

Welfare in the Southern Cone: Bolsa Família, Asignación Universal por Hijo, and the Implications of Conditional Cash Transfer Programs

Mallika Balakrishnan

In this paper, I examine the implications of Conditional Cash Transfer programs (CCTs) on democracy, development, and equality. CCTs are typically government welfare-like programs in which the distribution of monetary resources to low-income or determinedly socially vulnerable families is contingent on compliance with activities that are designed to reduce the continuity of social vulnerability for the family (these activities typically include regular health checkups and school enrollment, for example). By engaging in a comparative analysis of two CCTs in the Southern Cone region of South America (Bolsa Família in Brazil and Asignación Universal por Hijo in Argentina), I present and evaluate the prominent criticisms of CCTs regarding democracy, development, and effectiveness in promoting equality, and I compare the criticisms with the programs' suggested impact. After noting possibilities for future research, I conclude that the progress made by CCT implementation, while subject to valid critiques, is a positive move towards less drastic inequality.

Latin America, Inequality, and the Advent of the CCT

In scholarly canon, the equitable distribution of resources has often served as a definitional hallmark of development, as well as one of the hardest barriers for Latin American countries to overcome. Persistent income inequality has been a root cause for many of the region's social and political mobilizations, especially those of organized working-class people; some of these movements, notably Peronism in Argentina, have supported populist leadership that, according to some,¹ reflects a corrective response to the inability of a liberal democracy to provide accessible, accountable equality. In the interest of working towards more equitable distribution of income, Latin American governments have engaged in various plans that have woven the region's history in and out of political and economic successes and failures. In the 1930s and 1940s, for example, many Latin American governments turned to import-substitution industrialization (ISI) in an attempt to foster economic prosperity for the working classes (among other development objectives). The ISI model, though preferable over broad welfare transfers for Latin American governments during that time period, brought along its fair share of long-term drawbacks, not least its ineffectiveness on vast income inequality.² Brazil, for example, once hailed

for nearing status as a "developed" country, is still well-known for its strong concentration of wealth in the hands of a privileged few; in 1990, at least a decade after the heyday of the ISI model in Brazil, the Gini coefficient had grown to a formidable 0.630, up from 0.590 in 1980.³ Argentina's Gini coefficient in 1991 was 0.468, and had risen to 0.538 by the time the country faced economic turmoil at the turn of the century.⁴ These numbers demonstrate just one example of persistent inequality faced by Latin American governments, despite ISI-style attempts to change the economic landscape.

Another strategy for income distribution equality, employed by both Argentina and Brazil, is the development of broad welfare programming through conditional cash transfer programs (CCTs). CCTs, increasingly present in Latin America following the early 2000s, are welfare programs that generally aim to achieve intergenerational poverty reduction through giving funds to low-income populations in exchange for the compliance with certain conditions (e.g. child school attendance, medical visits, skills training) that are designed to improve the economic and social positioning of beneficiaries. Right-wing and economically orthodox critics of CCTs have

economics of Populism in Latin America, 20, Chicago, IL: University of Chicago Press, 1991.

3. Werner Baer and Claudio Paiva, "Brazil," In *The Political Economy of Latin America in the Postwar Period*, 100, Austin, Texas: University of Texas Press, 1997.

4. "GINI Index," World Bank Group, Accessed June 2018, <https://data.worldbank.org/indicator/SI.POV.GINI?end=2016&locations=AR&start=1980&view=chart>.

1. William A. Galston, "The Populist Challenge to Liberal Democracy," *Journal of Democracy* 29, no. 2 (2018): 5-19, <https://muse.jhu.edu/> (accessed June 2018).

2. Barbara Stallings and Robert Kaufman, "The Political Economy of Latin American Populism," In *The Macro-*

claimed that CCTs are enabling an undemocratic, unsustainable welfare state sure to lead countries back into dire economic straits; critics from the left have noted that CCTs, despite their progressive veneer, in effect only strengthen the dominance of neoliberal market-orient. Through an analysis of CCTs in Brazil and Argentina, I intend to evaluate these criticisms and consider their implications. After a brief explanation of the Programa Bolsa Família in Brazil and the Asignación Universal por Hijo in Argentina, I will engage in comparative analysis of these programs, especially in terms of each program's theoretical implications for democracy and the domestic economic program. Using these insights, I will ultimately claim that, despite criticism, CCTs are beneficial to societies working to reduce inequality.

