

**WELFARE STATE AND SOCIAL POLICY IN COLOMBIA: WHY IS COLOMBIA A
LAGGARD IN SOCIAL PROTECTION?**

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Abstract

Globalization and democratization have had deep consequences for the roles and functions of Latin American states, especially with the respect to social policy. These changes have affected state choices about social policy and fostered the emergence and development of welfare systems or systems of social protection. This document analyzes the emergence and development of the Colombian welfare system and explains why this country is a laggard in the scope and quality of social policies, even though it has historically had the conditions to establish a large and high quality welfare system.

1. Introduction

The evolution and transformation of the role of the state, both in political theory and in political reality, have implications for citizens' quality of life. As Evans (1995) points out, the classical functions of the Hobbesian state limited to civil organization and protection from external enemies are no longer the state's only tasks. Currently, states have expanded their range of action by providing citizens new "goods and services" such as education, health care, social security and so on. Whether and how states provide these goods and services have profound implications for the well-being of ordinary people. In addition, the role of states has changed because of the features of the globalized world, i.e., the intervention and participation of new political, social and economic actors such as the private sector, non-governmental organizations (NGOs) and multilateral organizations. Thus, current political relationships are largely defined by the multiple connections, alliances and conflicts of interests among these actors.

Today, one of the major objectives of the political agenda is to improve and solve the social problems that any society faces. However, not all states have demonstrated efficient outcomes when it comes to reducing poverty, inequality and unfairness. The performance of advanced industrialized and developed countries can be examined been the models in this respect.

In contrast to the developed countries, the welfare state, or systems of social protection, has been one of the least studied topics in the political arena of the region, at least for two reasons: *a)* Latin American political processes of the second half of twentieth century were varied and divergent with no single detectable pattern of welfare system development and, *b)* welfare state theory has caused controversy among those espousing different political ideologies and economic models, especially in the 1985-1995 period when most Latin American countries faced deep economic crisis and fiscal constraints. Furthermore, social policies associated with

the welfare state in the particular case of Colombia have not received much attention in the political science literature. This is a major justification for this work.

Some academic works -cf. Segura-Ubierno, 2007; Haggard & Kaufman, 2008; CEPAL, 2006- argue that in the context of the developing world, there is little research on the origins and development of social policies associated with the welfare state or the social protection systems. Moreover, we have found that this absence of academic works, especially in the field of political science, is more patent in the Colombian case. While there are some studies that analyze the welfare state in Latin America using a comparative approach (Huber & Stephens, 2001; Mesa-Lago, 1978, 1989; Segura-Ubierno, 2007) either they do not include within their sample the case of Colombia or lack a political approach to their analysis, and instead offer only econometric and statistical approaches. The work of Haggard and Kaufman (2008) is the only one, from our perspective, that integrates both empirical analysis and historical-political explanations of the emergence and development of the welfare state in Latin America and also includes the Colombian case in their sample. However, their work is still too general and does not explain what institutional, political and historical factors have fostered or hampered the social protection system expansion in Colombia. There are also some official documents from international agencies that explains the Colombia social protection system, however, most of them are technical approaches whit not deep analysis.

As this study is going to be focused on the Colombian social policy path, we will review the relevant literature on the subject of its welfare state emergence and development, largely represented in its social protection system. It is important to note that most of the studies about welfare states have been done in the context of industrialized and more advanced countries. Thus, this study will attempt to verify the existence and evolution of welfare systems in a transitional country like Colombia.

When we speak about the theory of the welfare state we can find traditional definitions and characterizations that would be useful as a point of departure for this study. One of the most common and classical definitions of welfare state is the following: the “state responsibility for securing some modicum of welfare for its citizens” (Esping-Andersen, 1990). This basic package generally includes social policies that reduce economic insecurity and provide essential goods and services to citizens such as education, health care, and social security among others.¹ Practically speaking, welfare state and social policies mean the *intervention* of the public sector into some fundamental aspects of the society to guarantee the equal and fair access to them by all citizens, or at least the least well-off. Garfinkel et al. (2010) define the welfare state as “social welfare transfers that provide primarily private benefits that reduce economic insecurity” (Garfinkel, Rainwater, & Smeeding, 2010). These benefits are, in essence, redistributive transfers that governments make among individuals in areas such as education, health care, pensions and so on. Besides this fact, some empirical surveys, especially in rich and developed countries, show that welfare state implementation not only produces individual well-being but also fosters growth in the national economy. To sum up, the welfare state is a set of state-led *social policies*² aimed at securing a minimum of welfare to its citizens and providing an adequate accumulation of human capital through public investments in health and education³ (Segura-Ubiergo, 2007).

Although the study and development of the welfare state has been a fundamental feature of advanced modern capitalism, as was mentioned above, this document will examine the emergence and development of the welfare state in Latin America and

¹ A more recent work defines it as “the culmination of a centuries-old struggle for social protection and security in the industrialized countries. It may justly be regarded as one of their proudest achievements in the post-war period. It set a model and standard for aspiration for the newly industrializing and transitional countries as well as for the poorest countries” (Segura-Ubiergo, 2007, p. 1).

² This document will take social policy as the provision of social goods and services relevant for the reproduction of work force, keep of the social harmony, and the regulation of the social relations (Giraldo, Protección o Desprotección Social?, 2007).

³ That is, protecting them against the risks of unemployment, sickness, maternity, old age, and so on.

especially the social protection system in Colombia. Thus, it is an important objective of this document to specify the characteristics and reach of what we are calling the “Latin American welfare state” and particularly the “Colombian welfare state”. It is also relevant for the argument to analyze why political elites had incentives to establish welfare systems in a particular way during a certain period of time. By analyzing political processes I realized that welfare states were created by political elites to advance their political interests⁴. In fact, the social protection systems did not emerge as the natural or automatic consequence of economic and political development and modernization of states; rather, they developed due to the efforts of reformists political elites who either responded to the demands of an increasingly mobilized working class or acted preemptively to defuse labor agitation.

With these ideas in mind, the main questions this document expects to answer are: *a)* what institutional, political, and economic factors have fostered or hampered the expansion of the welfare state in Colombia during the state reform in 1991? And *b)* what has been the Colombian path of social policy evolution that has made the country to be a laggard? The general objective of this work will be to trace the institutional and political processes that shaped the emergence and, development of Colombia’s social welfare system as well as challenges it faces today, taking into account both the relevant theoretical works in this field applied to Latin American countries generally and studies of social policy in Colombia, especially its social protection system. Additionally, there are three specific objectives: *a)* to describe and analyze the political processes that led to the origin, expansion, features and development of the welfare state in Latin America, but with special attention to the Colombian case; *b)* to explain how social policies, but specifically Colombia’s social policies (e.g., education and health care policies) were determined by both political institutions and the mixed economic model formally adopted in the state reform of

⁴As it will be shown below, particular facts such as the transition to democratic regimes and economic strategies to face inequality and poverty largely strengthened incentives to expand social welfare systems in some countries of Latin America.

1991; c) to examine the emergence and development of the social protection system in Colombia as responses to the political incentives. Particularly, this work will argue that although Colombia has had a democratic regime, favorable economic conditions and, to some degree, left party participation; it has not been enough for the country to develop a large, complete and efficient welfare system or system of social protection throughout its territory. It constitutes an interesting case that seems to deviate from the general pattern documented in the literature, which finds that the more democratic, the more favorable economic conditions, and the stronger the left-party participation, the larger the welfare system.

The document comprises five chapters, including this introduction. Chapter 2 establishes both the theoretical and conceptual framework of the document. The first part focuses on a philosophical discussion about the role of the state in pursuing social justice and general well-being of its populace and how these are achieved through social policies; the second part reviews the classical and contemporary literature on the welfare state and social policy and makes clear what we mean by welfare state.

Chapter 3 presents and discusses how political institutions have permitted the emergence and development of welfare systems in Latin America during the post-war period 1945-1980. Then it analyzes the main reasons why welfare states were dismantled by showing that economic crises, democratization and globalization were the factors most significantly influencing that policy decision. It finds that although democracy gained broad acceptance in Latin American countries, other variables such as economic crises and fiscal constraints prevented the expansion of social protection systems in the region.

Chapter 4 analyses the evolution of the Colombian welfare system during its constitutional reform (1990-1991) and particularly focuses on explaining the Colombian social protection system. The chapter reveals the main features of the

system as well as describes the main factors that hampered the large implementation and effectiveness of a welfare state through the country.

Chapter 5, the concluding chapter, recapitulates the most relevant arguments and suggests some ideas that important in improving the social protection system in Colombia.

2. Theoretical and Conceptual Framework: Political Theory About the Role of the State on Social Justice

Speaking about the welfare state certainly requires reflection on a state's responsibilities for the social well-being of the citizens. In this respect, there are as many outlooks as thinkers from Hobbes, to Marx, to more recently, Rawls, who have exposed varied theories about society, state and social justice. These ideas have shaped contemporary thinking about the main tasks of states and, of course, constitute important references for this study. For now, we will pay attention to one of them, which is, in my own view, the most complete and current outlook about the role of liberal and democratic regimes in the implementation of just institutions. That thinker is John Rawls. In the second part of this chapter, I will examine the concept of the welfare state as well as its main developments in the political and economic literatures.

