

## *Erratum*

# *Social Policies and Center-Right Governments in Argentina and Chile—ERRATUM*

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DOI 10.1111/laps.12027. Published by John Wiley & Sons Inc., July 18, 2017.

In the article published in the fall 2017 issue of *Latin American Politics and Society*, figure 1 was omitted. The figure is included in the following updated version of the article. LAPS deeply regrets the error.

### REFERENCE

Niedzwiecki, Sara, and Jennifer Pribble. 2017. Social Policies and Center-Right Governments in Argentina and Chile. *Latin American Politics and Society* 59, 3: 72–97. DOI: 10.1111/laps.12027.

# *Social Policies and Center-Right Governments in Argentina and Chile\**

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## ABSTRACT

Latin America's "left turn" expanded cash transfers and public services, contributing to lower poverty and inequality. Recently, right-leaning candidates and parties have begun to win back seats in the legislature, and in some cases have captured the executive branch. This shift has sparked debate about the future of Latin America's welfare states. This article analyzes social policy reforms enacted by two recent right-leaning governments: that of Sebastián Piñera in Chile (2010–14) and Mauricio Macri in Argentina (2015–). It finds that contrary to neoliberal adjustment policies of the past, neither Macri nor Piñera engaged in privatization or deep spending cuts. Instead, both administrations facilitated a process of policy drift in some sectors and marginal expansion in others. Policy legacies and the strength of the opposition help to explain these outcomes, suggesting that Latin America's political context has been transformed by the consolidation of democracy and the experience of left party rule.

Latin America's "left turn," which began in 1998 with the election of Hugo Chávez, ushered in significant changes to the nature and scope of social welfare policy. Several governments in the region expanded social assistance, insurance, and services, thereby reducing poverty and inequality (Huber and Stephens 2012; Pribble 2013; Blofield 2012). Recently, however, the region has witnessed a new electoral trend, as right parties have begun to win back seats in the legislature and, in some cases, the executive branch. Right-wing presidents were elected in Argentina, Chile, and Peru, and a center-right coalition has reached majorities in Venezuela's legislature. In 2016, Dilma Rousseff of the Workers' Party in Brazil was impeached and replaced by a party further to the right, and Evo Morales (Movement Toward Socialism) in Bolivia lost a referendum that so far precludes him from running for re-election.

This swing toward the right has sparked debate about the future of Latin American social policy and redistribution (Cannon 2016; Casullo 2016; Fairfield and Garay 2017). During the 1980s and 1990s, several countries in the region

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DOI: 10.1111/laps.12027

retrenched key welfare programs, privatizing pension systems and making deep social spending cuts (Huber and Stephens 2000; Castiglioni 2005; Brooks 2009; Madrid 2003). In Chile, this retrenchment was carried out by General Augusto Pinochet's right-wing dictatorship, while in Argentina it was Peronist president Carlos Menem who liberalized welfare programs. While the Peronist Party is a labor-mobilizing organization, its ideological orientation is flexible, encompassing groups from across the spectrum. During the Menem years, many observers considered the Peronist Party to have shifted to the right (Huber and Stephens 2012; Pribble 2013).

The retrenchment witnessed in Latin America during the 1980s and 1990s differed from the experience of advanced industrialized democracies, where such cutbacks were limited because the design of previous policies, or policy legacies, empowered social actors and generated broad support for existing programs, making cutbacks unpopular (Pierson 2001). Scholars have argued that Latin American retrenchment was made possible by the debt crisis, the poor performance of social security institutions, the tenuous character of the region's democracies, the fragmentation of civil society, and the weakness of left parties (Brooks 2009; Madrid 2003; Huber and Stephens 2000). The recent turn to the right, therefore, poses an interesting opportunity to explore whether the past 20 years of democratic consolidation and the rise of left-leaning parties have altered this political context, making overt retrenchment less feasible in Latin America.

This study analyzes two recent right-leaning governments: the administrations of Chilean president Sebastián Piñera (2010–14) and the first year of Argentine president Mauricio Macri (2015–). It seeks to understand whether and how the ideological shift has influenced social protection in these two countries. Its findings reveal that the recent turn to the right in Latin America bears little resemblance to the experience of social policy reform in the 1980s and 1990s. Neither country has experienced outright social policy retrenchment. Instead, the kinds of policy reforms carried out by the right-leaning governments reflect a more complex process of policy drift and privatization creep in some sectors and marginal expansion in other areas. In this way, Latin America's swing right has produced a form of welfare politics that is more similar to the experience of advanced industrialized democracies than previous findings suggest.

As in advanced welfare states, this analysis reveals, this combination of policy drift and expansion is explained by policy legacies and the strength of the opposition. Previous policies generate gaps that require reforms and generate popular support that makes retrenchment difficult. The electoral and mobilizational strength of the left in opposition also inhibits outright retrenchment.

The inclusion of Brazil as a shadow case in the concluding section of the article provides a note of caution. Recent social policy initiatives enacted by right-wing president Michel Temer (2016–) suggest that in contexts of severe economic and political crisis, more overt forms of retrenchment could still be feasible in Latin America.<sup>1</sup> Previous research has supported the idea that economic crisis generates pressures for welfare state retrenchment in the region (Madrid 2003; Stallings 1992).

In the pages that follow, we analyze social policy reforms undertaken by President Piñera and the initial social policy agenda of President Macri. Most social policy reforms take place at the beginning of new administrations, both because presidents enjoy enough political and popular support to make it possible and because frontloading popular policy decisions can benefit their parties in midterm elections. Even in the case of Chile, Piñera's primary initiatives were carried out during his first two years in office. We therefore contend that the analysis of Macri's first year in office provides important insight into his administration's goals and orientation. Drawing on newspaper articles, legislative debates, and secondary sources, this study finds that neither Macri nor Piñera engaged in outright retrenchment of existing social policies, yet there was retrenchment through policy drift, and in both cases the administrations made marginal expansions to pensions and conditional cash transfers (in Argentina) and maternity leave (in Chile), but did not expand public services.

## EXISTING RESEARCH AND THEORETICAL EXPECTATIONS

Studies of the welfare state find that the politics of expansion and retrenchment are different. Theories that explain expansion of the welfare state focus on political-institutional and economic factors. Political-institutional arguments point to the impact of strong left parties and union mobilization (Huber and Stephens 2001; Dion 2010), political institutional design (Immergut 1992), policy legacies (Martínez-Franzoni and Sánchez-Anochea 2016), and regime type (Haggard and Kaufman 2008; McGuire 2010). Other scholars note that economic factors, namely growth levels (McGuire 2010), trade openness (Cameron 1978; Katzenstein 1985), and the sociopolitical effects of neoliberal reforms (Ewig and Kay 2011), also shape the expansion of social policy.

