

# Neoliberalism with a Human Face?

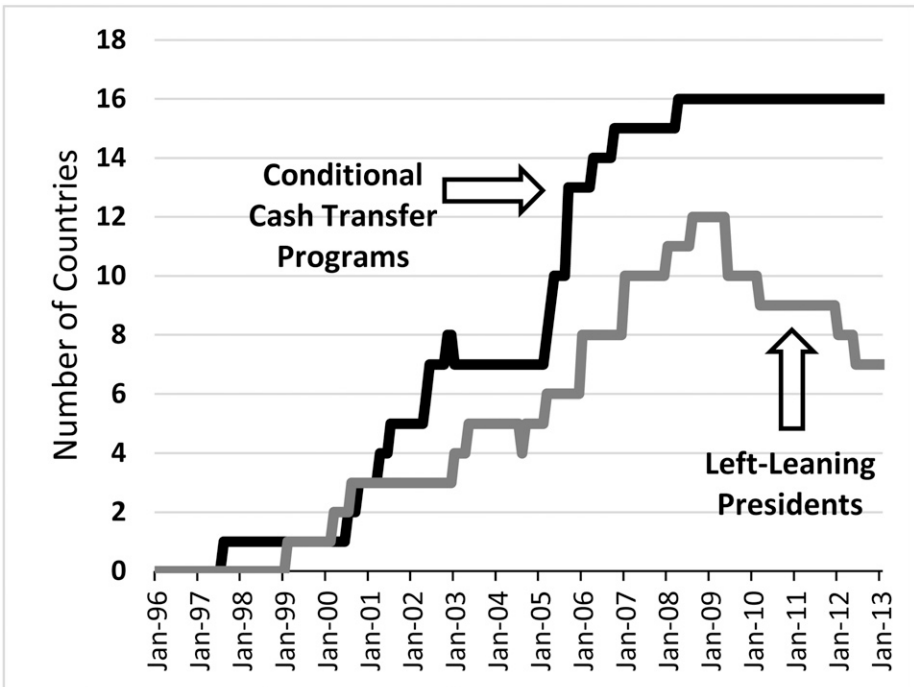
## Ideology and the Diffusion of Latin America's Conditional Cash Transfers

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In seeking to explain cross-national variation in social policy, comparative politics has traditionally focused on domestic factors, most notably, government ideology. Power resource theory, the dominant explanation of social policy development in industrialized countries and Latin America,<sup>1</sup> attributes the expansion of and cross-national variation in social policy to the relative strength of the left and organized labor. More recent explanations have focused on factors outside the nation-state. Noting the tendency of countries to adopt policies similar to those of their neighbors, scholars of policy diffusion have argued that more attention should be paid to the actions of nearby and influential countries as well as international institutions.<sup>2</sup> The widely studied diffusion of Chile's private pension system during the 1990s placed Latin America at the forefront of the debate between domestic and international explanations of social policy.<sup>3</sup> Furthermore, the spread of large-scale pro-poor social assistance programs called conditional cash transfer (CCT) programs to nearly every country in Latin America during the 2000s, the focus of this article, led to sweeping change that has made scholars debate the merits of these explanations.<sup>4</sup>

The basic facts are as follows: Starting with Mexico in 1997, country after country in the region adopted large-scale CCT programs. A homegrown Latin American invention, CCTs award poor families regular cash stipends on the condition that they keep their children in school and/or subject them to regular medical checkups. In the short-term, CCTs relieve poverty by boosting beneficiary incomes. In the long-run, they seek to build human capital and improve the employment prospects of beneficiaries. CCTs today cover roughly a quarter of Latin America's population. They have been credited with cutting poverty in the region by 13 percent, reducing income inequality, and boosting school enrollment.<sup>5</sup> The spread of highly progressive CCTs constitutes a path-breaking

**Figure 1** Number of CCTs and Leftist Presidents in Latin America (1996–2013)



Source: News reports and the Dataset on Political Ideology of Presidents and Parties in Latin America.

development in the region’s social policy, which has historically neglected the poor in favor of the better off.<sup>6</sup>

While Latin American social policy was undergoing this “quiet transformation,”<sup>7</sup> the region’s electoral politics underwent a much louder (and at times strident) transformation (see Figure 1). In arguably the most important leadership shift in Latin American politics since democratization in the 1980s, the left, which many believed had become irrelevant in the aftermath of market reforms and the collapse of communism, experienced a resurgence. Beginning in 1998 with the election of Hugo Chávez (1999–2013) in Venezuela, voters throughout the region elected left-of-center governments that campaigned on promises of higher social spending and income redistribution. By 2009, at the peak of the left turn, nearly two-thirds of Latin Americans lived under a leftist government.<sup>8</sup> In sum, the 2000s saw CCTs implemented in nearly every country in Latin America and left-of-center presidents elected in a majority of the region’s countries. Thus, scholars have been faced with a question of

broader theoretical interest: what is the impact of ideology, more specifically of leftist governments, and policy diffusion on social policy?

This article addresses the above question and develops and supports an argument that runs counter to previous research. I argue that the left initially resisted and even opposed CCTs. The left opposed CCTs' narrow targeting of beneficiaries, worried that they would foster clientelism, and was generally unwilling to support policies backed by centrist and right-leaning governments and multilateral banks, the very actors that years earlier had pushed for market reforms. From the left's perspective at the turn of the century, CCTs carried the stench of neoliberalism.

But the story did not end there. The proven effectiveness and political popularity of CCTs eventually won over the left. The Brazilian experience under center-left President Luiz Inácio "Lula" da Silva (2003–2011) marked a turning point. Originally critical of the CCTs he inherited, Lula embraced them following the failure of his own anti-poverty program. However, Lula did more than continue existing programs; he adapted them to better meet his programmatic goals. Under Lula's watch, CCTs were expanded and transformed into a broader and increasingly generous safety net more attune with the left's universalistic aspirations. The Brazilian example, which was widely publicized (in no small part by Lula himself), demonstrated that, despite originally being intended as targeted and residualistic, CCTs could be adapted to advance the left's goal of providing an income floor for all citizens. In short, without the left's (belated) embrace of CCTs, their adoption might have been halted.