For the purpose of maintaining internal coherence I have defined the following chapter objectives: first, to present a contemporary philosophical approach of justice and its implications for the welfare state and social policy; second, to present and summarize the main streams and studies in the area of welfare state. Through these means I expect to set the theoretical and conceptual framework that will guide the further argumentation of this document.

2.1. Rawls' Philosophy and Its Implications for the Role of the State

This first section of the chapter will explore some basic aspects of the Rawls' political philosophy in order to explain both his political theory and the implications it has for our understanding of the proper role of the welfare state.

First of all it is important to clarify three basic ideas. First, although Rawls's theory is based on a state or just society "in the abstract", i.e., idealized and normative terms, he also allows the discussion of the practical effect that *his* two principles of justice

would have on the role of the state. Second, Rawls' political philosophy departs from the supposition of an existing democratic and constitutional society that guarantees certain entitlements to citizens. Third, both governments and citizens look for the best possible social well-being according to their conception of what is just thus, they must compromise to establish just and fair institutions that will be the point of reference for everyone to act. These three ideas will not only help us to understand Rawls' philosophy but they also represent the starting point of what we call the justification for the welfare state.

I will start by saying that Rawls presents a philosophy based on political liberalism, which means, a society constituted by numerous forms of reasonable plurality and conceptions about what is good and fair. This *liberal society* is taken as a cooperative project⁵ for the mutual advantage of its members, who voluntarily agree and follow the principles of justice expressed in its fundamental institutions. Hence, justice is a quality that fundamental institutions (economic, social and political) express but is not an individual quality; this clearly marks out the irreducible importance of institutions in modeling the path of further social arrangements.

Thus, political liberalism looks for a political conception of justice that we hope can gain the support of an overlapping consensus of reasonable religious, philosophical, and moral doctrines in a society regulated by it. [...] We seek a political conception of justice for a democratic society viewed as a system of fair cooperation between free and equal citizens who, as politically autonomous, willing to accept the publicly recognized principles of justice specifying the fair terms of cooperation (Rawls, *Political Liberalism*, 1993, pp. 10;24).

How does a society express these principles? And, what are they? Let's start by answering the first question. According to Rawls, the principles of justice are agreed in a starting stage, which is the *original position*. This starting point supposes a stage

⁵According to Rawls, society is a fair system of cooperation over the time from one generation to the next. Citizens will cooperate in following the principles of justice to the extent that they realize others cooperate as well.

where rational and reasonable agents negotiate the basic principles of justice in a fair way, which implies, that these negotiators are not advocating for any particular interest but for the general social interests of what they consider a just society. Rawls, therefore, abstracts negotiators from their own society by placing them behind a *veil of ignorance*⁶, thus putting them in a position where any agreement will be attained fairly.

The original position is defined in such a way that it is a status quo in which any agreements reached are fair. It is a state of affairs in which the parties are equally represented as moral persons and the outcome is not conditioned by arbitrary contingencies or the relative balance of social forces. Thus justice as fairness is able to use the idea of the pure procedural justice from the beginning [...] the idea of the original position is to set up a fair procedure so that any principles agreed to will be just. The aim is to use the notion of pure procedural justice as a basis of theory (Rawls, 1971, pp. 120; 136).

The principles agreed in the original position must follow what Rawls called the “maximin rule”, which means to look for improving the situation of the least well-off group in society. As mentioned previously the principles of justice must be a fair agreement that is expressed in the *basic structure*, which are the fundamental political, economic and social institutions of the society⁷.

⁶ “Each party in the original position is therefore deprived of knowledge of the race, class, and gender of the real citizen they represent. In fact the veil of ignorance deprives the parties of all facts about citizens that are irrelevant to the choice of principles of justice: not only their race, class, and gender but also their age, natural endowments, and more. Moreover the veil of ignorance also screens out specific information about the citizens' society so as to get a clearer view of the permanent features of a just social system. The veil of ignorance is intended to situate the representatives of free and equal citizens fairly with respect to one another. No party can press for agreement on principles that will arbitrarily favor the particular citizen they represent, because no party knows the specific attributes of the citizen they represent. The situation of the parties thus embodies reasonable conditions, within which the parties can make a rational agreement. Each party tries to agree to principles that will be best for the citizen they represent (i.e., that will maximize that citizen's share of primary goods). Since the parties are fairly situated, the agreement they reach will be fair to all actual citizens.” (Stanford Encyclopedia of Philosophy).

⁷ “The form of a society's basic structure will have profound effects on the lives of citizens, influencing not only their prospects but more deeply their goals, their attitudes, their relationships, and their characters. Institutions that have such pervasive influence on people's lives require justification. Since leaving one's society is not a realistic option for most people, one cannot say that citizens have consented to the arrangement of their institutions by staying in the country. And since the rules of any basic

Now, I will explain the two principles of justice that Rawls proposes and discuss their implications for the role of the state. The two principles of justice are as follows: a) - the '*liberty principle*'- that "each person has an equal claim to a fully adequate scheme of equal basic rights and liberties, which scheme is compatible with the same scheme for all; and in this scheme the equal political liberties, and only those liberties, are to be guaranteed their fair value"; and b) -the '*difference principle*'- that "social and economic inequalities are to satisfy two conditions: first, they are to be attached to positions and offices open to all under conditions of fair equality of opportunity; and second, they are to be to the greatest benefit of the least advantaged members of society" (Rawls, 1993, pp. 5-6).

Hence, the *difference principle* stresses that a just society or at least a society that aspires to be just, should tend to alleviate inequalities in society. In this sense, the basic institutions must help the less well-off. However, this is by no means a complete egalitarianism, but a socio-economically unequal society that has to create incentives for the cooperation with the least advantaged⁸. On the one hand, the described society should seek a scheme of equal liberties and just opportunities that guarantee citizens their well-being in that society. On the other hand, it is clear that liberal, capitalist societies bring marked socio-economic inequalities; however, those can be "fixed" by creating just and fair institutions to mitigate them. In this sense, welfare policies of redistribution find their justification in society. Similarly, we could affirm that Rawls would be in favor of distributing resources in accordance with social justice, which means, actions that benefit the least advantaged members in society. In short, what Rawls points out is that the basic institutions of any society that aspires to be just have to benefit the poorest and improve the position of the least well off.

structure will be coercively enforced, often with serious penalties, the demand to justify the imposition of any particular set of rules intensifies further." (Stanford Encyclopedia of Philosophy).

⁸ "Yet we can say that when basic institutions satisfy a political conception of justice mutually acknowledged by citizens affirming comprehensive doctrines in a reasonable overlapping consensus, this fact confirms that those institutions allow sufficient space for ways of life worthy of citizens' devoted support. This they must do if they are to be the institutions of a just and good society." (Rawls, 1993, pp. 187).

In this respect, some works have broadly shown how institutions have profound effects on the lives of citizens, influencing their decisions, beliefs and attitudes. Scholars such as Mantzavinos (2001; 2004) and North (1998; 2004) have demonstrated the influence of institutions in modeling human behavior as well as their impact in social and economic outcomes. Generally, institutions are a framework of normative social rules that mold society by trying to solve social problems such as conflicts, private poverty protection, inequality, and so on. Here, I argue that to the extent that those fundamental institutions follow the principles of justice, governments have more incentives to implement social policies to alleviate poverty, inequality and economic insecurity, which are the greater goals of the welfare state.

2.2. Modern Welfare State: An Overview

Discussions of the welfare state have caused controversy in political and economic arenas. It has been because of both the actual implications of the social policies on the national economy (the public spending) and the “failed history” of some countries in maintaining of its implementation. With no intention of avoiding these aspects, this section will briefly relate these controversies as well as place them in the contemporary discussion of the Latin America region.

Some scholars have characterized welfare states as “socialists doses” or socialized services offered by the public sector in the context of a capitalist and market-oriented society. In fact, welfare states are a large repertoire of social policies that seek to guarantee a minimum welfare to the citizens. These social policies comprise a wide range of services that include education, health care, pensions, cash benefits, services and in-kind benefits and so on⁹. Basically most works agree that welfare states vary in terms of both how much a country spends in social policies and what areas it emphasizes (Garfinkel et al. 2010; Segura-Ubierno, 2007). Scholars have

⁹ For a detailed explanation of the domains of the welfare state see Garfinkel, Rainwater, & Smeeding, 2010, p. 46.

shown that each country has its own welfare path according to its political interests and biases, economic capacity, welfare legacy and its model of development. All these are relevant variables that explain the emergence and development of welfare states and social policy systems.

A classical definition of the welfare state is the following: “a series of government-protected minimum standards of income, nutrition, health, housing and education, assured to every citizen as a political right, not charity” (Wilensky, 1975, p. 6-7). This implies that the state’s tasks in promoting the general welfare do not have to be understated; in fact, the state’s role in social policy and citizen welfare must be an actual feature of any democratic regime aspiring to be a just society, as argued in the last section. However, not all democratic regimes have created large welfare systems due to factors such as fiscal restrictions or non-favorable economic conditions that have hampered the establishment of welfare entitlements. Yet the classical definition marked a meaningful theoretical path that more recent works have followed as point of reference. For example, Segura- Ubierno (2007) provides the following definition:

A repertoire of state-led policies aimed at securing a minimum of welfare to its citizens – that is, protecting them against the risks of unemployment, sickness, maternity, and old age - and providing an adequate accumulation of human capital through public investments in health and education ... affect income inequality and poverty rates, ... shape labor markets [and] change public perceptions of how citizens perceive what the role of the state should be (Segura-Ubierno, 2007, p. 1).