Studies of welfare state retrenchment find that scaling back social programs can take many forms, ranging from the most overt and outright (privatization, program elimination, and deep spending cuts) to more minor changes (tightening eligibility requirements and introducing conditionality) to passive measures, such as policy drift (Pierson 2001; Hacker 2004).

These minor and passive changes, as Mahoney and Thelen (2010) explain, can have important consequences. Policy drift is one example of incremental change, in which rules are formally the same but their impact changes due to shifts in external conditions. It occurs when, for example, a state maintains status quo spending levels, but the demand for benefits goes up; when a state increases the level of income transfers at a lower rate than inflation; or when the state underspends the budget on particular sectors. In such settings, the generosity of benefits or program coverage will be negatively affected, thus resulting in *de facto* retrenchment (Hacker 2004).

Conservative governments in advanced European welfare states have tended to use these more complex forms of retrenchment, such as policy drift, rather than outright rollbacks. This gradual form of retrenchment responds to the role of political

institutional factors, policy legacies, and economic variables. Specifically, a large number of veto points helps protect against social policy cutbacks (Pierson 2001; Huber and Stephens 2001; Castiglioni 2005). Policy legacies can also limit retrenchment by making reforms unpopular (Pierson 2001; Huber and Stephens 2001; Brooks 2009). In Latin America, however, several studies show that outright retrenchment was feasible in the 1980s and 1990s, due to economic crises, capital account openness, and pressure from international financial institutions like the International Monetary Fund (Madrid 2003; Rudra 2008). Others note that reforms were facilitated by the weak state of democracy, civil society, and left parties (Huber and Stephens 2000).

This study builds on and refines this existing literature by exploring whether outright retrenchment continues to be feasible in Latin America. It finds that the region's experience of democratic consolidation and left party rule has generated a political context in which outright retrenchment is costly and unlikely. Instead, and similar to the case of advanced industrialized democracies, parties of the center-right in Latin America are more likely to retrench by means of policy drift and may even face incentives to marginally expand some programs. Pressures similar to those in advanced industrial democracies explain this outcome: policy legacies and the strength of the opposition.

Policy legacies, or the design of previous policy, influence current reforms in two ways. First, they help define what reforms are necessary. For example, a health policy that expands access to public services without building new infrastructure may create overcrowding and waiting lists, putting pressure on the government to address the problems. The gaps and challenges created by existing policy design help to determine when and where governments concentrate their social policy efforts. A second way that policy legacies shape the direction and nature of reforms is by structuring the preferences of actors (Ewig and Kay 2011). Where existing policy offers broad coverage and high-quality benefits, the programs will enjoy popular support, making retrenchment prohibitively costly.

The strength of the opposition consists of three factors: electoral strength, the share of seats in the legislature, and mobilizing capacity. When center-left parties pose a viable threat in the presidential election (i.e., when the election is won by a narrow margin), right-wing candidates are likely to adopt a centrist approach to social policy that maintains popular programs. These parties may even commit themselves to expanding social policy in settings of strong competition from the left. Such promises of expansion are most likely in the case of income transfer policies, because parties can more easily claim credit and reap electoral gains. This is because voters easily understand where transfers are coming from and therefore can reward that party in elections (Niedzwiecki 2016). In addition, expanding transfers tends to be cheaper than making structural reforms to social services.

A second element of opposition strength relates to the share of legislative seats that the opposition holds. When the opposition maintains a majority in at least one chamber, policy reform is likely to be more progressive, because of the ability of left and center-left parties to shape reform during the legislative debate. In addition, pres-

idents who do not have majorities in the legislature tend to develop proposals that may not fully respond to their party's preferences but still have a chance of passing.

The third element of opposition strength is mobilizing capacity. When opposition parties have ties to strong and mobilized civil society organizations, they will have a better chance of influencing the president's agenda and the policy process through pressure in the street.

Policy legacies and opposition strength are neither necessary nor sufficient for explaining policy reforms. They are contributing factors. In fact, a given outcome (maintenance, retrenchment, policy drift, or expansion) can be achieved through different causal paths that involve different dimensions of the two variables (Goertz and Mahoney 2012). For example, while the expansion of pensions in Argentina is partly explained by strong linkages between the opposition Peronist Party and unions, the expansion of maternity leave in Chile responded not to mobilized civil society with linkages to the opposition but mostly to a highly competitive presidential election. In both cases, policy legacies were key for understanding the reform process.

## SOCIAL POLICY REFORM IN ARGENTINA AND CHILE

To assess the role of policy legacies and strength of the opposition, this study employs a qualitative comparative research design that focuses on social policy priorities and reforms enacted by right-wing presidents in Argentina and Chile.

We select Argentina and Chile for a number of reasons. First, right-wing parties won the presidency in Chile in 2010 and in Argentina in 2015, thereby allowing us to test the role of ideology in social policy. Piñera's National Renovation (*Renovación Nacional*, RN) is center-right in its political orientation, favoring free market policies but shying away from conservative orthodoxy when it comes to social issues. The RN is widely considered a probusiness, middle-class party that is more centrist than its coalition partner, the Independent Democratic Union (UDI) (Alcántara Sáez 2003; Pribble 2013). Still, the party has a record of favoring market-based solutions for social welfare and opposing the expansion of the state in the provision of social services and income transfers.<sup>2</sup>

Macri's Republican Proposal Party (*Propuesta Republicana*, PRO) is also center-right, due to the policy preferences of its cadres and their closeness with business. PRO combines new politicians from NGOs (especially think tanks) and private businesses with traditional politicians, partly from right-wing parties (Vommaro and Armesto 2015; Vommaro and Morresi 2014).<sup>3</sup>

A second reason for the case selection is that both countries have experienced sustained democratic rule since their respective transitions (1983 in Argentina and 1990 in Chile), with multiple periods of left party rule during the early 2000s. Moreover, both countries are considered leaders in the domain of social welfare policy, but both also underwent some of the most radical social policy retrenchment in the region during the 1980s and 1990s (Huber and Stephens 2012). In this way, Argentina and Chile provide an excellent context for assessing the extent that dem-

ocratic consolidation and left party rule have transformed the politics of welfare retrenchment in Latin America.