Contrasting programs implemented by Mexico's center-right and Brazil's center-left reveals that CCTs are not all alike and can in fact be tailored to prioritize reducing poverty or building human capital. Thus, concerning ideology, I question the conventional wisdom, based on research on Latin America and developing countries more broadly, that ideology and CCTs are unrelated.<sup>9</sup> Indeed, this conclusion fails to recognize the important role of ideology in shaping the design of CCTs and that it was the adaptation of the original CCT model to better match the left's commitment to universalistic social policies that facilitated their diffusion among countries governed by the left.

The article shows how diffusion was not homogenous throughout the region but rather mediated by government ideology. Left-leaning presidents were responsive to Brazil's model, which was highly publicized and associated with the influential Lula. They extrapolated from the Brazilian experience, believing that its success would apply to their countries, and, thus, left-leaning leaders followed Brazil in designing CCTs that targeted a broad population, paid beneficiaries the same stipend regardless of age, and were more lenient with regard to conditionality. Put succinctly, left governments designed new CCTs and reformed existing CCTs to prioritize poverty reduction over building human capital. Non-left governments design CCTs that do the opposite. This is confirmed by an analysis of ten programs adopted since the Brazilian left's conversion and case studies of CCT adoption in Argentina, Bolivia, and Costa Rica based on original field research.

## **Do Ideology and Diffusion Explain CCT Adoption?**

Past research finds no relationship between presidential ideology and CCT adoption. Indeed, although the leftward shift in politics and the adoption of CCTs ran parallel to each other (see Figure 1), a closer look at the ideologies of the presidents who adopted CCTs reveals that, among sixteen CCTs currently operating in the region, a similar number were adopted under right-leaning (six) and left-leaning presidents. It is therefore not surprising that cross-national studies on CCT adoption fail to find a statistically significant effect of ideology on the probability of adopting a program (see Appendix Table 1).<sup>10</sup>

However, the aggregate data on CCT adoption used in these cross-national quantitative studies obscure a crucial distinction: the left initially opposed these programs. The left warmed up to them later, only after an influential fellow leftist, Brazil's Lula, embraced CCTs and adapted them to serve his programmatic goals. Without this shift in attitudes, the left's rise could have been an obstacle to CCT diffusion.

Failing to find a relationship between ideology and adoption, past research cites policy diffusion as an explanation for the rapid spread of CCTs.<sup>11</sup> Indeed, CCT adoption meets the characteristics of diffusion.<sup>12</sup> A tally of programs operating in the region shows a distinctive s-shape (see Figure 1). Additionally, the rapid adoption of CCTs throughout the region is an example of both "geographic clustering" and "commonality among diversity." Furthermore, there is substantial evidence that late adopters emulated Mexico and Brazil and were supported in doing so by international financial institutions (IFIs).<sup>13</sup>

However, standard explanations based on diffusion only reveal so much. That the ideas behind CCTs were available to and ultimately influenced politicians and technocrats throughout the region tells us little about the timing and politics surrounding adoption.

## **How Did the Left Initially View CCTs?**

Left-leaning politicians were initially skeptical of, if not outright opposed to, CCTs. These programs were not the left's preferred approach to social policy. The left initially opposed CCTs in Mexico and Brazil, the two countries most associated with CCTs. Even in Bolivia and Argentina, two countries where left-wing presidents adopted national-level programs, leaders were late converts, responding to proposals issued by rivals from other parties. Left-leaning leaders in Nicaragua and Venezuela went so far as to dismantle existing programs upon taking office. Moreover, the left's initial antipathy was not unique to Latin America.<sup>14</sup>

**The Left's Problem with CCTs** At first glance, it appears counterintuitive that Latin America's left would oppose highly effective redistributive policies. However, the left

had justifiable reasons to be wary of CCTs when they first appeared. The 1980s debt crisis and subsequent market reforms strongly advocated for by IFIs resulted in an overhaul of the region's development model. Reforms led to significant cuts in social spending and, ultimately, to sharp increases in poverty and inequality. The Washington Consensus called for governments to scale back their social policy ambitions and focus instead on the neediest sectors, a difficult proposition for the left to accept.

Although highly regressive or even "Reverse Robin Hood,"<sup>15</sup> the "Latin American model" of social protection pursued prior to market reform embodied universalistic aspirations. It had been assumed that, as the region modernized, agricultural and informal workers would be absorbed into industry and, therefore, qualify for the full range of contributory benefits. However, the inward-oriented industrialization of the 1930s-70s failed to create the number of jobs needed to achieve near-universal coverage. Furthermore, the dismantling of this economic model and the downsizing of public bureaucracies in the 1980s increased the share of the population employed in the informal sector and thus excluded from traditional social policy.

Concerns over the growing social crisis and the threat it constituted to their popularity prompted governments throughout the region, with support from IFIs, to experiment with targeted anti-poverty programs. The first generation of these programs, so-called emergency social funds, financed small-scale economic development projects proposed by communities, but these social funds failed to reach the poorest communities. Furthermore, there was widespread evidence that market-reforming governments distributed these funds clientelistically.<sup>16</sup>

Evelyne Huber, one of the foremost authorities on the relationship between the left and social policy, captures the concerns of the Latin American left: "Caution has to be exercised lest they [targeted programs] become mere palliatives. Such programmes can be very helpful, as long as they do not detract from the basic task of building permanent universalistic programmes and institutions."<sup>17</sup>

In this context, marked by a recognition of the need to boost the incomes of the poor and the failure of social funds, right-wing governments began implementing CCTs at the national level in the late 1990s. Notably, right-wing governments in Mexico, Honduras, and Costa Rica were the first to launch national-level CCTs. IFIs embraced and promoted the new policy. The Inter-American Development Bank (IDB) and the World Bank sponsored forty-four CCT-related loans and projects in the Americas between 2000 and 2011.<sup>18</sup>

In sum, the left's objections can be categorized based on three criteria: 1) programmatic opposition to narrow targeting and concern that CCTs would detract from the construction of universal policies, 2) concerns that CCTs would be used clientelistically as had been the case with earlier programs, and 3) association of CCTs with right-wing governments and IFIs.

**The Left's Opposition to CCTs** As the following discussion of six cases shows, the left's opposition to CCTs is well documented.