Another definition provided by Asa Briggs, one of the first in conceptualizing the welfare state, affirms that a state only qualifies as a welfare state if it undertakes these three aspects: first, providing individuals and families with the necessary income guarantees to escape poverty; second, significantly reducing social risks associated with old age, sickness, and unemployment; third, offering universal

access to a certain range of social services (education, healthcare and so on) (Castles, 1998).

As Evans (1995) pointed out, states have a big responsibility in guaranteeing minimum standards of living to their citizens as well as helping them to deal with the economic insecurity, unequal access to opportunities and poverty produced by nature or by the market. In the same manner, Haggard & Kaufman (2008) state: “social insurance can offer protection against the full range of life-cycle and market risks, including sickness, work-related injury and disability, maternity and childbearing, unemployment, retirement, and death” (Haggard & Kaufman, 2008, p. 3).

In brief, the *welfare state* is a set of government *social policies* that aims to secure people’s basic livelihood, especially for those in society placed in least advantaged or vulnerable situations. Practically speaking, these social policies can be seen as redistributive actions from the most to the least productive members of society, which means government investment in services that benefit the lower socio-economic. Indeed, as we can infer from the above, welfare state objectives¹⁰ are to reduce economic insecurity, poverty, and inequality by providing universal access to fundamental services or critical aspects of consumption such as education, health care and some other forms of insurance¹¹.

The welfare state exists to enhance the welfare of people who (a) are weak and vulnerable, largely by providing social care, (b) are poor, largely through redistributive income transfers, or (c) are neither vulnerable nor poor, by organizing cash benefits to provide insurance and

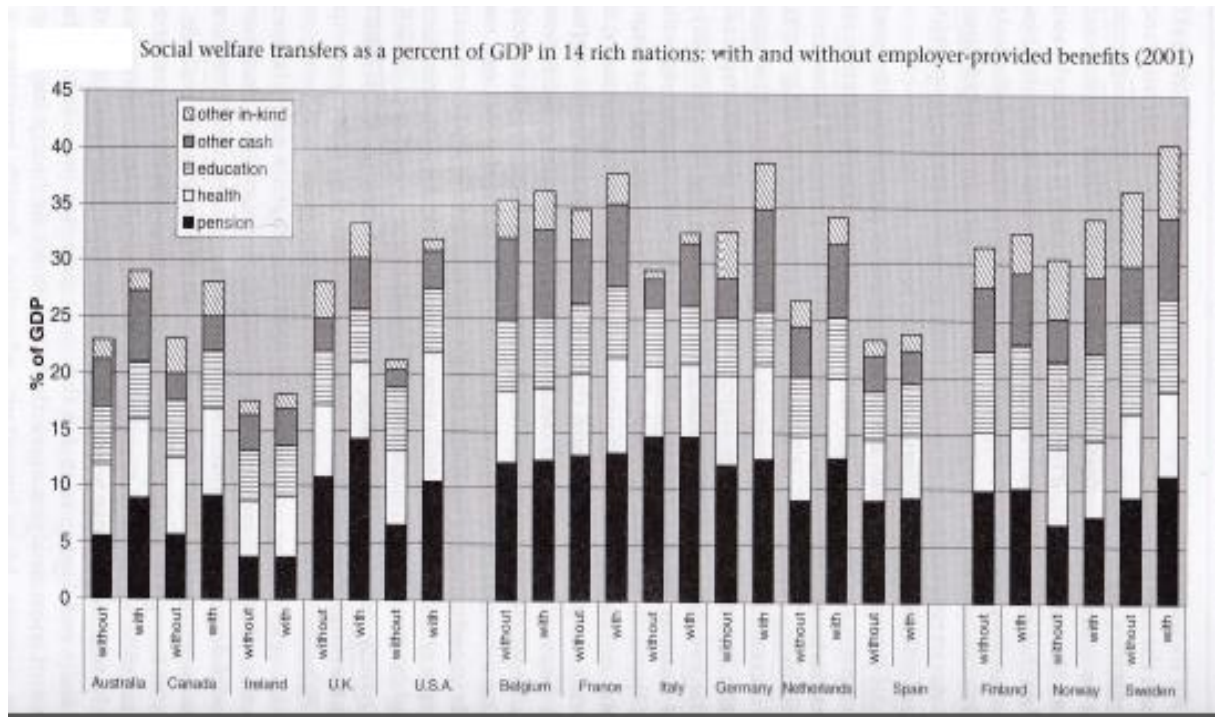
¹⁰ “The multiple objectives of welfare state programs: reducing economic insecurity; alleviating and preventing poverty; providing equality of opportunity; reducing inequality; promoting solidarity, social inclusion, and social stability; and improving education and health” (Garfinkel, Rainwater, & Smeeding, 2010, p. 5). For a more detailed explanation of the objectives of the welfare state see Barr, 2012, p. 10-13.

¹¹ It has been accepted by many scholars that education and health care increase human capital, making citizens more capable of dealing with economic insecurity produced by the market (see Garfinkel et al and Segura-Ubiergo).

consumption smoothing, and by providing medical insurance and school education (Barr, 2012, p. 8).

Even though I have explained major objectives and features of the welfare state, we now have to think about how all these social services are funded. Certainly they are funded by the general government revenues, notably taxation; and by dedicated revenues, in particular social insurance contributions (Barr, 2012). These public funded services represent to the larger welfare systems and richer countries a considerable percentage of their GDP, as shown in graphic 1.

Graphic 1



Source: Garfinkel et al., 2010.

However, some scholars argue that welfare state programs reduce efficiency and economic growth and create an extra burden to states. Although this discussion is not the direct aim of this work, it is important to note that there are several studies that demonstrate how benefits of social policies, especially in the field of education, outweigh their costs.

Education is so demonstrably productive that including it completely changes the picture and sets the stage for making the case that, in general, welfare state programs enhance rather than retard productivity, efficiency, and growth in economic well-being [...] In practice, by enhancing the human capital and economic security of the entire population, welfare state programs in rich nations have achieved greater equality and greater efficiency, productivity, and economic growth (Garfinkel, Rainwater, & Smeeding, 2010, pp. 8; 36).

Now, as far as the Latin American welfare state is concerned, there are some recent works, although a limited number (Mesa-Lago, 1989; Huber, 1996; Segura-Ubiergo, 2007; Haggard et al, 2008), that have analyzed the emergence and development of welfare states in the region during the last four decades. These works have in common at least four ideas. First, that welfare states are, mainly, a postwar creation¹²; second, that Latin American welfare systems were established by political elites who expected both to maintain their power and to dissipate any possible revolution¹³; third, that economic growth, fiscal capacity, economic model and trade openness are important factors that fostered or hampered the evolution of social policy; and fourth, that the provision of welfare benefits has been highly unequal between the urban middle class workers and the informal and rural sector workers. Besides these shared ideas, Latin American welfare systems have specific features that make them more complex to analyze since they have not been a permanent state policy and because they experienced profound political and economic changes during the past three decades, e.g., the programs of structural adjustment of the 1980s and the third wave of democratization¹⁴. In sum, it is hard to trace a regular and permanent path of Latin American social policy, and we have to carefully acknowledge this fact.

¹² Most of welfare systems were established since 1930s and they looked for securing worker classes and foster the industrial growth within the national territory.

¹³ The second half of the twentieth century was a period of time in which many Latin American countries lived profound dictatorships and revolutionary movements, e.g., Chile, Argentina and Colombia. In the Colombian case, there were many illegal armed groups known as “guerrillas” that operated mostly in the rural areas, claiming for political participation and political and economic reforms.

¹⁴ The turn toward democratic regimes has been associated with pressures for both universal welfare programs and politics of redistribution, besides this fact, some studies have found that democracy has positive effects on government welfare effort. (Lindert, 2004; Segura-Ubiergo, 2007).

3. Development, Democracy and Welfare State in Latin America

Since the 1980s most Latin American countries experienced enormous changes in their political and economic aspects due to the generalized crises of the state this region suffered. The aim of this section is to present the backdrop of the welfare state as well as social policy reform in Latin America during the second half of the twentieth century. By doing this, I hope to both explain the main historical, political and economic reasons for state reform in Latin America and to make explicit the implications that this had for Latin American social protection systems.

To fully illustrate the backdrop of Latin American states during the second half of the twentieth century I have decided, following Haggard & Kaufman (2008), to divide the analysis into two sections. The first section will analyze the political processes of the 1980s and the second will explain the economic crises that most countries faced by that time. On the political side they experienced processes of democratization since many countries had been ruled by authoritarian regimes. On the economic side they had profound financial crises and recessions mostly brought on by their debt to the United States and the inflation (Stiglitz J. , 2003). These problems created profound crises of the states by the 1980-1990 period and became the main justifications for subsequent reforms.