Chile's and Argentina's left-leaning parties have a strong following, and were narrowly defeated by Presidents Piñera and Macri. The election that brought Piñera to office in 2010 was tightly fought: the right-wing candidate beat former Christian Democratic president Eduardo Frei by a margin of 51.6 to 48.4 percent in a runoff (Servicio Electoral República de Chile 2016). The entrance of a protest candidate on the left, Marco Enríquez Ominami, in the first round turned up the pressure for both Frei and Piñera, and during the campaign, both candidates vowed to improve the quality of public education and health services, eliminate extreme poverty, boost employment, and extend maternity leave (Castiglioni 2010). In Argentina, Macri won the 2015 election by only 3 percentage points (51.4 percent versus 48.5 percent) in a runoff against Daniel Scioli, the candidate representing the incumbent Front for Victory (*Frente para la Victoria*), a left faction of the Peronist Party. As the race tightened and moved into the second round, Macri's campaign promised not to reverse those policies that had benefited a large segment of the population, such as conditional cash transfers and the nationalization of major companies. This moderation in the discourse made Macri an acceptable candidate for defenders of social rights (Freytes and Niedzwiecki 2016; Semán 2015).

The strength of the opposition is also manifest in the legislative seat share of left parties and in their ties to mobilized civil society. In Chile, RN's coalition faced strong opposition from the center-left Concertación, which controlled 47.5 percent of seats in the lower house and 50 percent in the Senate (Emol 2009). Though Chile's center-left parties did not enjoy strong ties to the mobilized student movement, these parties were still able to influence legislation.<sup>4</sup> In Argentina, Macri currently governs with a legislative minority. After the elections, PRO and its allies controlled only 35 percent of national deputies and 16 out of 72 national senators. Frente para la Victoria and its allies held almost a two-thirds majority in the Senate and were the main force in the lower chamber (Freytes and Niedzwiecki 2016). In addition, the Peronist Party (and Frente para la Victoria in particular) has ties to strong unions and other organized groups in society. As a result, the party has both electoral and mobilizational strength.

Although both countries enjoy overall strong policy legacies and left opposition, variation can be observed within countries, especially across policy sectors. The within-country strategy allows us to probe our explanation for why right-leaning governments might pursue retrenchment by policy drift in some sectors and marginal expansions in others. This variation helps explain differences in outcomes within countries.

The two countries also provide an interesting contrast because in one, Chile, the turn to the right occurred during the final years of the commodity boom, and therefore the government faced a favorable economic climate and limited external pressure to scale back spending. In Argentina, Macri's victory came after the end of the commodity boom. The price of Argentina's main export, soybeans, fell by 40 percent in 2014. Economic growth averaged a meager 1 percent, and the fiscal

Table 1. Social Policy Change During the Macri and Piñera Administrations

	Expansion	Status Quo	Retrenchment Through Policy Drift	Outright Retrenchment
Chile (2010–14)	Maternity leave	Education Social assistance	Healthcare (public option weakened)	
Argentina (2015–)	Pensions Social assistance (CCT eligibility)	Healthcare	Healthcare (sexual program) Social assistance (real value of transfers)	

deficit was increasing. By 2015, inflation was also on the rise (Murillo 2015). In this context, it becomes easier to shift the blame for adjustment policies and to use social policies to appease opposition in Congress and in the streets.<sup>5</sup> Blaming the previous administration for the economic problems, the Macri government implemented a number of austerity policies, such as increasing the price of basic utilities and public transportation, and laid off thousands of state employees. The difference in economic context, however, does not explain the similar outcomes observed in the two countries.

Still, it is possible that the lack of outright retrenchment in Argentina and Chile partly results from the absence of severe economic crisis. Thus, to further probe the role of economic crisis, we include Brazil as a shadow case in the conclusion of the paper. Between the fourth trimester in 2015 and the same trimester in 2016, Brazilian GDP contracted by 2.5 percent. GDP growth dropped from a peak of 7.5 percent in 2010 to -3.6 percent in 2016 (IBGE 2016). This country thus provides a better sense of whether economic crisis makes outright retrenchment more feasible. The key social policy initiatives of both President Piñera and President Macri project four potential policy outcomes: expansion, maintenance of the status quo, retrenchment through policy drift, and outright retrenchment. Outright retrenchment can be defined as reforms that involve the elimination of programs, spending cuts, or privatization. The unit of analysis in this study is a country’s policy sector. We select the main sectors in each country in which important reforms have been made in either the previous or current administration.

Our findings suggest that Macri and Piñera have mostly maintained the status quo while also retrenching through policy drift (and creeping privatization in healthcare). Moreover, in both countries, the right-wing governments have expanded cash transfer programs (while decreasing the real value of transfers in Argentina) but have done virtually nothing to improve social services. Table 1 presents a summary of our findings.



## SOCIAL POLICY REFORM DURING THE PIÑERA ADMINISTRATION

President Piñera's social policy reforms varied across sectors, involving an expansion of maternity leave, status quo maintenance of education and social assistance programs, and policy drift in healthcare.

### Maternity Leave

The maternity leave expansion occurred in 2011, when the center-right government approved Law 20,545, which extends the maternity leave benefit from three to six months and increases access by facilitating the formalization of workers who were not contributing to the social security system. The law also provides the opportunity for mothers and fathers to share the final three months of the leave (Staab 2012).

President Piñera's commitment to maternity leave emerged during the 2009–10 electoral campaign after his opponent voiced support for a proposal to extend the country's leave to six months (Blofield 2016). Chile's maternity leave was already quite generous by international standards, but its coverage was limited because many women work in the informal sector. Previous attempts to raise the issue had been ignored during the 1990s and early 2000s because of concern about the potential cost for employers (Staab 2012) and labor market discrimination against women (Blofield 2016).

Piñera's original proposal sought to expand coverage, extend the length of leave, and allow fathers and mothers to split the additional 12 weeks. It also attempted to ease labor market regulations related to sick leave and protection from dismissal. These elements were quickly criticized by unions and other civil society organizations and were eventually eliminated from the law. During congressional debate, opposition politicians also managed to increase the ceiling for income replacement during maternity and family leave (Staab 2012).<sup>6</sup> The end result is a maternity and family leave law that expands access while providing a generous benefit. Critics note that the law does very little to encourage men to take leave (and in fact increases the leave available to men by only one day) but that the reform constitutes progress for working women, especially those who do not have a labor contract (Blofield 2016).

Our theoretical framework helps explain the content and timing of Chile's new maternity leave law. First, the importance of strong electoral competition and a tightly fought presidential election pushed President Piñera to prioritize the issue (Blofield 2016). Moreover, the increase in the ceiling for income replacement emerged as a result of congressional debate, following demands from left-leaning parties. Policy legacies help explain the reform's approval as well. The fact that the existing maternity leave policy did not impose a cost on employers was crucial in avoiding opposition from the right. Staab (2012) argues that Piñera was able to get his coalition behind the initiative in part because the benefit is funded through general revenue, and therefore employers do not incur an additional cost.