**Mexico** The left-wing Party of Democratic Revolution (PRD) opposed the first national-level CCT, *Progresas/Oportunidades*, at the time of its 1997 launch.<sup>19</sup> Both the PRD and the right-wing National Action Party (PAN) were concerned that the ruling Institutional Revolution Party (PRI) would use the program clientelistically, as it had with PRONASOL, an earlier anti-poverty initiative.<sup>20</sup> The program's timing did little to assuage these concerns: center-right President Ernesto Zedillo (1994–2000) announced the program one month after the 1997 mid-term elections, which marked the first time that the PRI had lost its legislative majority since coming to power in the 1930s. Forced to negotiate, Zedillo succeeded in bringing the PAN on board by establishing an impartial evaluation mechanism and guaranteeing that transfers would not be disproportionately targeted toward PRI strongholds. These assurances were insufficient for the PRD.<sup>21</sup>

The PRD remained a vocal critic of the expansion of targeted programs at the national level, advocating instead for universal social insurance.<sup>22</sup> At the local level, successive PRD governments in Mexico City criticized the national-level CCT for its reliance on “targeting and surveillance” (i.e., conditionality)<sup>23</sup> while simultaneously implementing a universal non-contributive pension for seniors.<sup>24</sup>

Given the success and resounding popularity of CCTs among voters and the PRD's perceived antipathy towards them, the party's presidential candidates—Cauhtémoc Cárdenas in 2000<sup>25</sup> and Andrés Manuel López Obrador in 2006 and 2012<sup>26</sup>—went out of their way to assure voters that they would continue the program if elected.

**Brazil** Most of the Brazilian left was initially unimpressed by cash transfers. In 1991, Eduardo Suplicy, a Senator from the left-wing Workers' Party (PT), proposed an unconditional cash transfer for all Brazilians over twenty-five years of age. In contrast to the proposal made that same year by Mexican economist Santiago Levy that became the basis for *Progresas*, Suplicy did not envision a direct link between transfers and education. Despite its universalistic design, segments of PT refused to back Suplicy's proposal.<sup>27</sup>

Arguing in 1993 that a basic income would be ineffective at combating inter-generational poverty, economist Jose Marcio Camargo instead proposed that transfers target families with school-age children and be conditioned on school attendance. These ideas formed the basis for a series of sub-national CCTs that quickly spread throughout Brazil starting in 1995 and culminated in the creation of the *Bolsa Escola Federal* CCT in 2001 under centrist president Fernando Henrique Cardoso (1995–2003).

Local- and national-level *petistas* were divided on CCTs. Faced with the need to deliver tangible results to their electorates, pragmatic PT mayors enacted CCTs. Indeed, left-leaning mayors were more likely to adopt such programs than other mayors.<sup>28</sup> However, many national-level PT leaders continued to criticize both sub-national and national-level CCTs.<sup>29</sup> In the run-up to the 2002 elections, Lula publicly criticized Cardoso's policies for being a new form of *assistencialismo*:<sup>30</sup> social policy based on handouts rather than universal rights.<sup>31</sup> He reiterated this stance during his first months

in office. In a March 2003 speech, Lula explicitly criticized Cardoso's CCTs as a distraction from much-needed "structural reforms" to Brazilian social policy.<sup>32</sup>

Even after Lula embraced CCTs later that year, far-left members of PT derided his program for being "paternalistic and demeaning" and following the targeted approach advocated by IFIs. They dismissed the program as palliative and criticized its "efficient capacity to placate the poor and thereby facilitate the 'politics of adjustment.'"<sup>33</sup> In the words of a long-time PT legislator: "We didn't struggle for two decades in the opposition for this!"<sup>34</sup>

**Bolivia** While not openly opposed to CCTs, left-wing President Evo Morales (2006-present) did not include them in his 2002 or 2005 campaign platforms.<sup>35</sup> Cash transfers were first proposed in Bolivia in 2002 by center-right politician Gonzalo Sánchez de Lozada (1993–1997; 2002–2003) during his campaign for a second non-consecutive presidency. Sánchez proposed using transfers to increase female school enrollment and healthcare usage among young children.<sup>36</sup> He won the election but was forced to resign in October 2003 before the programs could be implemented.

Although education-linked cash transfers failed to materialize at the national level, they were implemented locally in El Alto, a primarily indigenous city on the outskirts of La Paz. In September 2003, the city's center-right mayor Luis Paredes launched *Bono Esperanza*. The program's popularity prompted Jorge Quiroga, Morales' centrist opponent in 2005, to promise a national *Bono Esperanza*.<sup>37</sup>

**Argentina** Presidents Néstor Kirchner (2003–2007) and Cristina Fernández de Kirchner (2007–2015) of the left-wing Front for Victory faction of the Peronist Party were disdainful of targeted programs. Indeed, despite a commodity boom that allowed for rising minimum wages and pensions and an expansion of pension coverage, Kirchner failed to invest in anti-poverty programs.<sup>38</sup> Opposition to CCTs was strongest in Alicia Kirchner, Néstor's sister and Social Development Minister during much of the Fernández administration. Alicia repeatedly derided CCTs as "neoliberal," "impositions from international institutions," and "pre-packaged (*enlatados*) programs" not suited for Argentina's reality.<sup>39</sup>

At the local level, the Buenos Aires city government launched the *Ciudadanía Porteña* CCT in 2005. Said program helped to shore up support for Mauricio Macri (2015-present), the city's right-leaning mayor and, since 2015, the country's president. Opposition legislators drafted multiple cash transfer bills during 2007–2009 that languished due to lack of government support. Thus, the Kirchners were the last major political actors to join the consensus in favor of cash transfers.

**Venezuela and Nicaragua** Venezuela has the distinction of being the only major Latin American country to have never adopted a national-level CCT. Centrist Rafael Caldera (1994–1999) experimented with small-scale CCTs in the mid-1990s as a way of compensating those affected by structural adjustment.<sup>40</sup> Having criticized these programs for their lack of ambition and subordination to economic stability,<sup>41</sup>

Caldera's left-wing successor Hugo Chávez summarily dismantled them upon assuming office.<sup>42</sup> Flush with resources from an oil boom, Chávez invested heavily in social policy starting in 2003. However, his *misiones* awarded benefits largely on political criteria.<sup>43</sup>

Nicaragua's Daniel Ortega (2007-present) discontinued the country's much-heralded *Red de Protección Social* CCT.<sup>44</sup> Enacted under the center-right administration of Arnoldo Alemán (1997–2002), RPS was acknowledged as one of the region's better designed CCTs and credited with achieving most of its poverty and enrollment objectives.<sup>45</sup> Yet, Ortega replaced RPS with in-kind food transfers for poor rural households.<sup>46</sup> Thus, as the cases of Venezuela and Nicaragua show, the left not only opposed CCTs when in opposition, but also went so far as to dismantle existing programs when in power.

