a parsimonious and effective theoretical framework which points at the key role of *electoral competition* and *political exchange* dynamics between governing parties and voters/interest group – respectively the *supply*

[8] It is important to consider that the authors apply such a framework to three distinct world regional affected by significant democratization processes since the mid-1980s: Latin America, Asia and Eastern Europe.

and the *demand* side of political exchanges also linked to institutional features[9]. The application of the theoretical framework to the comparative analysis of recent reforms in the four countries mentioned above brings to the conclusion that inclusive social policy measures were adopted when incumbents faced with "high levels of electoral competition for the vote of outsiders and/or with large scale social mobilisations by coalitions of social movements on labor unions" (Garay, 2016: 25). Moreover, the two paths, 'from above' (electoral competition for outsiders' votes) and 'from below' (social mobilisation) appear also to be key not only to answer the 'why' question but also to understand differences in the scope and the organisational structure (more or less participatory implementation) of adopted non-contributory welfare programs. Actually, Argentina and Brazil, where the bottom up approach prevailed, were also the countries which adopted the more *inclusive* policies.

4. Discussion

Our comparative exercise is a first step in a broader and more ambitious research effort of a comparative nature which hopefully will see the light soon. This paper is a critical review of the most promising theories which could be mobilised for a cross-regional comparison and an attempt to build an analytical framework which may 'travel' across continents. As we have argued in the previous sections, although the phases of welfare state development may to a certain extent vary, the main explanatory factors can be seen as very similar. Clearly, there are regional nuances and peculiarities, but as we try to summarise in the following tables we could possibly group the main drivers for reform in three categories (socio-economic, political and institutional) and see how similarly or differently they have played in the two regions. Furthermore, we do not pretend to do justice to all national trajectories – a task that not only goes beyond the scope of this paper but also exceeds the knowledge of the authors – but we think that the evidence already provided by so many valuable scholars from the two continents could constitute the

[9] In a similar vein, a recent contribution by Natili (2016) develops and applies a framework based on political exchange dynamics in order to explain differences in pro-outsiders reform in the field of minimum income scheme in Italy and Spain, Natili (2016).

basis for the sketching of a comparative analytical framework, paving the way to more theory-informed research. For this purpose, tables 4.1 and 4.2 try to map out the various factors and their specific relevance in the different phases of welfare state development in the two regions. In the European experience (Tab. 4.1), *socio-economic factors* seem to have played a very important role in three phases (emergence, expansion, retrenchment) out of four, whereas the *political factors* have been crucial in the consolidation and the expansion phases and scarcely relevant in the retrenchment phase. Moreover, the *institutional factors* started to play a role only in very recent times, and this has specially to do with the 'exogenous' pressures linked to global and European imperatives and institutions.

4.1. Welfare State Development: The European Experience Determinants

	Socio-economic	**Political**	**Institutional**
Emergence	**XXX**	**XX**	
Consolidation	**XX**	**XXX**	
Expansion	**XXX**	**XXX**	**X**
Retrenchment	**XXX**	**X**	**XXX**

XXX=very relevant; XX=relevant; X=poorly relevant; Blank: not relevant at all

The Latin American trajectory is quite intriguing since – unlike the European one –it has recently undergone through an expansionary phase which has only partially to do with socio-economic and institutional reasons since it is primarily rooted in political drivers – i.e. governmental choices aimed at including the so called outsiders. More specifically, *socio-economic factors* account only partially for all the phases, whereas the *political factors* are the most important in all the phases with the exception of the retrenchment phase when 'institutional' (and exogenous) imperatives seemed to prevail. Similarly, to the European experience, the *institutional factors* have become increasingly relevant in more recent times, especially in the retrenchment phase, but have been limited in the expansion phases. To a certain extent, the long term perspective adopted in this article allows us to be partially skeptical towards excessively institutionalist accounts: of course, there are exceptions, but the trend which has emerged from the literature analysis is one where political factors – together with socio-economic ones, especially in the initial phases of welfare state development – play a greater role in explaining welfare state development.

4.2. Welfare State Development: The Latin American Experience Determinants

	Socio-economic	**Political**	**Institutional**
Emergence	**XX**	**XXX**	
Consolidation	**XX**	**XXX**	
Retrenchment	**XX**	**XX**	**XXX**
Expansion	**XX**	**XXX**	**X**

XXX=very relevant; XX=relevant; X=poorly relevant; Blank: not relevant at all

In sum, in order to redefine the role of the various factors, we may possibly consider the socio-economic ones as ‘contextual’ factors (Gerring, 2012) and focus more specifically on the political ones, since they have seemed so important in our comparative assessment. To be sure, the current literature in both continents is apparently going in this direction, but so far there have been limited cases for cross-regional comparative research project, guided by a common analytical framework. With this critical literature review and the sketching of a comparative analytical framework we hope to pave the way for future, collective comparative research efforts.

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