3.1. Latin American Political Processes During the 1980-1990 Decades and the Reducing of the Welfare State

Latin American countries experienced profound changes in their political institutions between 1950-1980. These changes can be characterized by the following aspects: *a)* the transition from authoritarian regimes to democratic regimes, *b)* the new composition of political elites, *c)* the new political and legal status of peasant organizations, and *d)* the rise of left party participation (Haggard & Kaufman, 2008). In sum, the political arena shifted enormously from a closed and traditional mode to

a new broad political space open to the participation of new actors, new interests and new ways to rule. As discussed above, it is expected that by implementing a democratic regime type, social policy would have a greater and more important place in the new regimes' political agenda: this is true if we assume that inclusion of popularly based groups in the political arena as well as the universal right to participate in politics helped to shape a new competitive scenario where traditional political elites had to appeal for popular support by providing policies that would benefit people. In such a setting, we would expect political elites to establish policies that favored those new groups in order to create coalitions and popular support which would allow them to continue ruling.

It is important to mention that Latin American countries are very heterogeneous when it comes to regime type. For example, while there were, during the second half of the twentieth century, countries which had long standing democratic regimes such as Costa Rica (1945-1990), there also were some countries with little or no experience with full-fledged democracy such as Mexico and Argentina. As we will see, Colombia constitutes an interesting case since it cannot be categorized as either as an authoritarian country or as a democratic one. We can call it as a "semidemocratic" regime that permitted some activities like the franchise but had significant restrictions on party competition during the 1957-1974 period. This political reality forces us to be open to the possibility that some Latin American countries are mixed regime types.

Expansion in the provision of universal social policies came to an end by the decade of 1980s with the reforms of the state and the structural adjustments that most Latin American governments adopted. The changes were justified by the incursion of dominant political and economic reforms, mostly proposed by international financial organizations, which were expected to improve the situation of debt and fiscal deficit in the region. In general terms, these changes can be seen as political reforms establishing a new set of principles expressed in the "neo-liberal agenda".

But, what political and economic factors influenced the dismantling of the welfare system that had been working in Latin America since the postwar period to make way for these neo-liberal reforms? I can at least list four relevant factors. First, defenders of welfare reform argued that financing and providing social services had significant costs that the public sector could not continue to afford; reformers proposed a shift in both financing and provision of social services from the public sector to the private sector. Second, reforms sought to increase competition, efficiency and accountability in the public sector by introducing spending and procedural strategies brought from the private sector. This set of strategies was called the 'New Public Management' (NPM) approach¹⁵. Basically, NPM is a model that seeks to run government like a business and is based on three main principles: economy, efficiency and efficacy. These principles express the effort to redesign the public sector to make it more similar to the private sector by not only reducing burdens but also by introducing greater competition. Following this market-oriented logic, governments began to make decisions based on either economic benefits or economic constraints. Third, as we can infer from the last two points, neo-liberal reforms looked for both a retrenchment of the state and the expansion of the private sector. Political institutions moved in a direction that would allow the market to provide most of goods and services such as health care, education, insurance, and so on. Certainly, this shift affected existing social entitlements and established new rules in both the funding and provision of social goods. Gradually, the welfare system was reduced according to the new economic objectives and political arrangements governments had. Fourth, reforms were broadly supported by stressing the principle of self-reliance which meant individuals should be able to provide for their own basic necessities of life and that social policy should be focused *only* on the poorest not

¹⁵ "This approach seeks to integrate market mechanisms into government to the fullest possible extent and encourages bureaucrats to view citizens as costumers and consumers instead of clients. NPM's emphasis is on competition and operating in much the same way as the private sector does. Thus, public agencies compete for the provision of goods and services internally and seek to streamline budgets by contracting out to private firms." (Cropf, 2008, p. 176).

the whole population. In brief, NPM and the neoliberal paradigm completely changed the former path of social policy and the role of the state in providing social welfare.

However, it is relevant to say that the adoption of democratic institutions, as described above, limited, to a degree, the scope of these neoliberal reforms. Many studies (Swank, 2001; Haggard & Kaufman, 2008; Segura-Ubierno, 2007) agree that democratic institutions influenced the social policy trajectory and, as noted, between 1980-1990s, many Latin American countries experienced their transition to democratic regimes, which implies that new political forces played a central role in expressing the new interests and, therefore, in restructuring Latin American social protection systems.

The 1990s were a time of concerted reform efforts in all aspects of social policy. Consolidation of democracy in most countries in the region allowed the expression of a series of social demands for greater coverage and better access to high-quality social services. The only way to meet these demands was to undertake institutional reform, given that increased spending did not seem possible or appropriate (Mesa-Lago & Márquez, 2007, p. 355).

Although it seems clear that democratic institutions themselves did not guarantee a specific type or scope of welfare system, they certainly were an important aspect of the reforms in the provision of social services. It is also clear that political decisions are made, to a large degree, under specific economic circumstances, so any non-favorable economic circumstance, as occurred in the 1980s, should be expected to affect the trajectory of social policy.

3.2. Latin America and the Theory of the Welfare State: Development, Debt and Economic Crises

As noted previously, during the 1980s, countries of the region suffered deep economic crises and fiscal constraints that led them to make definitive decisions on social policy spending. They had to deal not only with increasing and unsustainable

levels of debt but also with the new international trade model brought about by the processes of globalization. All this constituted the context for economic reforms in both public spending and strategies for development.

Many well-known economic reforms were recommended under the framework of the Washington Consensus. Basically, this consensus was a set of policies propagated by the World Bank (WB), the International Monetary Fund (IMF) and the Treasury Department of the United States which aimed to improve the debt crises of most Latin American countries as well as make their economies more competitive internationally. The main aims of the consensus were as follows: “a) pursue macroeconomic stability by controlling inflation and reducing fiscal deficits; b) open the economies (of the Latin American countries) to the rest of the world through trade and capital account liberalization; and c) liberalize domestic product and markets through stabilization and structural adjustment policies” (Gore, 2000, pp. 789-790). Accordingly, these policies were adopted by Latin American governments since early 1980s to establish a new path for the provision of social services. The main features were the shift from state-led to market-oriented policies and a change in philosophy about the way that countries should find their way to development in a globalized world (Gore, 2000).

Indeed, what Latin American governments did was to liberalize markets, to exchange their import-substitution model (ISI) for a globally-oriented export model, and to increase the economic openness. The main goals of these economic reforms were to reduce the debt, to control inflation, to make the state more efficient, and to prepare it to compete in the developing global market (Fleury, 2002). Certainly, their economic crises and market reforms raised serious questions about their welfare state commitments. Actually, the three generations of reforms¹⁶ looked for ways to

¹⁶ The first generation wanted to dismantle the protectionist, paternalist and centralist state or “welfare state” by implementing a model of neoliberal state in order to fix problems such as inefficiency and waste of resources. The main actions in the first generation were the reduction of size and scope of the state: decentralization, privatization of markets, deregulation of markets and placing private sector in the

cut in social spending due to the severe fiscal constraints that most Latin American countries had which, of course, negatively affected the possibility of continuing with large public spending on social services. The non-favorable economic circumstances affected the capacity of governments in maintaining existing entitlements, which finally produced negative effects in the area of social policies: “crises –and particularly those accompanied by fiscal constraints and high inflation– increased the influence of technocrats and their allies in international financial institutions. Liberal technocrats focused initially on macroeconomic stabilization and a variety of market-oriented reforms; but they came to press for liberalizing reforms of the social sector as well” (Haggard & Kaufman, 2008, p. 11).

3.3. What Can Be Called a Latin American Welfare State?

Political processes managed by political elites as well as economic determinants can account for most of the aspects of social service provision in Latin America. In general terms, I found that welfare systems in Latin America: *a)* experienced a radical transition from public provision to private expansion which finally resulted in a mixed model of public and private provision of social services; *b)* were established in the postwar period by political and/or military elites in order to dissipate any mobilized labor movements and urban, low and middle class, protests (political interests)¹⁷; *c)* were broadly unequal and frequently excluded peasants and informal workers from the social services; *d)* did not have the same path of development through the region, although they shared similar features; *e)* were largely determined by fiscal constraints and economic crises (economic interests); *f)* showed to be likely larger in countries, although not in all of them, which experienced long-standing

center of the provision of some public services. (Ramírez, 2009). The second generation wanted to help state to be more efficient, so reformers established the New Public Management in the public administration and tried to foster the efficiency, efficacy and economy in all public administrative processes by creating networks with the private and the third sectors. (Fleury, 2002). The third generation focused on improve the relationship between state and civil society. Now, the policies not only looked for utilitarists goals but also wanted to create public value and generate well-being in society.

¹⁷ Political actors often acted preemptively, not in response to class demands but rather in a deliberate effort to co-opt, control and demobilize key groups; so the origins of the Latin American welfare state is understood as a top-down reform.

democratic institutions and regimes with left-party participation; g) were progressively liberalized¹⁸ according to the principles of both the New Public Management and the Washington Consensus which further implied a reformulation in the provision, access, quality and costs of social services.

On the one hand, the systems of social protection in Latin America have been "under construction" for the last two decades as well as seeking their effective consolidation. On the other hand, structural reforms and state modernization have created deep political changes which reformulated the conceptions, organization and dynamics of social policy throughout the region. These changes had relevant outcomes mainly expressed in the effectiveness, development and establishment of the social protection systems in Latin America. In general terms, social development experienced a weakening induced by both, the new models of public management and the redefinition of the scope and responsibilities of states.

Although state reforms in the 1980s were justified as *necessary* due to external pressures that states were facing, they also proved to be insufficient to solve structural problems such as poverty, inequality, economic deficit, equal opportunity, competitiveness and so on (CEPAL, 2006). To the contrary, as we will see in the Colombian case, the reforms stimulated greater inequality, reproduced a patronage system and demonstrated a lack of control over and low quality in the provision of social services, factors that still remain.