### Why Did the Left Change its View on CCTs?

The well entrenched rejection of CCTs among the left notwithstanding, the left's position on CCTs eventually underwent a significant change. This change started in Brazil with Lula after he assumed the presidency. Lula's change from CCT critic to one of their most outspoken supporters was decisive to the spread of CCTs within Latin America and beyond. To properly understand the link between ideology and CCTs, however, it is imperative to recognize that Lula's change was not an about-face, that is, an abandonment of views articulated before. He did not come around to the views of center-right parties. Indeed, Lula, and his successor Dilma Rousseff (2011–2016), did more than just continue Cardoso's programs. They gradually expanded and reshaped them in the direction of establishing a basic income floor. That is, Brazil's left-wing presidents reformulated CCTs in accordance with their critique of means-tested programs.

**The Creation and Transformation of *Bolsa Família*** On coming to office, Lula deemphasized existing cash transfer schemes in favor of *Fome Zero*, an ambitious and complex series of initiatives aimed at eradicating hunger. Designed by a PT-affiliated think tank, the program was to include everything from traditional social assistance policies, namely food stamps and direct distribution of food baskets, to local infrastructure projects and "structural" reforms aimed at tackling "inequality through land reform, federal crop purchase, and milk distribution programs."<sup>47</sup>

*Fome Zero* proved a disaster. Its central component, *Cartão-Alimentação*, a food stamp program, peaked at less than one fifth the size of *Bolsa Escola*.<sup>48</sup> Moreover, the program was heavily criticized for using political criteria to select beneficiaries, excluding eligible families, and duplicating benefits.

In response, Lula moved to merge existing CCTs with *Cartão* to form *Bolsa Família* (BF). He distanced himself from PT's social policy experts, embracing instead the ideas of Ricardo Paes de Barros, a University of Chicago-trained economist and self-proclaimed



economic liberal.<sup>49</sup> IFIs also helped sway Lula's decision. World Bank President James Wolfensohn and IDB President Enrique Iglesias organized a private meeting between Lula and Santiago Levy, who reportedly convinced Lula that CCTs were the best way forward.<sup>50</sup>

The abandonment of *Fome Zero* did not mean a full-blown embrace of Cardoso's CCTs. Rather, Lula and, later, Rousseff made CCTs their own, using them as a platform for moving Brazil closer to establishing a universal income floor, albeit within the confines of a CCT. Coverage expanded dramatically from 3.6 million households when BF launched to 12.8 million when Lula stepped down to 14.1 million by 2014. In contrast to *Bolsa Escola*, BF targeted the poor as well as those in extreme poverty and included an additional unconditional transfer for the latter, regardless of whether they had children. Starting in mid-2007, stipend levels increased steadily, first compensating for inflation and later increasing in real terms. In 2008, the program was expanded to cover sixteen- and seventeen-year-olds. Rousseff then increased the maximum number of beneficiaries per family from three to five. During her administration, BF staff actively sought out excluded eligible families.

It is ironic that PT, which has had a love-hate relationship with CCTs, can now point to them as its most visible achievement. But PT did more than just embrace CCTs, it used them as a launching pad from which to advance its programmatic agenda of creating a more universalistic social policy. Furthermore, Lula and Rousseff both went on to reap political rewards from BF. It is widely acknowledged that Lula owes his 2006 reelection to the program.<sup>51</sup> In the process, PT incorporated the poor rural northeast into its base, which in turn allowed Rousseff to achieve reelection in 2014.

Lula was elected with a mandate centered on alleviating "hunger, misery and poverty."<sup>52</sup> Human capital formation was simply not *Fome Zero's* priority. As Fenwick explains, "providing an integrated approach to conditionality (an idea of the World Bank and the PRI in Mexico) does not have strong links with either the PT or its associated left-of-center progressive ideology, which adamantly supports universal basic income schemes."<sup>53</sup> But *Fome Zero's* failure forced Lula to re-emphasize *Bolsa Escola*, which happened to be conditioned on school attendance, and gradually adapt it to better serve his objectives. BF's evolution demonstrated that CCTs did not have to be as residualistic as originally intended.

**Rival Models of CCTs** Brazilian left had responded to the failure of its more radical anti-poverty initiatives by making the neoliberal approach to combating poverty its own. And, in the course of responding to domestic challenges, they had essentially formulated a more expansive and universalistic alternative to the traditional approach to CCTs pioneered by Mexico. Indeed, the Brazilian experience showed that there were at least two models of CCTs.<sup>54</sup>

CCTs could be designed to achieve different goals. CCTs could vary not only with regard to conditionality enforcement (weak vs. strong), a dimension highlighted by Cecchini and Martínez,<sup>55</sup> but also in terms of their target populations and approaches to targeting (broad vs. narrow), as well as the formula used for assigning stipend amounts

(uniform for all beneficiaries vs. differentiated depending on risk of exiting the school system) (see Table 1). Thus, CCTs could be designed to prioritize poverty reduction—“basic income CCTs”—or human capital accumulation—“human capital CCTs.”

The distinction among CCT types stems from the inherent tension between the twin goals of reducing poverty in the short term and increasing human capital over the long run.<sup>56</sup> CCTs could be tailored to prioritize one objective over the other. When the priority is to reduce poverty as much as possible, it is counterproductive to revoke the benefits of non-compliers, who tend to be the most vulnerable members of society. In contrast, given the robust evidence of the effectiveness of conditioning benefits,<sup>57</sup> a more draconian approach makes sense when the main priority is to build human capital.