The existing system of maternity leave had also generated negative consequences for private health insurance firms, thereby increasing the incentives for right parties to take interest in the reform. Under the previous system, mothers who returned to work after three months of leave often found themselves having to request sick leave when infants fell ill. Under Chilean law, sick leave is financed through health insurance. Blofield (2012) notes that as sick leave requests increased throughout the 1990s and early 2000s, private health insurance companies began to grow alarmed about growing costs and supported the extension of maternity leave. Since the RN and UDI enjoy a strong relationship with Chile's private health insurance firms, this policy legacy facilitated the passage of the reform.

## Education

The area in which Piñera was least active, despite growing student protest and demands, was education. Beginning in 2011, Chile witnessed a wave of intense student protests. University and secondary students mobilized, took over schools, and organized strikes. The student demands included free, high-quality, and universal public education, including university admission. The Piñera administration's response was sluggish: it increased education spending and created a quality monitoring agency. Spending on education increased from around 4 percent of GDP (in years 2008–11) to 4.6 percent in 2012 (Cepalstat 2016), but no structural reforms were enacted to address the students' demands.

In this way, Piñera's approach to education was status quo with a slight increase in spending. The fact that such intense protests did not provoke a significant policy reform is largely explained by policy legacies, which have weakened the public education system and have made it difficult for demands for structural reform to gain traction. Additionally, because the parties that made up Chile's center-left Concertación coalition did not have strong ties to the student movement, the opposition did not push Piñera to engage in a deeper reform. Moreover, the president's coalition partner, the right-wing UDI, has historically been especially supportive of Chile's education voucher system and has a sustained record of resisting reforms that curb public subsidies to private providers (Pribble 2013). This made it difficult for the RN to respond to student demands without endangering the viability of its right-wing coalition. The result was status quo maintenance of education policy.

Another area where the Piñera administration upheld status quo policy was pre-school education. There, too, policy legacies help explain the president's decision to maintain the existing system. In 2009, Socialist president Michelle Bachelet passed a comprehensive early childhood health and education program, Chile Grows with You (*Chile Crece Contigo*). The program guarantees access to daycare for infants to 2-year-olds and to preschool for 2-to-4-year-olds for the bottom 60 percent of income earners. This commitment was made possible by an expansion in daycare facilities during Bachelet's presidency. Ortiz Rojas (2009, 8–9) found that public daycare centers increased from around seven hundred in 2006 to more than four

thousand in 2009. This quintupled the available spots for infants to 2-year-olds and doubled the spots for those between the ages of 2 and 4.

Piñera continued to implement Chile Crece Contigo, though at a notably slower pace. The OECD (2016) reports that the daycare enrollment rate for infants to 2-year-olds grew from 12.3 percent in 2009 to 17.6 percent in 2010, but then held steady at that number in President Piñera's first full year in office. In the case of 3-to-5-year-olds, the impressive growth seen during the Bachelet administration (from 45.8 to 66.5 percent) slowed during Piñera's first two years in office, growing by only 5 percentage points, to 71.2 percent (OECD 2016). All of this suggests that while the government did not roll back advancements in public daycare and preschool, it did not prioritize expansion, either.

In 2013 President Piñera oversaw the approval of a constitutional reform (Law 20,710) that increased Chile's mandatory years of schooling from 12 to 13, creating a public system of kindergarten (preelementary) that is required for entrance to elementary school. This guarantees that all children will attend at least one year of preschool and that education will be fully funded by the state for those who choose to use the public sector.

It is important that the law did not require additional financial investment because Chile Crece Contigo had already guaranteed access to preschool for virtually all children enrolled in public school. In essence, then, the reform formalized a right that already existed, and is an example of policy maintenance. The initiative reveals how policy legacies create inertia, pushing a new government to uphold existing services and meet popular expectations.

### **Social Assistance**

The Piñera administration also reformed Chile Solidario, Chile's existing conditional cash transfer (CCT) program, but the outcome reflected another case of status quo maintenance. On arriving in office, Piñera set the goal of eliminating extreme poverty by the end of his four-year tenure (Moreno 2011). As part of this promise, the government sought to reform the existing CCT program, replacing the program with a new benefit called *Ingreso Ético*, or Ethical Income, in 2012 (Law 20,595; Decree 29).<sup>7</sup>

Ethical Income has three pillars: so-called dignity income transfers, "responsibility" (or conditional) income transfers, and income transfers based on achievements. Thus the program expanded the size of the benefit (through the addition of new transfers) but also altered the eligibility requirements. The primary change relates to the first pillar of transfers, which are granted without conditionality and include a family transfer and an additional sum per person in the household. The second pillar is paid per child, but receipt of the funds is conditional on school attendance and healthcare check-ups. The final pillar includes a series of one-time payments that can be earned as a result of accomplishments, such as completing school, female employment, and finishing a drug rehabilitation program (Cecchini et al. 2012).

Although several studies note that the overall transfer under Ethical Income is larger than that provided by Chile Solidario, the precise increase is difficult to assess, since the third pillar of payments is not guaranteed. The Chile Solidario benefit was small, totaling roughly US\$21 for the first six months, US\$16 for months 7–12, and US\$11 for months 13–18 (Pribble 2013, 76). One analysis of Ethical Income estimates that the “dignity” pillar constitutes a transfer of somewhere between US\$9 and US\$15 per month, while the conditional pillar provides approximately US\$20 per child (if conditions are met) (Henochoa and Troncoso 2012). The one-time “accomplishment” payments range from US\$100 for top-ranking school performance to US\$10 for a healthcare accomplishment.

In addition to a small expansion in benefit size, Ethical Income puts an added emphasis on the issue of employment. Recipient families receive visits from social workers and employment counseling and preparation. The labor counseling provides assistance in overcoming barriers to entering the labor market and basic skill training. The counselor is responsible for linking participants with the local job placement office and helping them enroll in training courses. Female heads of household enrolled in Ethical Income are eligible for a labor market subsidy to incentivize employers to hire women (Cecchini et al. 2012). This emphasis on employment reveals a key ideological pillar of Chile’s right-leaning parties; namely, that work should constitute the first barrier against poverty.

Taken as a whole, then, the reforms enacted by President Piñera constitute policy maintenance, since the CCT value remains small and coverage limited. Additionally, the duration of Ethical Income (like Chile Solidario, which preceded it) is limited to two years. The Piñera administration’s decision to create a new cash transfer program reflects Chile’s tightly fought presidential election. In the wake of a narrow victory, the right parties sought to build an electoral following, but the organizations were reluctant to expand public spending and the state’s role in service provision. The narrow scope of the reform limited the CCT’s cost, allowing the RN to appeal to lower-income voters while avoiding conflict with its core constituency.