In sum, the results are clear that Latin American countries, since the 1980s, established welfare states based on liberal principles (*liberal regime* according to Esping-Andersen), which privilege the market as the main *locus* of social solidarity and provision of social services. This fact redefined the public/private relationship,

¹⁸ Trade liberalization eliminated the previous system of protection, excluded the firms unable to compete in the market, and forced surviving firms to be more efficient.

liberalized the provision of social services, and created a new set of rules for citizens in accessing to social services.

4. Colombia: Democratic Reinvention (1990-1991) and Social Policy Reform (2002-2010).

Presenting the Colombian welfare system has particular aspects which are important in understanding the scope and reach of social policies and as well as their main features and challenges. As noted in the last chapter, most Latin American welfare systems share general aspects that help us out to understand how they work. The aim of this chapter is to present the main features of the current social policy system in Colombia, largely represented in the social protection system. Thus, the first section will argue that Colombian social policy has been coopted by political and economic elites during the 1980-1990 period. The second section will present the institutional reforms of 1991. The third section will explain how the social protection system works and the agencies that comprise it. Finally, the fourth section presents a critical analysis arguing that Colombia's social protection system has been determined by political forces, structural problems and weak institutions which hamper its effectiveness, generate a system of social protection that perpetuates inequality, poverty and unfairness.

4.1. Brief Historical Antecedents of the Colombian Welfare System

Understanding the Colombian welfare system is predicated on an understanding of the political and economic dynamics of the new globalized order, the processes of democratization and, in general, the state reform that Colombia experienced in 1991. I will begin by discussing the category *political regime*, which will guide us in presenting some of the main features of the welfare system as well as set up the backdrop that is fundamental in understanding why Colombia has a laggard social protection system.

Most of surveys of Colombian political processes accept that illegitimacy of the regime and that illegal or unofficial activities were some of its most prominent political features during the second half of the twentieth century. In general terms, this means

that political elites in Colombia historically have acted by influencing and reproducing unequal patterns of transaction in order to benefit themselves. When it comes to social policy, the emergence and consolidation of a welfare system has been shaped by the interests of elites who have acted preemptively either to defuse class agitation or to establish a patronage system, or both, as occurred in some other Latin American countries.

In general terms, social policy in the twentieth century systematically began with the former president Alfonso López Pumarejo's political project called 'the ongoing revolution' (*La Revolución en Marcha*) in the 1930s. That political project sought to establish the role of the Colombian state in national development and wanted the state to assume important functions in social development while fostering an efficient administrative apparatus (Ramírez, 2005). Under the constitutional reform of 1936 the Colombian state played a more active role in providing social services such as education and health care, services traditionally managed by the church and the family. This shift meant new rules for the providers of social services, and thus, a reorganization of the relations of power. New actors such as labor unions were included in the system, and they played an important role in the decision-making process especially in areas such as industrialization, urbanization and social security entitlements. However, the state demonstrated a great inability to adhere to the political elites' interests and establish a real social welfare system that fostered social development. In fact, the subsequent juxtaposition of the only two political parties, liberal and conservative, by the 1940s and 1950s were determinant of the underdevelopment of the welfare system in Colombia.

By the decade of the 1950s Colombia faced deep crises of legitimacy that were expressed in the period of 'the violence' (*La Violencia*): 1948-1958. That period can be described as a civil war started by the only two political parties, liberals and conservatives, which divided the political power and, in general, divided Colombian society. This is to say that the Colombian political system was profoundly divided by

the two political parties, and the lack of legitimacy of its political institutions led the country to a terrible political and social crisis. To face this crisis the parties agreed to let the opposite party govern alternately for a period of four presidential terms. This is known as 'the National Front' (*Frente Nacional*): 1958-1974. The new institutionalization aimed to alleviate the violence produced by the radical party's intolerance. Nonetheless, it was far from being a complete solution to the structural problems of the country since many social groups did not feel represented by either of the two political parties alternating in power.

The National Front led to the establishment of an oligarchic regime rather than the democratization of the political system. This oligarchic system acted as the expression of a progressively more patrimonial system that constituted the way the politics, and especially social policies, were directed (Orjuela, p. 105). As the political actors were looking to gain legitimacy they proposed new reforms in social services provision by facilitating the access to and quality of services such as education, health care, pensions, social security and so on. However, those new social programs aiming to improve social welfare were easily distorted by political actors who established their own "patronage regime" (González, 1997, p. 5). In sum, social policy was *politized* by political elites through the different regions who presented themselves as the *unique* providers of social services. Political actors used public resources, mostly allocated to social provision, as the means to their own political objectives.

In fact, the inability of the Colombian state to implement a large and definite social welfare system throughout the national territory has contributed to the perpetuation of an increasingly consolidated patronage system. Under this setting, the regional political leaders have supplanted –or even emulated- the role of the state when it comes to the provision of social welfare in return of electoral compromises. This practice still remains in many municipalities of Colombia which means that the

scope, size and functioning of the social protection system is largely dependent on the will and convenience of the political caciques.

4.2. Institutional Reform (1991) and Domestic Political Institutions: Principles and Features of the New Rules on Social Policy

The “great” state reform of 1991 constituted another institutional moment that sought to establish a new political order in the country. According to Javier Orjuela, the 1991 state reform had four main objectives: *a)* to extend the representativeness of the political regime by including new social movements; *b)* to strengthen national institutions by improving efficacy in the provision of social services and administration of justice; *c)* to strengthen the Congress and the political activity on the part of (whom?) in order to reduce the power of patronage systems and lessen corruption; *d)* to enlarge social public spending in order to alleviate poverty and expand the services of health care, education and social security.

To accomplish these objectives the new Constitution firstly reformed its political system leading it to gain legitimacy and overcome the exclusionary aspect of the previous political regime; secondly, it adopted a new economic model following the Washington Consensus which consisted of liberalizing the market and establishing new rules in social provision, as noted in the previous chapter. This process implied, among others; *a)* fiscal, economic and political decentralization; *b)* the influx of foreign capital; *c)* the impetus of the market competitiveness; and *d)* particularly the deregulation and flexibility of markets and labor entitlements led by Law 50 of 1990 and Law 789 of 2002.

According to my analysis the social consequences of the “great” state reform were mostly negative because: *a)* the flexibility on the labor market meant workers lost long-term job security and guaranteed holidays, and introduced the progressive privatization of social security; *b)* the privatization of public companies increased

unemployment (about 40.000 workers lost their job); c) the tax reform expressed in Law 49 of 1990 increased the regressive value added tax –IVA- from 10% to 12% (nowadays this tax is 16%); d) Law 100 of 1993 introduced a mixed provision of health care and social security services. On the one hand it created a subsidized regime (*Régimen Subsidiado*) and on the other hand, a contributive regime (*Régimen Contributivo*), but both regimes are completely unequal in provision, quality and costs; e) decentralization did not bring the expected results for two main reasons: first, most of municipalities proved to have very low levels of economic and social development, as well as insufficient technical and administrative capacity. Thus they did not accomplish all tasks transferred to them from the central government; second, the decentralization of public spending fostered patronage networks since political actors acted as the main suppliers of public goods and services, especially in those areas with no state institutional presence (Ramírez, 2005). Therefore, social policy not only was unable to recover legitimacy throughout the national territory but also became a perfect tool for local politicians to expand their patrimonial power.

In spite of all this, the state reform of 1991 also brought some positive changes. For example, after defining Colombia as a ‘Social State of Law’ (*Estado Social de Derecho*), the state advanced in recognizing and ‘*guaranteeing*’ some fundamental social rights such as education, health care and social security. It is important to note here that although the Colombian welfare institutions comprise a more or less comprehensive welfare system, it is still has a long way to go to develop this system due to numerous factors that will be discussed in the next sections. The constitutional reform also gave priority to the least well-off, to encourage left party participation, to include movements from all ideologies in the political race as well as making it easier for ordinary citizens to become involved in politics, which did create a more democratic and comprehensive political regime.

In the next section I will concentrate on explaining one of the most important components of Colombian social policy, the social protection system, and I will discuss how all factors described previously make clear the underdevelopment of Colombia's welfare state.

4.3. The Social Protection System of Colombia

The Colombian Social Protection System –SPS- was established in 2002 through Law 789 and subsequently regulated by National Decrees 975 of 2004; 973 of 2005; 2581 of 2007; 2190 of 2009; 1160 of 2010 and subsequently partially modified by Law 1636 of 2013. These regulations defined the functioning and working of the greatest sectors in social policy in the country: health care provision, pensions, social security and special programs for the poorest and most vulnerable population¹⁹. The social protection system in Colombia is the result of the conjunction of various components established over the last two decades. The main two components at the beginning were *social security* and *social assistance*. The integrated social security system has its basis in Law 100 of 1993 that made structural reforms to the insurance-based component of the system with regard to health and pensions. The other big component has its origins in the Social Support Network (*Red de Apoyo Social*) that was created in 2000 after the economic crisis at the end of the 1990s. In its support for affected populations, it was closer to the concept of 'safety nets' suggested by multilateral donors (Botiva, 2011, p. 25).