This choice is clearly exemplified by the Mexican and Brazilian CCTs, which differ with regard to targeting, conditionality, and stipend structure. In terms of targeting, whereas Mexico relies on a stringent proxy means test based on observable household characteristics, Brazil selects beneficiaries based on self-reported incomes.<sup>58</sup> As a result, “*Oportunidades* has more efficient targeting than *Bolsa Familia*, but at the price of the program covering fewer poor households.”<sup>59</sup>

The programs also differ in terms of stipend structure. Because the opportunity costs associated with choosing school over work increase as students become older, Mexico’s stipends increase with each grade. And, because women have historically received less schooling than men, they receive larger stipends beginning in seventh grade. In line with its roots in the basic income movement, BF offers an unconditional base stipend for all households living in extreme poverty. The CCT component provides a flat stipend for each child under fifteen. Only in recent years was the stipend for sixteen- to seventeen-year-olds increased beyond the standard level. Beyond this, the

**Table 1** Models of CCTs

	Type of CCT	
	Human Capital CCTs	Basic Income CCTs
Central Goal	Conditionality to promote human capital accumulation and, over long run, prevent inter-generational poverty	Transfers as a tool to relieve short-term poverty and, over long run, create basic income floor
Targeting	Narrower (focused on groups with human capital deficiencies)	Broader (aiming to build universal safety net)
Stipend Structure	Variable (compensates for opportunity cost of not working)	Uniform across beneficiaries
Conditionality	Strictly enforced and punitive	Less rigorously enforced, non-compliance seen as evidence of vulnerability

program includes a supplemental subsidy determined on a case-by-case basis for families that remain in extreme poverty after receiving BF.

Finally, with regard to conditionality enforcement, non-compliance in Mexico results in the immediate interruption of benefits until the family is re-certified as being compliant. In Brazil, payments are suspended for the month, but the stipend accumulates and is reimbursed once the family resumes compliance.<sup>60</sup> As Veras Soares notes, under BF “noncompliance with co-responsibilities is a sign that a family faces an additional vulnerability. A social worker should verify the reasons for the family failing to uphold the co-responsibilities and also help it to overcome these difficulties.”<sup>61</sup> Whereas Mexico’s human capital CCT prioritizes minimizing errors of inclusion, Brazil’s basic income CCTs seeks to minimize errors of exclusion.

In short, not all CCTs were alike. Though overall, as pointed out above, there is no link between ideology and CCT adoption, the Brazilian experience does seem to indicate that CCT adoption is related to ideology evidenced by the choice of the CCT model implemented. Whereas the center and right support the adoption of CCTs that fit the human capital model, the left only supports the adoption or continuity of CCTs that fit the basic income model.

**How Generalizable are the Mexican and Brazilian Experiences?** My hypothesis about the impact of ideology on CCT adoption fits the experiences of Mexico and Brazil. The differences in the design of Mexico and Brazil’s CCTs correlate with the presidential ideology of the leaders that have operated them. But can this relationship be generalized beyond these two countries (see Appendix Table 2)?

To assess the plausibility of this hypothesis, I compile an index measuring the extent to which ten CCTs resemble an ideal human capital or basic income CCT. Programs are assessed with regard to their target population (do they target the entire country and students in every grade?), income target (how restrictive are eligibility requirements?), stipend structure (do stipends vary depending on the year of schooling?), and strictness of conditionality enforcement. For ease of interpretation, the index is scaled as a percentage ranging from 0, an ideal human capital CCT, to 100, an ideal basic income CCT. The results for 2013 are presented in Table 2.

The index quantifies the substantive differences between the Mexican (33 percent) and Brazilian (62 percent) programs. Taking these pioneering CCTs as benchmarks, programs with scores of 40 or lower are designated as human capital while those with scores of 60 or higher are designated as basic income CCTs.

Using this criteria, seven of the ten programs adopted following the launch of BF correctly match the predictions made above. That is, four of the five programs launched by the left meet the criteria for basic income, while three of the five launched by non-left qualify as human capital. Furthermore, one case, the Dominican Republic, whose program was initiated by a centrist, received a score of 42 percent, slightly above the human-capital threshold. The bottom of the table, which contrasts the average design scores of different country groupings, provides further support for the argument. Programs initiated by left presidents had an average score of 74 percent, well above

**Table 2** Ideology and CCT Design

Country	Ideo. at Adoption <sup>i</sup>	% Left Gov. <sup>i</sup>	Coverage (2013) <sup>ii</sup>	CCT Design Index (2013)						Meets Prediction?
				Target Pop <sup>iii</sup>	Income Target <sup>iii</sup>	Stipend <sup>iii</sup>	Enforce-ment <sup>iii</sup>	Total	Total (as %)	
<b>Template Programs</b>										
Mexico	CR	0%	24%	1.00	0.33	0.00	0.00	1.33	33%	NA
Brazil	C	77%	27%	1.00	0.33	0.80	0.33	2.46	62%	NA
<b>Post-Bolsa Familia Programs</b>										
El Salvador	R	50%	6%	0.50	0.00	0.00	0.00	0.50	13%	✓
Dominican Rep.	C	0%	25%	1.00	0.33	0.00	0.33	1.66	42%	✓*
Paraguay	CR	44%	5%	0.50	0.00	1.00	0.33	1.83	46%	✗
Peru	CR	22%	9%	0.50	0.00	0.80	0.00	1.30	33%	✓
Costa Rica	C	0%	4%	0.50	0.33	0.00	0.00	0.83	21%	✓
Uruguay	CL	100%	16%	1.00	0.66	1.00	0.66	3.32	83%	✓
Panama	CL	50%	8%	1.00	0.00	1.00	0.00	2.00	50%	✗
Bolivia	L	100%	19%	1.00	1.00	1.00	0.66	3.66	92%	✓
Guatemala	CL	50%	27%	0.50	0.33	1.00	0.66	2.49	62%	✓
Argentina	CL	100%	8%	1.00	0.66	1.00	0.66	3.32	83%	✓
Average	Left-Initiated CCT		16%	0.90	0.53	1.00	0.53	2.96	74%	✓
	Non-Left Initiated CCT		10%	0.60	0.13	0.36	0.13	1.22	31%	✓
	Left Dominated Presidency		14%	1.00	0.77	1.00	0.66	3.43	86%	✓
	Presidency was Split		12%	0.63	0.08	0.75	0.25	1.71	43%	✓
	Non-Left Dominated Presidency		7%	0.50	0.17	0.40	0.00	1.07	32%	✓

Notes: CCTs scoring 60% of higher are coded as “Basic Income.” Programs scoring 40% or lower are coded as “Human Capital.”