## Healthcare

President Piñera’s government did little to reform the underlying structures of Chile’s healthcare system, though it increased public expenditure modestly. Healthcare expenditure grew from roughly 3.3 to 3.8 percent of GDP between 2010 and 2014 (World Bank 2016), but so, too, did public transfers to private providers, thereby promoting policy drift.

Piñera did not eliminate the country’s public healthcare system or undo the Concertación’s signature healthcare reform, Plan AUGE. Plan AUGE was initiated by Socialist president Ricardo Lagos in 2004. At the time of its approval, the program guaranteed treatment for 56 illnesses, establishing timelines and treatment protocols that both the public and private sectors were required to uphold. During the Bachelet government, the list of AUGE illnesses was expanded to 69. In 2013, Piñera announced the inclusion of 11 new illnesses in Plan AUGE, bringing the

total to 80 pathologies (Superintendencia de Salud 2013). The increase in spending enacted by the Piñera administration sought to cover the inclusion of new illnesses in AUGE but was also used to eliminate wait lists for treatment. The elimination of these wait lists was accomplished, in part, by increasing transfers to private sector providers.

During the 2009–10 election campaign, both Frei and Piñera discussed the need to improve the quality of public healthcare. In particular, the right-wing Coalition for Change stressed the problem of wait lists in the public sector and promised to eliminate the lists for AUGE illnesses by 2012 (Piñera 2010). In 2011 the president announced that the goal had been accomplished ahead of the self-imposed deadline.

While the elimination of wait lists was celebrated by Piñera and his allies, critics noted that the project was accomplished by turning treatment over to the private sector, thus constituting a form of policy drift: creeping privatization. It is estimated that between 2010 and 2012 (Piñera's first two years in office), public transfers to private hospitals and clinics grew by 21.7 percent (Goyenechea Hidalgo 2011, 4).<sup>8</sup> Moreover, in 2013 the administration introduced a bill that sought to extend the "free choice option," which allows those enrolled in the public sector to seek care in private clinics (subsidized by the state). The initiative would have further extended public transfers to the private sector, and although the bill was not approved, the general trend toward increasing public transfers to private clinics is likely to weaken the public health system (Fonasa) over the long term.

We contend that this privatization creep is a form of policy drift, as it leaves the public healthcare system vulnerable. It does so because, instead of investing in public infrastructure and capacity, the government transfers funds to the private sector, where prices are higher. Over time, this may serve to strengthen private clinics and providers at the expense of public hospitals, leading to a *de facto* privatization in healthcare.

Policy legacies played a strong role in this trend toward increased private sector involvement. Chile's private clinics and health insurance firms (Isapres) are very strong because the design of previous policies and the country's right-wing parties support them (Pribble 2013). It is therefore of little surprise that Piñera turned to the private sector to boost performance. Additionally, weaknesses in the design of Plan AUGE—namely that public sector underfunding was not resolved—partly prompted Piñera's push to address the problem of wait lists. The tightly fought presidential election also shaped the policy outcome. Turning public healthcare responsibilities over to private actors allowed Piñera to make quick progress on the challenge of wait lists, which was important in a setting of a strong opposition. Indeed, investing in public infrastructure, while beneficial in the long term, would not have allowed Piñera and the RN to claim credit for "resolving" the problem. Thus, the policy also reflects how a strong opposition party influences social policy decisions.

## SOCIAL POLICY REFORMS IN THE FIRST YEAR OF THE MACRI ADMINISTRATION

Social policy reforms enacted by the center-right government in Argentina also include a combination of expansion, status quo maintenance, and retrenchment through policy drift.

### Pensions

The pension sector is an example of policy expansion. The previous Frente para la Victoria administration (Néstor and Cristina Kirchner) had extended the system of noncontributory pensions for the elderly by implementing a moratorium for workers who had reached retirement age but had limited or no contribution records. A percentage of their income was discounted as a form of payment for the lack of contributions (Arza 2009; Niedzwiecki 2014; Brooks 2009). The moratorium was scheduled to expire in September 2016. This policy legacy forced Macri's administration to make a decision: let the moratorium expire without replacing it (retrenchment), renew it without changes (status quo), or modify it.

Macri's government proposed to let the moratorium expire and to implement instead a universal elderly pension (*pensión universal a la vejez*) for all those older than 65 without sufficient contributions. This pension would not incur deductions because recipients would not have to repay missed contributions. The value of the benefit was set at 80 percent of the lowest contributory pension, thus maintaining some segmentation between the two systems. The original law also proposed a "historic reparation" payment to those in the contributory system whose pensions had not been adjusted for inflation.

The funding for the reforms would come from up to 7 percent of the Guaranteed Fund (*Fondo de Garantía de Sustentabilidad*, FGS) of the Social Security Administration (*Administración Nacional de la Seguridad Social*, ANSES), the selling of these funds' bonds currently invested in private companies, and the declaration of undeclared assets (Ybarra 2016a; Stang 2016; Presidencia de la Nación 2016; Senado y Cámara de Diputados 2016; Serra 2016; Hadida 2016).

Besides the expiration of the moratorium (i.e., policy legacies), the strength of the Peronist opposition in Congress shaped the outcome of the reform. The increase in federal transfers to provinces was the carrot that persuaded many Frente para la Victoria legislators to support the bill.<sup>9</sup> The reform was part of an omnibus bill that included 97 articles; it was approved in the lower chamber within a week and with a majority of over 60 percent (Ybarra 2016b; *La Nación* 2016a). The Senate, with an overwhelming majority of the opposition, approved the bill (Law 27,260) in less than two weeks (*La Nación* 2016b). Cognizant of its minority in the legislature, the government forged a strategy—including controversial articles (such as the plan to declare undeclared assets) and an increase in federal transfers to provinces—and that strategy guaranteed passage of the bill in both chambers.

The strength of the Peronist opposition also shaped the bill during the legislative debate. The most contentious aspect of the pension reform was the increase in women's retirement age from 60 to 65. With the moratorium, women could retire at 60 and men at 65. Following pressure from the Peronist opposition and unions, the moratorium was extended for three years for women (until July 2019) and for one year for men (with the possibility of one more year). The new pension applied only to those 65 and older. In addition, the opposition, in alliance with unions, incorporated a permanent representative of the unions on the council of the FGS, which is charged with defining the characteristics of a new system. The council is accountable to the two chambers (every six months) and has three years to prepare a unified, pay-as-you-go, universal system (Senado y Cámara de Diputados 2016, Article 12). Furthermore, provincial governors, who influence the votes of representatives in Congress, received an important concession: the national government would fund the debt of provincial pension funds (Origlia 2016).<sup>10</sup> After these modifications were introduced by the Peronist opposition in coalition with unions, the reform was approved.