Law 789 of 2002 defined the SPS as the set of public policies aimed at reducing vulnerability and improving the quality of life of the population. In particular, this Law

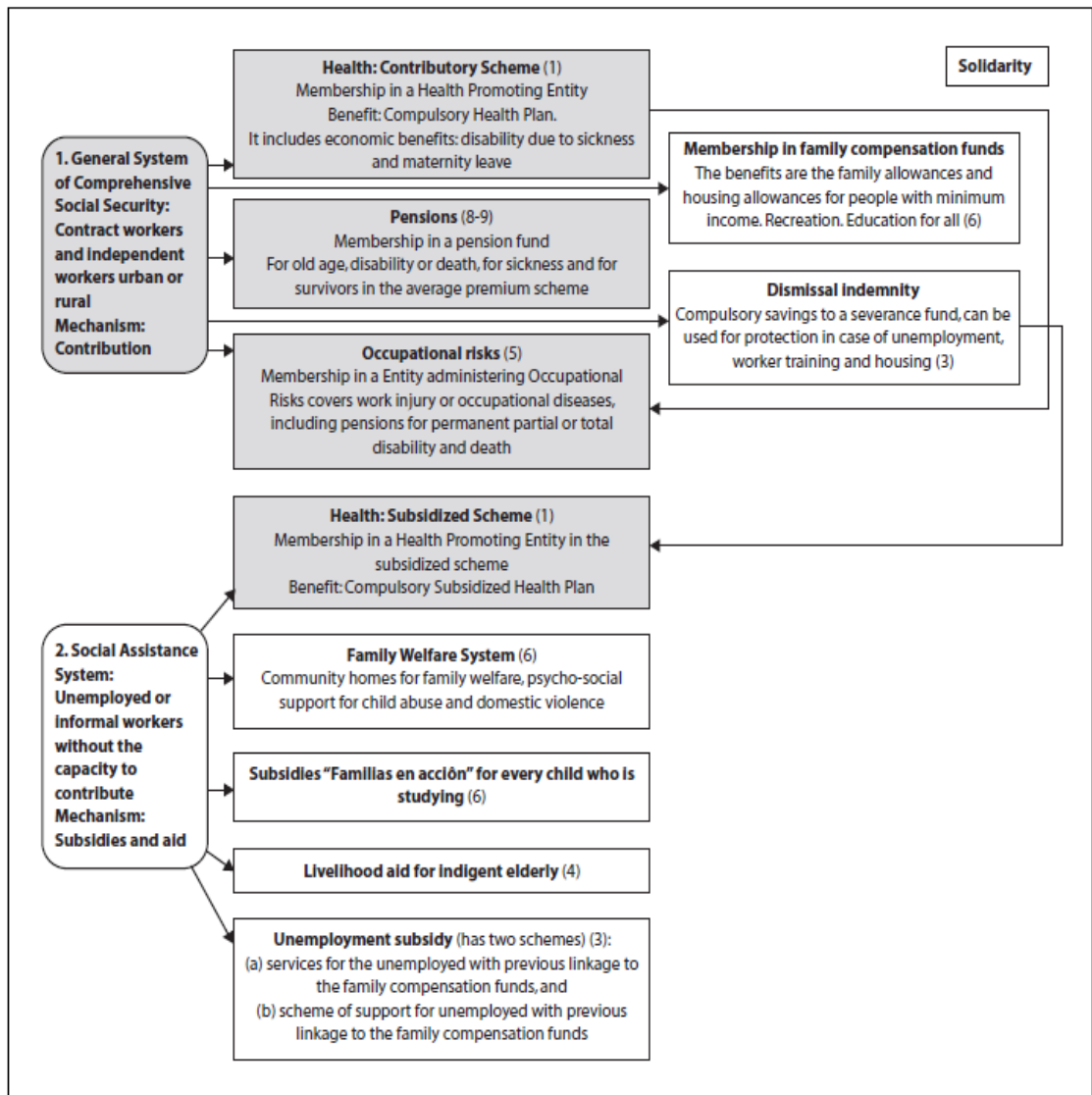
¹⁹ The experts considered that it was necessary to articulate the programs and interventions' supply in order to assist adequately the different needs of households. In 2006, the government decided to create what was known until recently as "Red Juntos" (today, 'Red Unidos'), a network to overcome extreme poverty and vulnerability, with the main aim of addressing the multidimensional character of poverty supporting families from the assistance stage to the 'productive' stage adjusting the social services supply to the needs of every single household. The network includes nine different components that intend to lead households out of poverty. (Botiva, 2011)

aims at realizing the rights of health, to a pension and to work.²⁰ The five components of the SPS are as follows: a) the General System of Comprehensive Social Security (*Sistema General de Seguridad Social Integral*), which articulates actions in the areas of health, pensions and care of the elderly; b) the National System of Family Welfare (*Sistema Nacional de Bienestar Familiar*), coordinated by the Colombian Institute for Family Welfare (*Instituto Colombiano de Bienestar Familiar*, ICBF); c) the Labour Protection System (*Sistema de Protección Laboral*); d) the Professional Training System (*Sistema de Formación Profesional*) of the National Service of Apprenticeship (*Servicio Nacional de Aprendizaje*, SENA); and e) the Family Compensation System (*Sistema de Compensación Familiar*), which seeks to improve the living conditions of low-income affiliates to family benefit funds (Rosero, 2013)²¹. Figure 1 shows main components and a brief description of the SPS.

²⁰ El Sistema de Protección Social es un “conjunto de políticas públicas orientadas a disminuir la vulnerabilidad y a mejorar la calidad de vida de los colombianos, especialmente de los más desprotegidos. Para obtener como mínimo el derecho a: la salud, la pensión y el trabajo.”

²¹ “An additional system —the Social Risk Prevention System (*Sistema Social del Riesgo*)— has begun operating since 2001. This was initially planned as a transitory fund for financing social programs implemented at times of low economic growth, although it has not worked yet as such. Furthermore, other components of the social protection system include: the National Preventive System against Disasters (*Sistema Nacional para la Prevención y Atención de Desastres*) and the National System for the Integral Attention to the Displaced Population (*Sistema Nacional de Atención Integral a la Población Desplazada*, SNAIPD), created through the Law 387 of 1997.” (Rosero, 2013, p. 7).

Figure 1 | Social Protection System of Colombia.



Source: Cabrera, 2011.

According to the National Agency of Planning –DNP (2011) –see Figure 2-, the social protection system as a whole is composed of five pillars: a) the *integral social security system* based on the insurance principle of contributory protection; b) *access to assets* intended to promote income generation activities and acquisition of productive assets; c) the *human capital training system* which fosters the necessary skills to successfully insert individuals into the labour market; d) *risk*

management in crisis aimed to provide timely and adequate support in case of shocks and; e) the *social promotion system* which attempts to go beyond being simply 'assistencialist' to provide 'promotive' elements that help people to access other components of the system.

Figure 2



Source: DNP, 2011

Now, when it comes to the general normative dimensions of the SPS, it is important mention that social development became an important factor in the constitutional reform in 1991, so there are six main constitutional articles that constitute the main

aspects of social protection in Colombia: articles 44²², 46²³, 48²⁴, 49²⁵, 51²⁶ and 53²⁷. Thus, we can affirm that the SPS is a further development of these mandates.

²² **Article 44:** The following are basic rights of children: life, physical integrity, health and social security, a balanced diet, their name and citizenship, to have a family and not be separated from it, care and love, instruction and culture, recreation, and the free expression of their opinions. They will be protected against all forms of abandonment, physical or moral violence, sequestration, sale, sexual abuse, work or economic exploitation, and dangerous work. They will also enjoy other rights upheld in the Constitution, the laws, and international treaties ratified by Colombia. The family, society, and the State have the obligation to assist and protect children in order to guarantee their harmonious and integral development and the full exercise of their rights. Any individual may request from the competent authority the enforcement of these rights and the sanctioning of those who violate them. The rights of children take precedence over the rights of others.

²³ **Article 46:** The State, society, and the family will all participate in protecting and assisting individuals in the third age bracket and will promote their integration into active and community life.

²⁴ **Article 48:** Social Security is a mandatory public service that will be delivered under the administration, coordination, and control of the State, subject to the principles of efficiency, universality, and solidarity within the limits established by law. All inhabitants are guaranteed the irrevocable right to Social Security. With the participation of individuals, the State will gradually extend the coverage of Social Security which will include the provision of services in the form determined by law.

Social Security may be provided by public or private entities, in accordance with the law. It will not be possible to assign or use the resources of the Social Security organs for different purposes. The law will define the means whereby the resources earmarked for retirement benefits may retain their constant purchasing power.

The State will guarantee the rights resulting from the Pensions Systems, its financial sustainability, that it will respect vested rights in accordance with the law and assume the payment of the pension debt for which it is responsible according to the law. The laws that are enacted on pension matters subsequent to the entry into force of this Legislative Act have to ensure the financial sustainability of the arrangements made by them. The discounts, reductions and seizures of pensions decreed by the law notwithstanding, for no reason may the payment of the monthly pensions recognized by law be suspended or their value be frozen or reduced.

The provisions on infirmity and widower's pensions notwithstanding, it is necessary to comply with the requirements concerning age, time of service, length of contribution payments or required capital and other conditions defined by the law in order to obtain the right to a pension. The requirements for and the benefits resulting from obtaining the right to an infirmity or widower's pension will be established by the laws of the General Pensions System. In pension matters all vested rights are respected. Pension requirements and benefits for all persons, including those related to old age pensions for high risk activities, will be established by the laws of the General Pensions System. No provision may be issued and no contract invoked that would run contrary to the rules thereby enacted.