<sup>i</sup>María Victoria Murillo, Virginia Oliveros, and Milan Vaishnav, “Dataset on Political Ideology of Presidents and Parties in Latin America,” Columbia University, 2010. Available at: <https://virginiaoliveros.com/data/>.

<sup>ii</sup>Economic Commission for Latin America and the Caribbean, “Non-Contributory Social Protection Programmes in Latin America and the Caribbean base,” CEPAL, 2015. Retrieved from: <http://dds.cepal.org/bdptc/en/contact.php>.

<sup>iii</sup>Kathy Lindert, “Conditional Cash Transfers (CCTs): Social Safety Net Core Course,” World Bank, 2014. Retrieved from: <http://www.worldbank.org/content/dam/Worldbank/Event/social-protection/Lindert%20-%20CCTs%20.pdf>.

BF’s score. Programs initiated by the non-left had an average score of 31 percent, indistinguishable from Mexico’s score.

It may make more sense to compare cases in terms of whether the left has dominated politics during a program’s lifetime, as has happened in Brazil. Comparing average scores based on these criteria, countries where the left has been in power since a CCT was adopted, namely Argentina, Bolivia, and Uruguay, have an average score of 86 percent, well beyond Brazil’s score. In contrast, countries where the left was in power during a quarter or less of the program’s existence, namely Costa Rica, Dominican Republic, and Peru, have an average score of 32 percent, practically the same as Mexico. This relationship is presented in Figure 2.

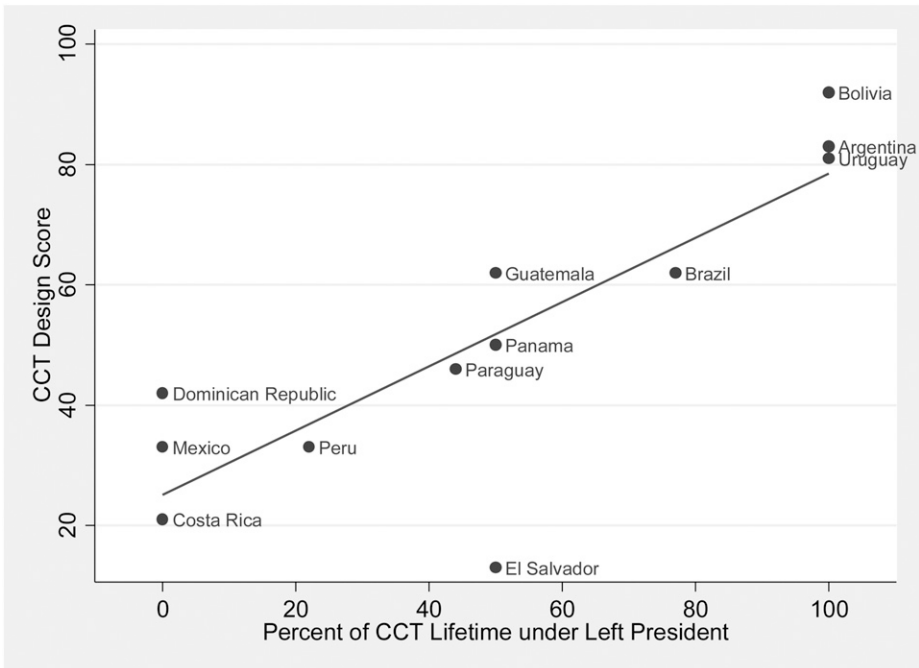
Thus, there is evidence suggesting that both CCTs initiated by the left and CCTs in countries where the left dominated politics tend to have a basic income design. In fact, the latter come substantially closer to providing a universal income floor than the Brazilian program that influenced them. In contrast, both CCTs initiated by non-left

governments and CCTs in countries where the left has been weak tend to develop in a human capital direction.

### Two-Track Diffusion: Ideology and the Spread of CCTs

The distinction between types of CCT casts the role of ideology on CCT adoption in a new light. It also offers a new perspective on the issue of diffusion. Indeed, once the affinity between ideology and type of CCT is understood, it is a small step to suggest that, inasmuch as diffusion plays a role in CCT adoption, the effect of diffusion is mediated through ideology. Thus, this article hypothesizes that diffusion proceeds along two tracks. Left-leaning presidents are likely to be influenced by Lula's Brazil and emulate the basic income CCT Brazil had pioneered. In contrast, centrist and right-leaning presidents are likely to follow Mexico in adopting human capital CCTs. This hypothesis is supported by case studies on CCT adoption and design in two countries governed by the left (Argentina and Bolivia) and one governed by a centrist (Costa Rica).

**Figure 2** Influence of Left Government on CCT Design



**The Diffusion of *Bolsa Família*** Lula's conversion and subsequent transformation of BF paved the way for other left-leaning leaders to pursue their own ambitious programs. The Brazilian experience demonstrated to the left that, despite being originally conceived as targeted and residualistic, CCTs could be adapted to advance the decommodifying goal of providing an income floor for all citizens, independent of labor status. It also did not hurt that these programs were wildly popular and could prove decisive in close elections.

Following Weyland, the diffusion of basic income CCTs was a case of policy learning guided by bounded rationality.<sup>62</sup> Lula adapted the CCTs he inherited to better serve his programmatic goals and in the process created a highly visible alternative model. The model's merits were publicized globally, in no small part by Lula himself. Charismatic, popular, and widely respected, Lula made BF a central plank of an ambitious foreign policy. As Boultinghouse notes, "from its inception, Lula defined the BF as a national narrative, directly tethering its domestic success to the international clout Brazil was set to gain."<sup>63</sup> During the program's first decade, Brazil's Social Development Ministry hosted delegations from twenty-one developing countries and established cooperation agreements with most Latin American countries.<sup>64</sup> Lula's left-wing credentials made him the ideal CCT ambassador to the left, thus offsetting CCTs' original association with neoliberalism.

As expected of diffusionary processes, there was a lag in learning: Lula began creating his basic income CCT in late 2003, while similar CCTs start appearing in other countries governed by the left starting in 2005 (see Appendix Table 2). In line with the availability heuristic, left-leaning presidents paid disproportionate attention to Brazil's striking, geographically proximate model associated with a respected leftist statesman. Left-leaning governments extrapolated lessons from the Brazilian case, which were interpreted as applicable to their countries, an example of the representativeness heuristic. They likely believed following Brazil's lead would help them reduce poverty and improve their chances of winning elections. In line with the anchoring heuristic, although peripheral elements of the model were adapted to local needs, the left's programs remained loyal to the basic income model's emphasis on short-term poverty reduction.