The bill also increased the amount of some contributory pensions to avoid more pensioners' lawsuits against the state. This last element of the reform only covered pensioners in the contributory system, excluding all those who receive noncontributory pensions. Since noncontributory pensioners tend to come from the lowest income brackets, the reform generates increased stratification between labor market insiders, who had enough contributions to retire and now receive an increase in their income, and those who do not have enough contributions to access the contributory system. In addition, President Macri decreed an adjustment in the formula to increase the amount of contributory pensions for those who retired after August 2016 (Ybarra 2016a; Stang 2016; Presidencia de la Nación 2016; Senado y Cámara de Diputados 2016).

Macri's pension reform does not retrench the system and could even be a move toward expansion, but only if the universal elderly pension had no expiration date. The temporal reach of the reform is unclear. This is because the legislation passed in Congress created a universal regime with no termination date. However, the presidential decree that implemented the law defined a three-year termination date (in July 2019) (Presidencia de la Nación 2016). President Macri hopes to enact a new, overarching pension reform law before the three-year period expires. Such a measure would probably include an increase in the retirement age.

The expansion of Argentina's pension system under Macri's leadership resulted from a combination of policy legacies (i.e., the need to enact a reform due to the moratorium's expiration) and a strong Peronist opposition—in alliance with unions—that shaped the proposal presented by the president and the final content of the bill. Macri included incentives to opposition legislators in the design of the bill, and the opposition extended the moratorium, the payment of provincial debt, and the incorporation of a union representative on the council in charge of designing a new system.

## Social Assistance

Macri's government expanded the eligibility criteria of the main CCT while letting its real value decrease. *Asignación Universal Por Hijo* (Universal Family Allowance) is a conditional cash transfer enacted by the Frente para la Victoria in 2009 of up to US\$65 (in 2016) per child per month, up to a maximum of five children per family, and to pregnant women after the third month of pregnancy.<sup>11</sup> It covers every unemployed or underemployed person earning less than the monthly minimum salary with children under the age of 18 or handicapped children. While the amount of transfer was increased by the discretion of the executive from 2009 to 2015 and in a context of increasing inflation, the previous government proposed and passed a bill to automatically index the amount of transfer twice every year (in March and September) according to an equation that includes salaries, social security revenues, and the number of beneficiaries (Lewkowicz 2015; *Clarín* 2015).

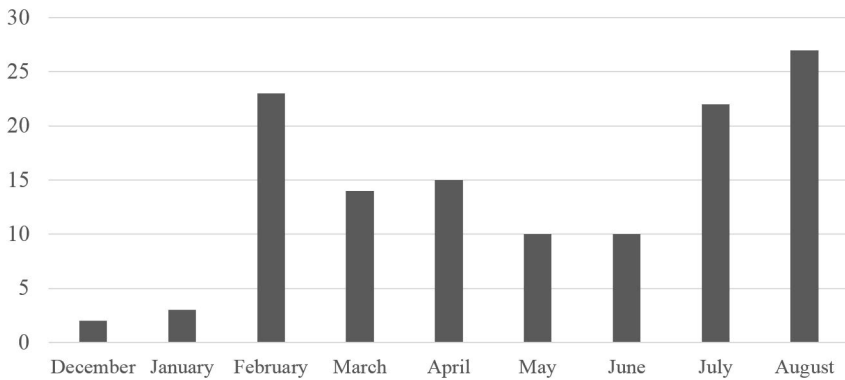
Following the requirement in the law, Macri's government increased the CCT in March 2016 from AR\$700 to AR\$808 (Verón 2016). However, this increase took place in the context of increasing inflation and increases in the price of utilities, which decreased the actual value of the transfer. The increase did not keep up with the rate of inflation, which was 35 percent in the City of Buenos Aires in October 2016 (INDEC 2016).<sup>12</sup> The increase in the amount of transfer in a context of higher inflation is an example of policy drift.

Given the popularity of the CCT, Macri had promised during his electoral campaign not to eliminate it (Cappiello 2015). Once in office, the administration even increased the policy's coverage with a World Bank loan. The increase was initially a one-time expansion aimed at including children who had never accessed the CCT or who had lost the benefit due to not having national IDs and not complying with education conditionalities. In addition, the expansion of coverage modified the eligibility criteria by extending contributory family allowances to the self-employed affiliated with the simplified tax system (*monotributo*) (Arza 2016). The expansion of eligibility for family allowances was a move toward expansion. In addition, the government returned 15 percent of the VAT of purchases with ATM cards (the same used to withdraw benefits) to the recipients of this CCT, among others (*La Nación* 2016c). Furthermore, the current administration announced a proposal to ease the eligibility criteria for temporary workers and for beneficiaries of provincial programs (Jueguen 2016; Obarrio 2016a, b; Basavilbaso 2016).

While the popularity of the policy (i.e., legacies) in a context of competitive presidential elections (i.e., opposition electoral strength) explains the lack of outright retrenchment, the linkages of the opposition with strong, mobilized sectors partly explains the nominal increase in the amount of transfer and the expansion of coverage. Many of the macroeconomic adjustment policies proposed by the executive, such as the decrease in the subsidy for basic utilities, particularly affected the most vulnerable sectors of the population and therefore CCT recipients. These policies produced increasing mobilization in the streets. Previously fragmented peak union organizations reunified in opposition to Macri's austerity policies, the depre-



Figure 1. Protests Against the Argentine Government per Month (December 10, 2015–August 31, 2016)



Note: The high level of mobilization in February partly responds to the negotiation over teachers' salaries before the start of the academic year.

Source: Coding based on *La Nación*

ciation of wages in a context of increasing inflation, and layoffs. A major national newspaper that supported the new administration explained that public announcements to increase the amount of the transfer, increase its coverage, and return VAT to recipients responded to Macri's goal of containing the increase in poverty (from 29 to 32.5 percent from December to April) and social unrest produced by his adjustment policies (Obarrio 2016c).