For the payment of the pensions only those factors are taken into account to which the contributions made by every person are related. No pension may be lower than the existing monthly legal minimum wage. However, the law may determine the cases in which periodical economic benefits which are lower than the minimum wage are paid to people with limited resources who do not fulfill the conditions required for the right to a pension.

²⁵ **Article 49:** Public health and environmental protection are public services for which the State is responsible. All individuals are guaranteed access to services that promote, protect, and rehabilitate public health.

It is the responsibility of the State to organize, direct, and regulate the delivery of health services and environmental protection to the population in accordance with the principles of efficiency, universality, and solidarity; further, to establish policies for the provision of health services by private entities and to

Following Jairo Núñez (2004) the SPS seeks to accomplish two aims: first, to protect the population from economic risks whether they are specific to the individual or not; second, to assist the poor in overcoming their condition in the short and long term. The General System of Comprehensive Social Security (*Sistema General de Seguridad Social Integral*) and all existing assistance to employees achieve the first goal by providing *social insurance*. The second is reached by the *social assistance*, which means the establishment of the Social Assistance System, formed partly by the subsidized health scheme, the Unidos Network (*Red Unidos*²⁸), Families in Action²⁹ (*Familias en Acción*), the National Vocational Training Service (*Servicio*

exercise oversight and control over them; and to establish the competences of the nation, territorial entities, and individuals, and to determine the shares of their responsibilities within the limits and under the conditions determined by law. Public health services will be organized in a decentralized manner broken down in accordance with levels of responsibility and with the participation of the community. The law will determine the limits within which basic care for all the people will be free of charge and mandatory.

Every individual has the right to have access to the integral care of his/her health and that of his/her community.

²⁶ **Article 51:** All Colombian citizens are entitled to live in dignity. The State will determine the conditions necessary to give effect to this right and will promote plans for public housing, appropriate systems of long-term financing, and community plans for the execution of these housing programs.

²⁷ **Article 53:** The Congress will issue a labor statute. The appropriate law will take into account at least the following minimal fundamental principles:

Equality of opportunity for workers; minimum essential and flexible remuneration proportional to the amount and quality of work; stability in employment; irrevocability of minimum benefits established in labor regulations; options to negotiate about and reconcile uncertain and arguable rights; a situation more favorable to the worker in case of doubt in the application and interpretation of the formal bases of the law; the primacy of facts over established formalities in issues of labor relations; guarantees to social security, training, instruction, and necessary rest; special protection of women, mothers, and minor-age workers.

The State guarantees the right of suitable payment and the periodic adjustment of legal retirement benefits. International labor agreements duly ratified are part of domestic legislation.

The law, contracts, agreements, and labor settlements may not infringe on the freedom, human dignity, or rights of workers.

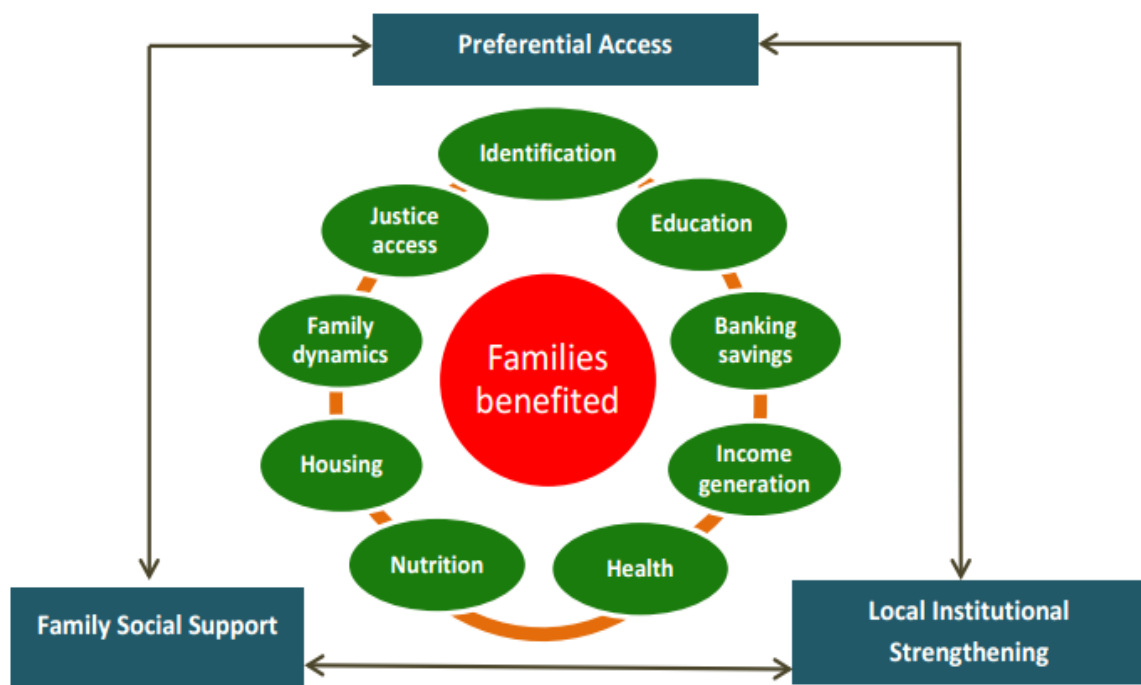
²⁸ One of the most important programs of the SPS is the 'Unidos Network' (*Red Unidos*) which intends to assist households and families in an integrated manner which means that it tries to address all their vulnerabilities in order to avoid 'poverty traps'. The national government and policy makers are conscious about the existence of these traps that impede people to escape from poverty and vulnerability. Among the main causes of the traps are the lack of identification, criminality and violence, no access to land, demographic changes, ill health and malnutrition, no access to information, low educational levels, lack of access to capital, child labour, and lack of insurance. These components attempt to deal with all these concerns (Botiva, 2011)

²⁹ "Regarding social assistance, the core of this component is the conditional cash transfer programme 'Familias en Acción'. This programme started as a temporary solution for vulnerable people and today it has become the core of the social policy and the base of the 'Red Unidos'. The beneficiaries of the

Nacional de Aprendizaje, SENA), the program of assistance to the elderly and the Colombian Family Welfare Institute (*Instituto Colombiano de Bienestar Familiar, ICBF*) (Cabrera, 2011). In an idealized world, both components, *insurance* and *social assistance*, are supposed to interact complementarily to each other in order to generate social development and particularly benefit the poorest and more vulnerable in the socio-economic exchange. Figure 3 shows the main components and functioning of Unidos Network which is the most important social program in Colombia aimed to face extreme poverty.

Figure 3

Network to Overcome Extreme Poverty and Vulnerability ('Red Unidos')



Source: Acción Social, 2009.

programme are mostly internally displaced people. In its almost ten years of operation, the programme has reached 2.6 million families helping an important number to escape from extreme poverty. The conditionality is linked to the school attendance of older children and the nutritional status of the youngest.” (Botiva, 2011, p. 29)

This set of public policies was implemented nationally by municipalities. In this respect the Colombian SPS expects: *a)* to consolidate a pertinent pension system which guarantees acceptable wages to current and future retired people; *b)* to build an efficient health care system providing universal and high quality services and that particularly serves the least well-off; *c)* finally, the system expects to affiliate all workers with social security programs³⁰. However, for years Colombian governments have designed and implemented policies attempting to reduce poverty with disappointing results. In the following section we will examine the principal aspects that could explain this situation.

4.4. The Social Protection System and the Failure of the Social Policy in Colombia

Now that I have explained the main objectives, functioning and organizations that comprise the Colombian Social Protection System, I will proceed by analyzing and “evaluating” the SPS in light of the theoretical insights of chapters two and four and the research and academic works related upon which they were based. I also will include some informally recollected information taken from conversations with Colombian civil servants and citizens. It is important to note that I do not expect to make an exhaustive evaluation of each aspect of or organization that comprises the SPS, but I will treat the SPS as an integrated system and explain the technical features that make Colombia a laggard in social policy as a whole. To wit, I have found four main problems: *a)* the conflict between the political values of dependence and self-reliance; *b)* a pronounced emphasis on *welfarism* (paternalism); *c)* the ineffectiveness of the used instruments; *d)* centralism and lack of coordination among government agencies at all levels.

³⁰ The integral social security component covers healthcare, risks at work and protection of the unemployed, including pensions and subsidies for the elderly .

4.4.1. Social Intervention: the conflict between dependence and self-reliance

A significant number of social programs in Colombia foster dependency in spite of self-reliance. The formal explanation for this is that the social policies are not planned to be sustainable over the long-term, implementation is insufficient to meet demand and, the lack of resources affects negatively the provision of social services. Besides these facts, politicians have used these “technical issues” in their favor, meaning that the problems of the SPS have become the perfect setting to promote large patronage systems since political actors ask for electoral compromises in exchange for providing citizens social services. This generates intergenerational dependency of citizens, particularly those in rural areas, on political elites.