The Programa Bolsa Família

In Brazil, a CCT called the Programa Bolsa Família was formally established by the Lula da Silva government in 2003, through the consolidation of existing welfare programs. Programa Bolsa Família requires beneficiaries, whose incomes must fall below 150 Brazilian reals per capita per month⁵, to stay updated on vaccinations for children younger than seven years old, show proof of school enrollment and 85% attendance for children between six and fifteen years old (75% for children sixteen to seventeen years old), and keep track of prenatal care for any pregnant women ages fourteen to forty-four, among other criteria.⁶ Through direct income transfer, the program aims at social inclusion through poverty reduction, access to vital services (like healthcare and education), and vulnerability reduction.

The Asignación Universal por Hijo

The Asignación Universal por Hijo was established in Argentina in 2009 under the government of President Cristina Fernández de Kirchner. This program, too, was formed in the interest of consolidating existing CCT measures in Argentina (in particular, the Plan Jefes de Hogar

Desocupados, the Plan Familias por la Inclusión Social, and Seguro de Capacitación y Empleo, all of which were focused on social inclusion). Children under 18, disabled children, and pregnant women are eligible to be beneficiaries, as are children whose parents earn less than minimum wage, earn "less than the minimum annual income of those in the lowest category of fiscal contributors who are sole business proprietors," are seasonal workers, or are unemployed.⁷ The conditions for the Asignación Universal por Hijo are also based around school attendance (for children over the age of 5) and compliance with certain medical standards such as vaccination schedules and registration with medical databases.

In Sharp Relief: The Democratic and Economic Implications of Bolsa Família and Asignación Universal por Hijo

Some similarities and differences are immediately visible when analyzing the Programa Bolsa Família (PBF) and Asignación Universal por Hijo (AUH). Most obvious is perhaps the scale of the programs in question. Whereas the PBF in Brazil serves an astounding 50,353,431 people (24.9% of Brazil's population), AUH serves 3,327,583 Argentinians (a comparatively small 8% of the country's population).⁸ And while the PBF is often touted as a success story for CCTs, its Argentinian counterpart has some unique features worth noting as well. For example, AUH is unlike the PBF and many other CCTs in the region in that its distribution of cash benefit is split: 80% of the money is given monthly, but the remaining 20% is contingent with CCT conditional compliance (at least in theory, as debate exists over the standards of conditional accountability of AUH). Furthermore, AUH does not necessarily privilege women as the recipients of funds, based on the idea that, despite research claiming that cash transfers and microcredit to women result in more sustainable spending, this is not necessarily the case due to the potential for conflicting factors.⁹ One conflicting factor, for example, is the possibility of a woman's

5. Anthony W. Pereira, "Bolsa Família and Democracy in Brazil," *Third World Quarterly* 36, no. 9 (2015): 1682-699, doi:10.1080/01436597.2015.1059730.

6. "Bolsa Família E Cadastro Único No Seu Município." Ministério Do Desenvolvimento Social. Accessed May 27, 2015. <http://mds.gov.br/bolsafamilia>, quoted in Hemerson Luiz Pase and Claudio Corbo Melo, "Políticas Públicas De Transferência De Renda Na América Latina," *Revista De Administração Pública* 51, no. 2 (2017): 312-29, doi:10.1590/0034-7612150770.

7. Lila Rabinovich and Stephanie Diepeveen, "The Design of Conditional Cash Transfers: Experiences from Argentinas Universal Child Allowance," *Development Policy Review* 33, no. 5 (2015): 637-52, doi:10.2139/ssrn.2509987.

8. Hemerson Luiz Pase and Claudio Corbo Melo, "Políticas Públicas De Transferência De Renda Na América Latina," *Revista De Administração Pública* 51, no. 2 (2017): 312-29, doi:10.1590/0034-7612150770.

9. Pase and Melo, "Políticas Públicas De Transferência."

husband demanding access to CCT funds, causing potential for gender-based violence.¹⁰ Despite the significance of these contingencies of CCTs, gaps in the existing literature indicate that further research is necessary to determine the potential impact of factors like recipient gender and split cash distribution.

The broader implications of CCTs on the democratic institutionalism and domestic economic practices of states, however, have been discussed more robustly. Some critics like Rothstein and Trujillo have claimed that CCTs have the potential to weaken democracies, especially when compared to universal social programs. These authors further argue that universal social programs are more likely than CCTs to strengthen democracy, especially because universal social programs foster higher levels of social trust outside extant socioeconomic in-groups, and because they rely less on institutional discretion to determine recipients.¹¹ In evaluating the impact of CCTs on democratic structure, it is salient to consider that the administrations which implemented the PBF and AUH (that of Lula da Silva in Brazil and of Cristina Fernández de Kirchner in Argentina, respectively), have been dubbed populist and anti-democratic in popular and scholarly discourse. For example, scholars like Richardson describe Kirchner-style administrations as “export-oriented populism.” Populism is frequently considered a threat to democracy (or at least to liberal democracies¹²), and it is possible to consider the advent of AUH as a hallmark social spending expansion program typical of a certain strain of Latin American populists. In this sense, then, the program’s implementation does in fact weaken democratic principles within the country. In the case of the PBF, detractors claim that the beneficiary selection process is too discretionary, causing occasion for heightened corruption and lack of transparency. However, data on the implementation of the program show that certain aspects of the Programa Bolsa Família’s design (such as the centralization of beneficiary data and the comparatively broad reach of the program, when compared to other CCTs like AUH) allow for a relatively low amount

of perceived corruption within its implementation.