Since the government took power in December 10, 2015, intense mobilization and protest against its policies have taken place. Figure 1 shows the total number of protests against the Macri government each month from December 10, 2015 to August 31, 2016. The data are taken from the report of public mobilizations in the main national newspaper, *La Nación*, which is generally supportive of the government.<sup>13</sup>

## Healthcare

The analysis of the health system also includes a combination of two strategies: maintenance of the overall system's status quo and defunding of a policy aimed at sexual education (i.e., policy drift). Argentina's health system includes three components: a publicly financed sector (administered by provinces and some municipalities), social insurance funds (*obras sociales*, mostly administered by unions), and a private sector. Macri's administration sent a positive signal to unions in the context of increasing street protest (see figure 1) by paying an outstanding debt of about US\$180 million to *obras sociales* administered by unions (Rosemberg 2016).

In the public system, the previous Frente para la Victoria administration strengthened primary healthcare through the distribution of free medicine (*Plan*

*Remediar*) and through reimbursement of public clinics and hospitals for services provided to uninsured people (*Plan Nacer/Sumar*). The previous administration also enacted a program on sexual and reproductive health (*Programa Nacional de Educación Sexual*). Macri's government continued the distribution of medicine yet changed the name of the program to *Cobertura Universal de Medicamentos* (Universal Coverage of Medicine). The new government also continued with Plan Nacer's aim of developing clinical histories of users of the public system. The novelty was the proposal potentially to increase public funding for the provision of healthcare to *obra social* contributors (formal workers) who use the public system. The *obra social* does not currently reimburse that spending. In addition, the government expressed Macri's intention to extend the coverage of basic illnesses included in the contributory health insurance system to those using the public system (Czubaj 2016).

The Program on Sexual and Reproductive Health has been slowly neglected. It has been in place since 2008, and it obliges the Ministry of Education to develop educational programs for all schools at every level. The program aims to prevent unintended pregnancies, HIV/AIDS, and other sexually transmitted diseases, as well as to improve the sexual and reproductive health of teenagers. Almost 90,000 school teachers in 17 provinces have been trained for this policy since 2012. Although the new administration has not formally repealed the policy, it has delayed the transfer of funds and has not opened up the training for teachers (Carbajal 2016). Underspensing what was allotted in the budget is one way to produce policy drift and retrenchment by default.

Until October 2016, Macri's administration had not made any structural reforms to the health system. This is largely due to policy legacies; namely, that previous policy design created powerful stakeholders (such as unions) and programs that enjoy widespread popular support. The underspending in the Sexual and Reproductive Program is an example of policy drift that could be motivated by ideological considerations.

## CROSS-COUNTRY COMPARISON AND CONCLUSIONS

Right-wing presidents in Argentina and Chile did not retrench outright social policies that had been expanded during the previous left-wing governments, but instead engaged in a more complex form of retrenchment: policy drift. The administrations also maintained the status quo in some public services while slightly expanding select income transfer policies. We contend that this expansion of income transfers probably aims to boost the right-wing parties' popularity—and makes good sense, because such policies require a minimal investment and are ideal for claiming credit (Niedzwiecki 2016).

Piñera continued Bachelet's early childhood education program, formalized the existing system of public kindergarten, and maintained the solidarity pension. Macri's administration continued the main public health programs and followed the law in automatically adjusting the CCT's value. However, the increase in the

amount of transfer was not sufficient to keep up with inflation, which created policy drift and a *de facto* reduction in benefit generosity. The healthcare sector in both countries also shows under-the-radar shifts in policy implementation and spending that threaten aspects of public health delivery. In Argentina, the government began to discontinue a program on sexual and reproductive health, while in Chile, the wait lists were eliminated by outsourcing treatment to the private sector. The increased levels of public transfers to the private sector in Chile may, with the passage of time, contribute to privatization creep.

Furthermore, these governments marginally expanded parts of the social state. The most notable expansion in Chile was the extension of maternity leave. Piñera's government also increased the years of mandatory schooling, added new illnesses to AUGE, and created a new CCT that built on the previous one. Macri's main social policy achievement in his first months in office was the extension of noncontributory pensions and the increase in the value of pensions. His government also expanded the coverage of family allowances.

This explanation sheds light on the variation in social policy reforms undertaken by Presidents Macri and Piñera, from maintenance to policy drift and expansion. The evidence confirms that policy legacies in both countries defined what kinds of reforms were necessary and feasible. The pension moratorium in Argentina was set to expire in 2016, and therefore the new government had to decide whether to continue with the existing system (with broad coverage but for a limited cohort) or to reform the benefit. Macri's administration chose the latter. In Chile, existing gaps in the healthcare system prompted Piñera to address the problem of wait lists. In education, the design of Chile *Crece Contigo* encouraged the administration to require an extra year of schooling. Policy legacies also shaped what kinds of reforms were feasible. Because Chile's maternity leave is funded by general revenues and not through employer contributions, Piñera was able to expand the benefit without encountering private sector resistance. In fact, the reform probably benefited private health insurance companies by decreasing the amount of sick days requested by new mothers.

The strength of the opposition also shaped the outcome of the reforms. That strength was first manifested in the competitiveness of the presidential election. Previous left administrations were popular partly because of their social policy reforms. The popularity of the center-left alternative during Chile's 2009 presidential campaign encouraged Piñera to commit to defending public programs, and helps to explain why the administration pursued the expansion of maternity leave. Similarly in Argentina, Macri won the runoff by a mere three percentage points. This high level of competitiveness produced a moderation in his discourse and his explicit support of policies that had benefited a large proportion of the population, such as the CCT.

Opposition in Congress in both countries also contributed to the expansion of executive proposals. In Chile, the opposition increased ceilings for income replacement during family leave and eliminated labor code modifications. In Argentina, the opposition majority in Congress gained a number of concessions in the pension reform, including the extension of the moratorium, the payment of provincial debt,

and the incorporation of a union representative on the council in charge of designing a new system.

The opposition also avoided retrenchment through linkages with strong and mobilized civil society organizations. In the case of Argentina, mobilized unions with linkages to the opposition gained an extension of the pension moratorium, the payment of an outstanding debt to health insurance administered by unions, and an expansion of the CCT coverage. These social policy concessions, therefore, represented a broader tool to maintain social peace during a period of economic stabilization.

Organized interests in Chile were also strong, and the student movement demanded a broad education reform; however, Piñera's administration did not make concessions. Why could Piñera ignore students' mobilization while Macri had to negotiate with unions and other mobilized groups? Popular mobilization in each country had different effects due to its relative strength and linkages to opposition parties. Unions and other mobilized sectors have been historically stronger in Argentina in influencing policymaking (Murillo 2001; Etchemendy 2004; Garay 2016). Since Macri took office in December 2015, the country has seen an average of almost 14 protests per month, or a protest almost every other day, against the national government (figure 1). Organized civil society in Argentina has historical linkages with the Peronist opposition. The Chilean student movement did not enjoy similar linkages with parties in the opposition Concertación coalition, but instead sought representation through the Communist Party.