This dependency is also fostered by the precarious long-term planning of social policies at the national and local level. I found that most social programs share the same path of implementation that requires of the on-going intervention of the state for their maintenance. Social programs are used to solve temporary needs but they are not used to attack the structural issues that are the real cause of the social problems. This fact not only does not help to improve the negative situation of poor families but also creates a cycle of dependency of the poor on the politicians responsible for the provision of those services. For example, many programs to overcome poverty consist of giving people lunch or goods such as clothing; however, these programs do not aim to fight the structural causes of poverty such as the lack of opportunities in education, employment, and so on.³¹ These factors not only foster dependency but also show the degree of paternalism inherent in the implementation

³¹ “According to the MERPD, one of the factors that exacerbate people’s vulnerability is their limited capacity to accumulate or hold enough assets. It could be the result either of their inability to generate income or their risk aversion that makes them not to involve in riskier and more profitable activities. Social programs seem to provide the basics but at some point there is a break in the system that leaves people trapped in the middle of the road and still vulnerable to future shocks.” (Botiva, 2011, pág. 33)

of Colombia's social policies.

4.4.2. Exacerbate Paternalism

Basically, social assistance in Colombia does not prove to be a long-term strategy for human development but a paternalistic public intervention. As noted in chapter three, social policy in Latin America became largely a mixed system of public and private provision which concentrates on providing assistance to the poorest but not to the whole population, and this provision was always insufficient to really overcome the problems. In the same manner, Colombia has not devised an inter-sectorial public policy intervention that aims to reduce the poverty indices or improve socio-economic vulnerability. Besides this, the outcomes of its social programs are as expected in large degree because of the insufficiency of resources to sustain them. Indeed, the SPS and its programs have demonstrated to be provisional solutions that sooner or later will require the intervention of the state to fight the same problems. Perez (2008) documented this same dysfunctional pattern finding that those forcibly displaced by the armed conflict are often attended by a limited number of social programs that are insufficient in improving the vulnerability condition of the victims.

4.4.3. Ineffective Targeting Instruments

As described by Haggard & Kaufman (2008), most Latin American welfare states built useful instruments which helped governments to focus on the populations who could most benefit from social provision and so guarantee the effectiveness and efficiency of the system. Nonetheless, Colombian instruments of targeting are quite ineffective since they do not strictly regulate the population that potentially could be the beneficiaries of social aid. According to Núñez & Espinoza (2005), even though Colombia has advanced in the design of its social programs, the targeting mechanisms of these programs face two main imperfections: errors of inclusion and

errors of exclusion. Errors of inclusion consist of including non-poor people as beneficiaries of subsidies and errors of exclusion mean that some elements of the poor population are excluded from receiving subsidies.

The few evaluative studies of social public policy performed by the National Agency of Planning (Departamento Nacional de Planeación) and external organizations demonstrate that Colombian social policy suffers from both kind of errors.

4.4.4. Centralism and the Lack of Coordination Between National and Local Governments

Even though the Political Constitution of 1991 defined Colombia as a unitary republic, it is decentralized³² in that social spending must be increased annually and each municipality has political, economic and fiscal autonomy. This institutional fact has retarded social policy consolidation and diminished the effectiveness of the SPS. Basically, many studies agree that Colombia has a big problem in truly integrating social services at the local level. As a consequence, it has not been possible to implement social programs that tackle local needs. This becomes an important issue if we recognize that Colombian localities face different kind of unsatisfied social needs.

On the one hand, Colombian social policies are defined by the central level taking into account the general sectors such as education, health care, pension and so on; on the other hand, local governments have proved unable to efficiently supply adequate policy responses according to the national requirements. For instance, the local councils for social policy –COMPOS- (*Consejos Municipales de Política Social*)

³² “Article 1: Colombia is a legal social state organized in the form of a unitary republic, decentralized, with the autonomy of its territorial units, democratic, participatory and pluralistic, based on respect of human dignity, on the work and solidarity of the individuals who belong to it, and the predominance of the general interest.” (Colombia, 1991).

are local agencies that define fundamental aspects of social programs by following the national guidelines (Zapata, 2009). This centralized design of social policies is responsible for the lack of management of the local levels and particularly reveals the critical situation in the coordination between the national and the local levels.

We can point out at least two explanations for this lack of coordination: *a)* the SPS has many entities, both public and private, who all have different interests and work under different management models, creating a setting with undefined responsibilities and, often, asocial goals; *b)* many social programs are implemented simultaneously without any real coordination, generating duplicity in functions and waste of resources of all kinds.

To sum up, Colombia did not experience a successful process of decentralization when it comes to the provision of social services because the national level has taken most of the responsibility and local governments have been unable to effectively design their own policies. Besides this, there is a real disconnection among the system components and levels of government creating an unequal system that have not been effective in local and particularly rural settings since almost all programs are designed at the national level and there are not specific social protection programs for local municipalities.

5. Conclusions and Recommendations

This document analyzed the emergence and evolution of the Colombian welfare system, mostly expressed in its social protection system. To fully understand the political and economic processes behind the explanation, the document started by conceptualizing the welfare state and then used this conceptualization in its analysis of the Latin American region. Finally, it was used to analyze the Colombian social protection system and identified its main features as well as its main challenges. The main ideas are as follows:

- A. The welfare state is a set of state-led *social policies* aimed at securing a minimum of welfare to its citizens and providing an adequate accumulation of human capital through public investments in health and education. These social policies comprise a wide range of services that include education, health care, pensions, cash benefits, services and in-kind benefits and so on. Practically speaking, the welfare state and social policies mean the *intervention* of the public sector into some fundamental aspects of society to guarantee equal and fair access to them by all citizens, or at least the least well-off. For instance, social insurance can offer protection against the full range of life-cycle and market risks, including sickness, work-related injury and disability, maternity and childbearing, unemployment, retirement, and death.

- B. The welfare states in Latin America did not emerge as the natural or automatic consequence of economic and political development and modernization of states; rather, they developed due to the efforts of reformists political elites who either responded to the demands of an increasingly mobilized working class or acted preemptively to defuse labor agitation. In fact I found five common features of the Latin American welfare states: first, that welfare states are, mainly, a post-war creation; second, that Latin American welfare systems were established by political elites attempting to both to maintain

their power and to dissipate any possible revolution; third, that economic growth, fiscal capacity, economic model and trade openness are important factors that fostered or hampered the evolution of social policy; fourth, that the provision of welfare benefits has been highly unequal between the urban middle class workers and the informal and rural sector workers; and five, that social welfare provision was progressively liberalized according to the principles of both the New Public Management and the Washington Consensus.

- C.** The welfare system in Colombia is largely expressed in its social protection system which has become an oligarchic system based on political patronage. This means that political elites in Colombia historically have acted by influencing and reproducing unequal patterns of transaction in order to benefit themselves politically. When it comes to social policy, the emergence and consolidation of the Colombian welfare system has operated in the interest of political elites.

- D.** Consequences of the state reform in the 1991 had mostly negative aspects for social development in Colombia by: *a)* increasing the flexibility of the labor market meant reducing job security, reducing paid holidays and progressively privatizing the system of social security; *b)* privatizing public companies and increasing unemployment (about 40,000 workers lost their jobs); *c)* reforming the tax system in the Law 49 of 1990 which increased the regressive value aggregated tax –IVA- from 10% to 12% (now 16%) for all Colombian citizens; *d)* introducing the Law 100 of 1993 which provided for the mixed provision of health care and social security services. This created, on the one hand, a subsidized regime (*Régimen Subsidiado*) and, on the other hand, a contributive regime (*Régimen Contributivo*). Both regimes are completely unequal in terms of provision, quality and costs; *e)* decentralization did not bring the expected results for two main reasons. First,

most of municipalities showed to have a very low levels of economic and social development as well insufficient technical and administrative capacity. Thus they did not accomplish all tasks transferred to them from the central government. Second, the decentralization of public spending fostered patronage networks since political actors acted as the main suppliers of the public goods and services, especially in those areas with no institutional presence of the state. After 1991 the mixed system of private and public provision of social services generated greater inequality since the coverage and quality of the public and private systems were substantially different. Indeed, the SPS did not lead to social development because a) social policies were not planned in the long-term b) social programs did not lead to the citizens' active participation in the labor market and c) social services did not reduce inequalities.

- E.** The welfare state in Colombia still is incipient, dependent on the will of political elites and characterized by patronage practices particularly in the local and rural areas. SPS became a trap in which the interventions of the state have been even worse than having no social policy at all since it has created short-term, paternalistic, insufficient unsustainable policies easily coopted by regional political elites.

- F.** The Colombian welfare state demonstrates marked weaknesses in effectiveness and coordination. Many social programs implemented simultaneously without a real coordination, generating duplicity in functions and waste in resources of all kinds. The SPS has many entities, both public and private, with different interests and under different management models. This creates a setting with ill-defined responsibilities and inconsistent objectives.

- G.** Almost all programs of the SPS are designed at the national level but without specific, targeted, social protection programs for local areas, which means that the needs of rural people, in particular, have been ignored.

- H.** Most of the current poverty reduction programs have been designed in the context of the national development which means that despite all their efforts, these programs are unable to produce structural effects on poverty or vulnerability in varied local contexts. To tackle structural poverty and reduce inequality it is necessary to design social welfare policies tailored to the specific needs of varied local contexts. It is also necessary to strengthen the components of social promotion that provide upward mobility. This strategy would lead people not only to escape from poverty in the short term but also would reduce their vulnerability to becoming poor again, the key objective in combating chronic poverty.

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