

State and Social Policy in Latin America: Trends in social security programs

The marks of the deepening structural crisis of capital, which arose in the early 1970s, are found on all continents today. Widespread unemployment, the intensification of migrations, explosion of public debt, priority in the use of public funds for the interests of capital, the degradation of social rights, high levels of poverty, deepening social inequalities, criminalization of social movements resistant to oppression, the alienation and exploitation of workers, together with conservative political movements that legitimate this barbarous sociability under the yoke of capital are some of these marks.

Latin America and the Caribbean are not exempt. To the contrary, the high rates of poverty and of concentration of wealth accentuate social inequalities in this part of the world in which few social policies are capable of reducing these inequalities. Social welfare programs, particularly social security, which were distinguished in the history of social protection in the region, have suffered continuous restrictions. The theme of this issue of *Revista Katálysis* is thus opportune: *State and Social Policy in Latin America: Social Security*.

The social welfare systems in the Latin American and Caribbean countries were organized from the 1920s to the 1970s. The particularities of each country in terms of the development level of their productive forces, the priority functions of the state and the organization and struggle of workers, create differences in these social welfare systems. The most widely publicized research and studies about this issue, especially those coordinated by the Economic Commission for Latin America (ECLA) and by the International Labor Organization (ILO), point to a relative consensus about the organization, social scope and later dismantling of these systems. Brazil, Uruguay, Argentina, Chile, Cuba and Costa Rica were pioneers in their organization in the 1920s and 1930s. In the two subsequent decades initiatives were taken in Panama, Mexico, Peru, Colombia, Bolivia, Ecuador and Venezuela. Paraguay, the Dominican Republic, Guatemala, El Salvador, Haiti, Nicaragua and Honduras were late to develop their systems, doing so only in the 1960s and '70s. This sequence of introduction of social welfare systems coincides, comparatively, with the better social coverage of these systems. Nevertheless, there are sharp differences among them in terms of the principles and guidelines, types of benefits, criteria for access and permanence and models of social control and financing. Recognizing the differences, social security is at the center of the systems and was developed with a dependence on stable salaried work. The payments made by these systems, (benefits, disability assistance, retirements etc.) have their access and amounts conditioned by previous individual contributions, although there are provisions for tax contributions for their financing.

The expansion of the systems was short-lived. Given the deepening of the crisis of capital and the consequent structural changes in labor, under pressure from international capital, nearly all Latin American and Caribbean governments have conducted fiscal adjustments that have limited their social protection systems. Chile was the first to conduct these changes, in 1981, when it completely privatized the social security system. These changes in Chile became globally known and criticized, but were eventually followed. Mexico, the Dominican Republic, Bolivia, El Salvador and Nicaragua also adopted them in full. Other countries of the region limited their public systems, but did not eliminate them, although the changes introduced sparked the expansion of complementary coverage.

Since the structural crisis of capital did not go away, although affected by cyclic periods of greater or lesser economic growth in one or another country, and since neoliberalism is still strong in the region, with localized resistance, the restrictions to social security rights continue, even if they register periods of greater or lesser emphasis, according to the correlation of forces and the economy of each country.

Since 2008, when a new recessionary cycle spread throughout the world triggered by the crisis in U.S. real estate lending, Latin American and Caribbean states have been increasingly pressured to favor the financial sector and assure high primary budget surpluses to guarantee payment of their government debt. For this

reason, states have aggressively reduced investments in universal social policies and in the selectivity of access to rights. Social policies with universal perspectives, such as social security in Brazil, which involves rights related to healthcare, retirement and social assistance, have suffered sharp mutilations, including rejection of their universal nature and democratic social control, reduction and limits of access to rights, as well as the deviation of resources, tax breaks or cuts in investments. In Brazil, Provisional Measures no. 664 and 665 of December 30, 2014, respectively converted into laws no. 13.135 and 13.134 in June 2015, as part of the Brazilian government's fiscal adjustment, take this course. Under the justification of "correcting distortions" and "assuring the sustainability of the Worker Support Fund (FAT) and social security" the laws modified life insurance, disability pay, retirements for disability, assistance to the family of the imprisoned, unemployment insurance, salary bonus and insurance for fishermen during catch moratoriums, reducing the value of and access to these benefits.

The changes in the social security systems in Latin America and the Caribbean over the years have followed guidelines from agencies that represent international capital, particularly the International Monetary Fund and the World Bank. These guidelines are designed to support the formation of required savings by means of basic mandatory systems; boost voluntary savings through complementary systems; and restrict the right to make reduced payments to gain access to public social security systems to only the lowest income earners, so that the people with higher incomes must use private market systems. This explains the dismantling of social welfare programs, the reduction of social security and the expansion of complementary programs, along with the expansion of income transfer programs aimed at extreme poverty in nearly all countries of Latin America and the Caribbean, such as the Family Grant program in Brazil, the Chile Solidarity program in Chile and the Solidarity Bonus in Ecuador. In the context of crisis, these changes served the vital needs of low income families, maintained consumption at levels satisfactory to capital and favor finances by means of pension funds and facilitated credit, responsible for the growing indebtedness of families.

Note that social policies can have a contradictory nature, serving the interests of capital and labor. Social security is no different. Its functions include protecting workers in specific situations, but also stimulating the economy, expanding consumption, creating domestic savings, expanding credit, and other measures that favor capital. These functions are broadened or inhibited according to the structural characteristics of capitalism, the correlation of forces and the preponderant roles of the state. On the contemporary scene, in which the dynamics of social life have been presided over by a social Darwinism that expresses the unchecked struggle of capital, in large part absorbed by the state to counter the tendency for profit rates to fall, the functions that support capital gain strength in detriment to social protection. In this context, social security systems tend to move away from universality, equity in participation in costs and associate their operations to private insurance.

It can thus be said that the trends in social policies, especially in social security in Latin America and the Caribbean, reveal an offensive movement of capital and the inhibition of rights conquered by workers, at the same time in which the restrictions to access deteriorate the living conditions of these workers, requiring expanded social protection. Thus, social policies are increasingly characterized as a field of workers struggle in defense of their rights.

This edition of *Katálisis* offers its readers valuable texts that present consistent reflections on various aspects of social security in Latin American countries. They are reflections that can contribute to a critical vision of the capitalist crisis and its impacts on social policies, especially social security, and can trigger social struggles in their defense. This is our conviction!

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