The strongest concerns over the democratic implications of both the PBF and AUH involve the impact of CCTs come voting season. Critical voices have claimed that because CCTs are structured as direct income transfers within the existing market--as opposed to, for example, the transfer of access/affordability of public services-- they are more likely than other types of welfare programs to be perceived as donations or gifts that demand a form of repayment at the ballot box. However, conclusions surrounding this claim are varied. Despite detractors, it seems that “Latin American presidents who invested in CCT programs are neither electorally more successful than those who did not, nor electorally more successful than they had been in previous elections.”¹³

The importance of the PBF and AUH functioning within an already established market system is another point of contention for several observers of CCTs in Latin America. These observers (like Dapuez, Gavigan, and Eger) argue that, despite appearing in some cases to reject the neo-liberal economic program, CCTs more often uphold and do not challenge neoliberal market-orient. By this view, CCTs are better understood as alleviatory responses to the inequities of presupposed market structures. The emphasis on developing human capital, the continuation of public service commodification and privatization (often including those services that are mandatory for conditional cash benefit), and the underlying goal of integrating low-income households into a market system are some indicators that CCTs--often funded by such groups as the World Bank--still do function within the realm of the privatized, liberalized, and monetized.¹⁴ As such, doubts exist regarding the sustainability of these programs, and especially regarding the ability of these programs to combat oppressive economic conditions. This may be the case, but even so, the sizable impact of both the PBF and AUH for both poverty reduction and social inclusion is hard to negate. In Brazil, for example,

13. Diego Sanches Corrêa, “CCT Programs, the Economy, and Presidential Elections in Latin America” (presentation, Political Consequences of the Reduction of Inequality in Brazil Conference, St. Antony’s College, University of Oxford, October 3, 2010, revised in 2013), cited in Pereira, “Bolsa Família and Democracy.”

14. Andrés Dapuez, Sabrina Gavigan, and Talita Eger, “Monetizing State Services to the Poor: Intentional Analysis of Three Latin-American Conditional Cash Transfer Programs,” *Journal of International & Global Studies* 7, no. 2 (2016).

10. Hagen-Zanker, Jessica, Luca Pellerano, Francesca Bastagli, Luke Harman, Valentina Barca, Georgina Sturge, Tanja Schmidt, and Calvin Laing. “The Impact of Cash Transfers on Women and Girls: A Summary of the Evidence.” Overseas Development Institute. March 2017. <https://www.odi.org/publications/10749-impact-cash-transfers-women-and-girls>.

11. Pereira, “Bolsa Família and Democracy.”

12. Galston, “Populist Challenge to Liberal Democracy.”

it has been claimed that 16-21% of the reduction in inequality since 2001 has been due to the PBF alone.¹⁵ This scale of impact in inequality reduction implies that, even if the underlying system perpetuates the inequalities of a neoliberal economic model, CCTs do have significant potential in working towards a better model. While it is certainly important to investigate the long-term structural economic impact of CCTs, it is difficult to entirely discount their impact on social inclusion. In the process of working towards more sustainable and systemic changes, the continuation of CCTs will be likely to have more positive than negative impact in terms of lasting inequality reduction.

Conclusions

Despite the existing criticisms, I have argued that CCTs like the PBF and AUH are not threats to Latin American democracies. Claims that CCTs undermine the tenets of democracy in the countries in which they are instated lack solid support, although in future work I would look forward to achieving a more detailed application of theoretical approaches to democracy to these specific cases. I have also argued that even within economic structures that perpetuate inequalities, the demonstrated impact of CCTs justifies their continued use. The impact of the PBF and AUH is overall positive, and at the very least, is a step in the right direction in alleviating the drastic inequality that has proved to be a lingering development challenge for many countries in the region. Further research could be done on the gendered impact of Bolsa Família and Asignación Universal por Hijo, and, perhaps more saliently, on the long-term macroeconomic implications of CCTs (the surface of which I have attempted to scratch in this work). What is certain is the necessity for continued effort towards reducing inequality and poverty in Latin American countries, not only in order to step closer to development goals, but also to ensure a livable quality of life for all.♦

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15. Pereira, "Bolsa Família and Democracy."

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