Overall, Argentina and Chile's "right turns" have not produced outright retrenchment of education, health, or income transfer policies, but rather a combination of maintenance of the status quo, policy drift, and marginal expansion. This suggests that the countries' 25-plus years of democratic consolidation and the experience of sustained left party rule have altered the politics of social policy formation and change. Unlike the 1980s and 1990s, when privatization and spending cuts were carried out in both countries, today's right-leaning parties appear to be more moderate, due to constraints imposed by the strength of the (left) opposition and by policy legacies that have generated widespread popular support for the social programs. In this way, the politics of welfare reform in contemporary Argentina and Chile are more similar to the experiences of advanced industrialized democracies than previous findings suggest.

### **A Comparative Case: Brazil**

This article does, however, suffer from limitations that constrain our ability to generalize this conclusion. First, the Macri administration has not completed its term in office. Therefore it remains to be seen whether or not the right will continue to behave as it did during its first year. Second, both Argentina and Chile are stable democracies with a free press and a robust civil society. They are also middle-income states with established social welfare systems. These characteristics are not present in all Latin American countries, which may limit the applicability of the findings in

other parts of the region. The absence of a severe crisis in both countries might also be relevant. In a setting of deep economic or political crisis, it is possible that right-wing governments would enjoy more leeway to retrench social programs. Brazil represents this scenario.

The economic and political crisis that ended in President Rousseff's impeachment and removal from office in August 2016 has weakened the role of the left and allowed the current center-right president, Temer, to retrench social policies. From a high of 7.5 percent GDP growth in 2010, Brazil suffered a contraction of -3.6 percent in 2016 (IBGE 2016). In April 2016, 63 percent of Brazilians evaluated President Rousseff's government as "bad" or "terrible" (*ruim* or *pessimo*) and 61 percent supported impeachment (Datafolha 2016). In the 2016 local elections, the PT received less than 5 percent of the vote (Tribunal Superior Eleitoral 2017), marking a steep decline in support for the left.

In this context, the new government was able to cut public spending through a constitutional amendment that imposes a 20-year cap on all federal spending, reducing public funding of health, education, and social security (Barbara 2017). For 2017, the cuts amount to 37.5 billion reais (about US\$12 million) (Portal Brasil 2017). The Temer government also halted CCT payments to 1.1 million Bolsa Família recipients, alleging that their income was above the eligibility criteria (Moraes Moura 2017). Moreover, the administration proposed a bill that flexibilizes labor contracts, particularly benefiting employers (Martello and Amaral 2016).

However, not all reforms involved outright retrenchment; the government maintained some programs and expanded others from the previous left-wing administration. It kept a housing policy (*Minha Casa Minha Vida*), increased the value of the national CCT by 12.5 percent, and even expanded parental leave to adopting parents and reduced working hours for workers with impaired dependents (Bernardes 2016; Portal Brasil 2016). The case of Brazil shows that in contexts of severe economic crisis, with a weakened (left) opposition, outright retrenchment is more feasible.

Future research should incorporate other cases to probe the conditions under which outright retrenchment of social policies is feasible in contemporary Latin America. This article has shown that in Argentina and Chile, where policy legacies and the opposition are strong, outright retrenchment has not occurred, suggesting that the gains made in Latin America during the early 2000s are likely to be maintained despite electoral turnover. This is significant because it suggests that Latin America's "left turn" had a lasting effect on social policy, citizen expectations, and attitudes about the state's role in protecting social rights.

## NOTES

\*Figure 1 was omitted in the original version of this article.

We are grateful to Camila Arza, Merike Blofield, María Esperanza Casullo, Mala Htun, Evelyn Huber, Juliana Martínez-Franzoni, Jami Nelson-Núñez, Ernesto Semán, and Gabriel Vommaro for providing helpful feedback on early drafts of this paper. The article also benefited from the careful and constructive comments offered by three anonymous reviewers and the editors of *LAPS*.

1. Brazil is not included as one of the cases because the new government of Michel Temer is too recent at the moment of this writing and data are insufficient. Given its relevance for the research agenda on the “right turn,” however, the conclusions do include a discussion of the case, showing that a context of deep crisis facilitates outright retrenchment.

2. During debate over Socialist president Ricardo Lagos’s healthcare reform (2002–4), Piñera and other right-wing politicians opposed the creation of a solidarity fund, which would have increased funding for the public sector and boosted equity (Pribble 2013). More recently, the think tank associated with the RN, Instituto Libertad, opposed proposals to create a state-run pension fund administrator. See Díaz and Lecaros 2015.

3. Almost 20 percent of PRO’s cadres belong to right-wing parties, and 17 percent come from private businesses. The think tank Fundación Pensar, with a promarket ideology, provides PRO with cadres and policy ideas (Vommaro and Armesto 2015, 112, 120). Vommaro and Morresi (2014, 390) find that PRO leaders are socially conservative: 58 percent oppose abortion, 77 percent favor regulation of immigration, almost 60 percent want to limit the influence of unions, and 92 percent support restrictions on social protest.

4. The student movement enjoys strong ties to the Communist Party, which at the time did not participate in the center-left coalition.

5. Argentina was not in a context of serious economic crisis, as it had been in 1989 or 2001. We thank Esperanza Casullo for this distinction.

6. The law provides for a 100 percent salary replacement up to a certain cap. Piñera’s proposal included a low cap, but the opposition pushed to expand it (Blofield 2016, 24).

7. Families who were already enrolled in Chile Solidario could switch systems or stay in the program, but new recipients were directed to Ethical Income.

8. The Chilean state can subcontract services to private clinics and hospitals. Plan AUGE requires that treatment be provided within a defined time period. If the state cannot meet the deadlines, users can request treatment in private clinics and hospitals.

9. The increase in federal transfers corresponds to an outstanding national debt toward the provinces of 15 percent of *coparticipación* funds destined to fund ANSES.

10. The transfer of pension funds from the provinces to the federal government started after the 1993 partial privatization. Eleven provinces accepted the transfer and the remaining 13 kept their pension funds (Bullrich 2016).

11. Official exchange rate US\$1 = \$15 Argentine pesos, as of July 26, 2016.

12. Nationally representative inflation figures are based on April 2016 and show an increase in inflation (measured through the Consumer Price Index) from April to August 2016 of 9.8 percent (INDEC 2016).

13. The measure is conservative: a protest event is counted as 1 even if it occurs simultaneously in different parts of the same province and lasts for more than one day. If protests take place in different provinces in a single day, they are counted independently. Provincial protests against local administrations are excluded.

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