In short, presidential ideology greatly influenced the spread of CCTs, though not in a straightforward or mechanical manner. Given the left's initial opposition to CCTs, the left turn might well have put a break on their diffusion. Left-wing presidents in Argentina and Bolivia were among the last major political actors in their societies to propose CCTs. Moreover, the cases of Venezuela and Nicaragua show that the left's rise could spell the end for existing programs. Thus, the spread of CCTs during the second half of the 2000s was contingent on Lula adapting the programs he inherited in a basic income direction.

The following section assesses the plausibility of this argument by taking a closer look at the adoption and design of CCTs in Argentina, Bolivia, and Costa Rica during the second half of the 2000s.

**Argentina and Bolivia: Left Presidents and Basic Income CCTs** As noted above, Bolivia's Morales and Argentina's Fernández were, respectively, skeptical and outright

hostile to CCTs. In both countries, politicians of the center and right were the first to propose CCTs at the national level and to implement them at the local level. It was only after Brazil had demonstrated the potential of these programs to offer a basic income floor that Morales and Fernández changed their stance and enacted their own national-level CCTs. Indeed, CCTs in both countries go further in the basic income direction than their Brazilian counterpart.

Morales and Fernández possessed an expansive vision of social policy and were unimpressed by the Mexican approach to CCTs. In fact, at the beginning of his presidency, Morales had summarily rejected an independent proposal for a targeted CCT on the grounds that it was “not universal enough.”<sup>65</sup> Early on, Bolivian officials held meetings with representatives of Brazil’s Social Development Ministry.<sup>66</sup> While they did not meet with the Brazilians, Argentine officials admitted to being influenced by BF.<sup>67</sup>

When Bolivia and Argentina did finally adopt large-scale CCTs, they opted for decidedly basic-income-style programs. Bolivia’s *Bono Juancito Pinto* (BJP) does not explicitly target income. Stipends are awarded to all public-school students, regardless of income. All beneficiaries receive the same stipend, regardless of grade level. And, although attendance is a formal requirement, multiple sources interviewed agreed that there is no enforcement.<sup>68</sup>

Fernández used the *Asignación Universal por Hijo* (AUH) CCT to universalize the existing system of family allowances, which had previously covered only formal-sector workers. Like BJP, stipends are the same for all grades. AUH goes even further on conditionality: 80 percent of the stipend is unconditional. And there is little evidence that the remainder is conditioned on attendance.<sup>69</sup> A survey reveals that only 2 percent of primary and 10 percent of secondary school principals were aware of at least one student whose stipend had been revoked.<sup>70</sup>

**Costa Rica: Center President and Human Capital CCT** In contrast to his left-leaning counterparts, Costa Rica’s centrist President Oscar Arias (1986–1990; 2006–2010) implemented a human capital CCT. Arias was an enthusiastic supporter of CCTs and what became *Avancemos* was central to his campaign platform. Arias said his central concern was not poverty, but rather secondary school enrollment. This issue was personal for Arias, who, as president during the “lost decade” of the 1980s, presided over a steep decline in secondary education as tens of thousands of teenagers left school to help their families and never returned.<sup>71</sup> Short on funds, the country halted an expansion of secondary education started in the 1970s.<sup>72</sup>

Arias delegated the task of designing the program to academics. *Avancemos* was envisioned not as a large-scale anti-poverty program, but rather as a highly targeted policy to boost enrollment among a specific group: poor secondary school students. Program architects saw poverty reduction not as an explicit goal, but rather a positive externality from the stipends,<sup>73</sup> which were explicitly calculated to compensate for the opportunity costs of choosing school over work.<sup>74</sup>

With IDB funding, the *Avancemos* team met with Mexican officials including Miguel Szekély, one of the architects behind the expansion of *Oportunidades*.<sup>75</sup> The

result was a program that goes farther in the human capital direction than even Mexico's program. Narrow targeting produced one of the smallest CCTs in the region in terms of both cost as a share of GDP and enrollment as a share of the population. In contrast to the left-initiated programs discussed above and in line with the Mexican model, conditionality in *Avancemos* was envisioned as strict and punitive. The program initially failed to live up to expectations in this regard. In response, centrist President Laura Chinchilla (2010–2014) adopted an electronic monitoring system. Also, in contrast to Argentina and Bolivia, Costa Rica followed Mexico in calculating different stipend levels for each grade. It should, however, be noted that the center-left government of Luis Guillermo Solís (2014–present) reduced the number of categories from six to two, greatly equalizing stipend levels across grades.

## **Conclusion**

By studying the politics behind CCT programs in Latin America, this article sheds light on the effects of ideology and diffusion on social policy. Most directly, this article demonstrates that, although ideology did not directly affect CCT adoption, ideology shaped CCT adaptation. Evidence from across the region shows that the left initially opposed CCTs. This attitude is attributed to the left's resistance to narrowly targeted policies, worries that their opponents would use them clientelistically, and their association with market reforming governments and IFIs. Thereafter, the experience of Brazil's Lula made it possible for the left to overcome its initial misgivings. A late convert to CCTs, Lula embraced them only after his preferred policy failed. But Lula went beyond continuing his centrist predecessor's programs; he adapted them by transforming them in the direction of providing a universal income floor, a clear contrast to the Mexican model based on narrower targeting and strict conditionality. Indeed, there came to be two distinct models of CCTs: the human capital model, exemplified by Mexico, and the basic income model, exemplified by Brazil under Lula. The diffusion of these models to the rest of the region was filtered through ideology. The right and center continued to support CCTs based on the human capital model, while the left only supported CCTs based on the basic income model. Lula's credibility among the left and adaptation of CCTs to better match the left's programmatic agenda made them a palatable, indeed desirable, option for other leftist governments. It also did not hurt that CCTs paid substantial electoral dividends. Thus, without Lula's adaptation, the left turn might have well put a break on the spread of CCTs as it did in Venezuela and Nicaragua.

At first glance, the coincidence of the widespread adoption of CCTs and the left turn could be interpreted as support for power resource theory. However, right-wing and centrist presidents proved just as likely to adopt CCTs as their left-wing counterparts. Further, the spread of CCTs clearly matched the criteria for policy diffusion. Hence, the conventional wisdom became that ideology and CCTs were unrelated and the latter spread as an example of diffusion. This article problematizes these findings by offering the more nuanced argument that CCT diffusion was mediated through ideology.



This article also contributes to emerging literature on the political economy of non-contributory social policy in Latin America. Like other research on this topic, it places the creation and expansion of CCTs in the context of market reform, which increased the population excluded from social policy, and democratization, which gave politicians added incentive to win over this excluded population.<sup>76</sup> However, in attributing variation in CCT design to ideology, this article departs from prominent work on the topic.

De la O finds a negative effect of minority government on how much discretion officials have in operating a program.<sup>77</sup> Her variable of interest and findings are orthogonal to the CCT design index and arguments made here. This article argues that there is a tradeoff between coverage and human capital development. Both types of programs could be administered in either a discretionary or a rules-based manner. For example, whereas De La O's measure reveals few differences between Mexico and Brazil's professionally run programs, this article places them at the opposite ends of the spectrum.

Garay's ambitious work explores the politics behind non-contributory pension, healthcare, and income supports. The latter includes, but is not limited to, CCTs. She argues that a policy's "inclusiveness" is determined by popular mobilization, which occurred in Argentina and Brazil, but not Chile and Mexico. Garay measures inclusiveness in terms of three policy design features: scope, benefit level, and citizen participation. Both ideology and popular mobilization account for variation in CCT scope and benefit level. Garay's third outcome, citizen participation in the program's operation, is not applicable to CCTs, even those adopted in high-mobilization countries. Although the income support programs that preceded CCTs in Argentina and Brazil, *Jefes y Jefas de Hogar* and *Fome Zero*, respectively, allowed for citizen participation, the CCTs that replaced them do not.<sup>78</sup> CCTs are purposely centralized to prevent clientelism and intervention by local interests. Ideology, as this article shows, however, also accounts for CCT stipend structure and approach to conditionality. It therefore explains more variation in CCT design.

Finally, this article has implications about the overall state of Latin American politics. More broadly, the left's reluctant acceptance and subsequent transformation of CCTs constitutes an example of policy learning. Brazil's left overcame a malady that has consistently plagued policymaking in Latin America, what Hirschman called *fracasomania*: "the insistence on the part of each new set of policymakers to decry as utter failure everything that had been done before; consequently . . . one had to start from scratch over and over again."<sup>79</sup> In line with *fracasomania*, the first instinct of Lula and other left-leaning leaders was to reject market reformers' social policies and start anew. The facts on the ground forced Lula to reconsider and place a bet on CCTs. Wedded to CCTs, Lula and later Rousseff proceeded to tweak their design to better achieve their programmatic goals. This example then influenced other left-wing leaders.

The great irony is that, through seemingly neoliberal social policies, presidents of the left have moved further towards their goal of constructing social democracy, defined as the existence of near-universal rights-based social policies accessible independently

of labor status, than they ever could through the region's traditional social policies. Kicking and screaming, the left learned to love CCTs and later used them as a jumping off point for moving, albeit modestly, in the direction of achieving its ultimate goal of emancipating labor from the market. It is an open question how these programs will fare as the left's hold on power in Latin America diminishes in the coming years. Much depends on whether the center and right undergo a similar learning process and decide to build on the left's accomplishments rather than crafting social policies anew.

## NOTES

I would like to thank Gerardo Munck, the University of Southern California Comparative Political Group, and two anonymous reviewers for their insightful comments on previous versions of this text.

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## APPENDIX

### Coding Rules for CCT Design Index

**1) Target Population:** 1 if program covers all schooling and entire country, 0.5 if it only meets one of the prior criteria, 0 if it only covers certain years and parts of the country.

**2) Income Target:** 1 if program is universal, 0.66 if it targets economically vulnerable, 0.33 if targets the poor, 0 if targets only extreme poor.

**3) Stipend Structure:** 1 if uniform across all beneficiaries, 0.8 if uniform except for one category, 0 variable depending on year of schooling;

**4) Conditionality Enforcement:** 1 if unconditional, 0.66 if conditionality is announced but not enforced, 0.33 if conditionality is monitored but enforced only after repeated non-compliance, 0 if strictly enforced.

**5) Total:** sum of the components, ranges from 0 (Human Capital CCT) to 4 (Basic Income CCT).

**6) Total (as %):** rescales Total as percentage.

**Table A.1** Presidential Ideology and CCT Adoption

<b>Country</b>	<b>Adoption</b>	<b>President in Power</b>	<b>Ideology</b>
Mexico	1997	Ernesto Zedillo	Center-Right
Honduras	1999	Carlos Roberto Flores	Center-Right
Brazil	2001	Fernando H. Cardoso	Center
Colombia	2001	Andrés Pastrana	Center-Right
Chile	2002	Ricardo Lagos	Center-Left
Ecuador	2002	Gustavo Noboa	Center-Right
El Salvador	2005	Antonio Saca	Right
Uruguay	2005	Tabaré Vázquez	Center-Left
Dominican Republic	2005	Leonel Fernández	Center
Paraguay	2005	Nicanor Duarte	Center-Right
Peru	2005	Alejandro Toledo	Center-Right
Panama	2006	Martín Torrijos	Center-Left
Bolivia	2006	Evo Morales	Left
Costa Rica	2007	Oscar Arias	Center
Guatemala	2008	Álvaro Colom	Center-Left
Argentina	2009	Cristina Fernández	Center-Left

**Table A.2** Predicted CCT Type of Post-Bolsa Familia Programs

<b>Country</b>	<b>Year CCT Adoption</b>	<b>President Ideology When CCT Adopted</b>	<b>Predicted Type</b>
El Salvador	2005	Right	Human Capital
Dominican Republic	2005	Center	Human Capital
Paraguay	2005	Center-Right	Human Capital
Peru	2005	Center-Right	Human Capital
Costa Rica	2007	Center	Human Capital
Uruguay	2005	Center-Left	Basic Income
Panama	2006	Center-Left	Basic Income
Bolivia	2006	Left	Basic Income
Guatemala	2008	Center-Left	Basic Income
Argentina	2009	Center-Left	Basic Income